ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Roosevelt Children's Academy Charter School, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Roosevelt Children's Academy Charter School, Inc. (a nonprofit organization) (the "School"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roosevelt Children's Academy Charter School, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Isaacloff, Tzattner & Co. P.C.

Garden City, NY
November 1, 2019

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30,

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 13,904,273	$ 18,125,518
Grants and contracts receivable	2,671,681	2,537,940
Short-term investments	5,061,464	-
Prepaid expenses	424,761	24,414
TOTAL CURRENT ASSETS	22,062,179	20,687,872
Property and Equipment, at cost, less accumulated depreciation and amortization of $4,487,733 in 2019 and $6,340,567 in 2018	8,981,245	9,303,683
NON CURRENT ASSETS		
Excess pension plan contribution	163,402	214,411
Restricted cash	75,075	75,854
Security deposits	30,371	30,371
TOTAL NONCURRENT ASSETS	268,848	320,636
TOTAL ASSETS	$ 31,312,272	$ 30,312,191
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 784,801	$ 646,326
Advance billing	2,041,017	2,037,590
Deferred revenue	1,611,851	-
TOTAL CURRENT LIABILITIES	4,437,669	2,683,916
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	26,837,365	27,601,519
With donor restrictions	37,238	26,756
TOTAL NET ASSETS	26,874,603	27,628,275
TOTAL LIABILITIES AND NET ASSETS	$ 31,312,272	$ 30,312,191

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30,

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support						
Public School District						
Resident student enrollment	$ 12,241,236	$ -	$ 12,241,236	$ 11,974,863	$ -	$ 11,974,863
Federal grants and contracts	461,649	-	461,649	523,272	-	523,272
State grants and contracts	187,732	-	187,732	281,080	-	281,080
Investment return, net	61,464		61,464			-
Other	253,812	13,095	266,907	104,068	32,986	137,054
Net assets released from restrictions	2,613	(2,613)	-	83,144	(83,144)	-
Total revenues and other support	13,208,506	10,482	13,218,988	12,966,427	(50,158)	12,916,269
Expenses and losses						
Regular education	10,536,258	-	10,536,258	9,944,583	-	9,944,583
Special education	1,845,799	-	1,845,799	992,052	-	992,052
Management and general	1,495,843	-	1,495,843	2,246,644	-	2,246,644
Fundraising and special events	2,613	-	2,613	83,144	-	83,144
Total Expenses	13,880,513	-	13,880,513	13,266,423	-	13,266,423
Loss on disposal of fixed assets	92,147	-	92,147	-	-	-
Total expenses and losses	13,972,660	-	13,972,660	13,266,423	-	13,266,423
Change in Net Assets	(764,154)	10,482	(753,672)	(299,996)	(50,158)	(350,154)
Net Assets at beginning of year	27,601,519	26,756	27,628,275	27,901,515	76,914	27,978,429
Net Assets at end of year	$ 26,837,365	$ 37,238	$ 26,874,603	$ 27,601,519	$ 26,756	$ 27,628,275

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADMEY
CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			Support Services		Total
	Regular Education	Special Education	Total	Management and General	Fundraising	
EXPENSES						
Salaries ande wages	$ 5,490,891	$ 813,467	$ 6,304,358	$ 945,375	$ -	$ 7,249,733
Payroll tax expenses and fringe benefits	1,820,230	269,664	2,089,894	313,098	-	2,402,992
Total Personnel Service Costs	7,311,121	1,083,131	8,394,252	1,258,473	-	9,652,725
Consultants - education	521,386	130,346	651,732	-	-	651,732
Food purchases	454,590	113,648	568,238	-	-	568,238
Insurance expense	91,566	5,308	96,874	35,830	-	132,704
Supplies and materials	265,042	70,678	335,720	17,669	-	353,389
Textbooks	79,950	19,988	99,938	-	-	99,938
Telephone	44,993	2,608	47,601	17,606	-	65,207
Occupancy	351,519	93,738	445,257	23,435	-	468,692
Field trips	51,644	12,911	64,555	-	-	64,555
Fundraising expenses	-	-	-	-	2,613	2,613
Staff development	196,746	49,187	245,933	-	-	245,933
Equipment - rentals	34,625	2,007	36,632	13,549	-	50,181
Professional fees - legal	68,238	3,956	72,194	26,702	-	98,896
Repairs and maintenance	264,239	70,464	334,703	17,616	-	352,319
Travel	3,244	188	3,432	1,270	-	4,702
Board of Trustees	3,418	198	3,616	1,338	-	4,954
Utilities	149,723	39,926	189,649	9,982	-	199,631
Depreciation	445,112	118,696	563,808	29,674	-	593,482
Postage	13,302	771	14,073	5,205	-	19,278
Advertising	12,422	720	13,142	4,861	-	18,003
Administrative fees	63,328	3,671	66,999	24,780	-	91,779
Student testing and incentives	89,984	22,496	112,480	-		112,480
Other	20,066	1,163	21,229	7,853	-	29,082
TOTAL EXPENSES	$ 10,536,258	$ 1,845,799	$ 12,382,057	$ 1,495,843	$ 2,613	$ 13,880,513

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

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	Program Services			Support Services		Total
	Regular Education	Special Education	Total	Management and General	Fundraising	
EXPENSES						
Salaries and wages	$ 4,299,128	$ 616,217	$ 4,915,345	$ 1,559,377	$ -	$ 6,474,722
Payroll tax expenses and fringe benefits	1,436,975	205,969	1,642,944	521,219	-	2,164,163
Total Personnel Service Costs	5,736,103	822,186	6,558,289	2,080,596	-	8,638,885
Consultants - education	588,271	24,511	612,782	-	-	612,782
Food purchases	449,193	18,716	467,909	-	-	467,909
Insurance expense	137,046	6,232	143,278	12,525	-	155,803
Supplies and materials	310,642	13,655	324,297	17,068	-	341,365
Textbooks	71,807	2,992	74,799	-	-	74,799
Telephone	43,381	1,808	45,189	16,714	-	61,903
Occupancy	416,750	17,365	434,115	22,848	-	456,963
Field trips	174,812	-	174,812	-	83,144	257,956
Staff development	408,785	17,033	425,818	-	-	425,818
Equipment - rentals	37,018	1,542	38,560	4,284	-	42,844
Professional fees	106,757	4,448	111,205	12,356	-	123,561
Repairs and maintenance	245,543	10,793	256,336	13,491	-	269,827
Travel	4,606	192	4,798	-	-	4,798
Board of trustees	-	-	-	7,549	-	7,549
Utilities	182,305	7,596	189,901	9,995	-	199,896
Depreciation and amortization	691,542	28,814	720,356	37,913	-	758,269
Postage	11,412	476	11,888	1,321	-	13,209
Advertising	14,586	608	15,194	1,688	-	16,882
Administrative fees	71,666	2,986	74,652	8,296	-	82,948
Student Testing & Incentives	156,353	6,515	162,868	-	-	162,868
Other	86,005	3,584	89,589	-	-	89,589
TOTAL EXPENSES	$ 9,944,583	$ 992,052	$ 10,936,635	$ 2,246,644	$ 83,144	$ 13,266,423

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (753,672)	$ (350,154)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	593,482	758,269
Loss on disposal of fixed assets	92,147	-
Changes in assets and liabilities:		
Grants and contracts receivable	(133,741)	(408,667)
Prepaid expenses	(400,347)	2,820
Accounts payable and accrued expenses	138,475	(1,524,871)
Advance billing	3,427	145,172
Deferred revenue	1,611,851	-
Total adjustments	1,905,294	(1,027,277)
Net cash provided (used) by operating activities	1,151,622	(1,377,431)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(363,191)	(3,409,232)
Purchase of short-term investments	(5,061,464)	-
Net cash used by investing activities	(5,424,655)	(3,409,232)
CASH FLOWS FROM FINANCING ACTIVITIES		
Excess pension plan contribution	51,009	(214,411)
Net cash provided (used) by financing activities	51,009	(214,411)
NET DECREASE IN CASH	(4,222,024)	(5,001,074)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH- beginning	18,201,372	23,202,446
CASH, CASH EQUIVALENTS AND RESTRICTED CASH- end	$ 13,979,348	$ 18,201,372

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

1. ORGANIZATION SUMMARY

Roosevelt Children's Academy Charter School, Inc. (the "School"), a 501(c)(3) tax-exempt organization, is a public elementary charter school located in Roosevelt, New York. The School was chartered during July 2000, and the first classes were offered during the 2000-2001 school year. The School charter was renewed in 2015 for an additional five year. The School educates children on a completely nondiscriminatory and secular basis. The founders and supporters of the School believe that access to a public education of high quality for all children is the foremost issue. The focus of the School is on the core skills of reading, language, writing and mathematics, with an extended day, a high degree of individualized instruction, and an innovative research based academic curriculum. Enrollment is open to all potential student candidates, with a preference for those residing in the immediate area. In fiscal year 2019 and 2018, the Charter School operated classes for students in kindergarten through 8th grade.

The School is incorporated under a charter granted by the Board of Regents on behalf of the New York State ("State") Education Department (the "NYSED").

LIQUIDITY

The School has approximately $8.1M of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures consisting of $7M in cash, grants and contributions receivable of $1.1M. None of the investments are subject to donor restrictions making them available for general expenditure.

The School is substantially supported by revenues from the Federal and New York State government. As part of its liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The School invests some of its cash in excess of daily requirements in short-term investments. In addition, the School has several lines of credit totaling approximately $6 million

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

INVESTMENTS

Investments are reported in the statement of financial position at fair value, which is determined using quoted market prices. Unrealized gains and losses are include din the change in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECLASSIFICATIONS

Certain accounts relating to the prior year have been reclassified to conform to the current year's presentation. The reclassifications had no effect on 2018 net assets.

NET ASSET PRESENTATION

The classification of the School's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions or time restrictions. It requires that the amounts for each of the two classes of net assets: with donor restrictions and without donor restrictions be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Net assets with donor imposed restrictions result from (a) contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School and (b) contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations.

When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the School considers all short-term, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

FINANCIAL INSTRUMENTS

The School's financial instruments include cash, due from government agencies, marketable securities, accounts payable, advance billing and deferred revenue for which carrying values approximate fair values due to the short maturities of those instruments.

LAND, BUILDING AND EQUIPMENT

Property and equipment are recorded at cost. Additions and improvements or betterments in excess of $1,000 with an estimated useful life of greater than one year are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Normal replacement and maintenance costs are charged to earnings as incurred and major renewals and significant improvements are capitalized. When assets are retired or otherwise disposed of, the cost and related

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LAND, BUILDING AND EQUIPMENT (CONTINUED)

accumulated depreciation are removed from the accounts and the resulting gain or loss for the period is included in income.

The estimated useful lives of the fixed assets are as follows:	(Years)
School buildings	19-20
Furniture and fixtures	7
Office equipment	5
Computer equipment	3
Automobiles	5
Software	3

Depreciation for construction-in-progress will commence over the estimated useful lives of the respective assets when the assets are placed in service.

ASSET IMPAIRMENT

The School reviews long-lived assets, including equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2019 and 2018 respectively, there was no such loss.

RESTRICTED CASH

Restricted cash relates to a reserve account that is required to be maintained by the School in accordance with the charter requirements.

ADVANCE BILLING

Advance billing represents tuition and fees received for the next school term.

DONATED SERVICES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. A number of volunteers have made contributions of their time to the School to develop its academic programs or serve on the School's board of trustees. Teachers also provided fund-raising services throughout the fiscal year. None of these services are recognized as contributions in the accompanying financial statements since the specialized skill criteria for recognition under U.S. GAAP have not been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue from state and local governments resulting from the School's charter status is based on the number of students enrolled, and is recorded when services are performed in accordance with the charter agreement. The New York State Department of Education mandates the rate per pupil. Such revenue is recognized ratably over the related school year in which it is earned.

Revenue from federal and state government grants and contracts is recognized by the School when qualifying expenditures are incurred and billable to the government or when required services have been provided during the applicable school year. Funds received in advance are recorded as unearned revenue.

GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable represent funds under charter school contracts that have been billed but not collected as of the date of the financial statements. Grants and contracts receivable are recorded at net realizable value. As of June 30, 2019 and 2018, the School's management has determined that there are no potentially uncollectible receivables and thus, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of receivables, subsequent receipts and current economic conditions.

STUDENT ENROLLMENT

Enrollment of available class slots is open to all potential student candidates with those residing in the immediate area given first preference. A lottery is held to award these available slots.

FUNCTIONAL EXPENSE ALLOCATION

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statement of activities. The expenses allocated include: Occupancy based on square footage, travel, repairs and maintenance, professional fees and staff development based on time and effort. Accordingly, certain costs have been allocated among the respective programs and supporting services benefited using methodologies developed by management as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL EXPENSE ALLOCATION (CONTINUED)

- Program services – represents expenses directly associated with general education and special education for certain students requiring additional attention and guidance.

- Management and general – represents expenses related to the overall administration and operation of the School that are not associated with any program services or development.

INCOME TAXES

The School is exempt from Federal, state and local income taxes under Section 501 (c)(3) of the Internal Revenue Code ("IRC") and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the School has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a)(2) and 170 (B)(1)(A)(II) of the IRC. There was no unrelated business income for the years ended June 30, 2019 and 2018 respectively.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the School may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position win be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income ("UBIT"). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2019 and 2018.

The School has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where required. For the years ended June 30, 2019 and 2018 respectively, there was no in interest or penalties recorded or included in the statement of activities. The School is subject to routine audits by a taxing authority. As of June 30, 2019, the School was not subject to any examination by a taxing authority. Management believes it is no longer subject to income tax examination by tax authorities for the years prior to June 30, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

NEW ACCOUNTING STANDARDS

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14 to improve the presentation of financial statements of not-for-profit entities. ASU 2016-14 impacts all not-for-profits entities in the scope of Topic 958, as well as health care entities subject to the nonprofit guidance in Topic 954. This is the first major change to the nonprofit financial statement model in over 20 years, which is intended to provide more useful information to donors, grantors and other users. The ASU becomes effective for fiscal years beginning after December 31, 2017. The School has adopted ASU 2016-14.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 which deferred the effective date for the School until annual periods beginning after December 31, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The School is currently evaluating the impact of the pending adoption of ASU 2014-09.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS (CONTINUED)

Leases

On February 25, 2016, the FASB issued ASU 2016-02, "Leases," which will require lessees to recognize a lease liability, which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for non-public business entities for fiscal year beginning after December 15, 2019 and the School was currently evaluating the impact of the pending adoption of ASU 2016-02.

Through June 2019, the Financial Accounting Standards Board ("FASB") issued various updates ("ASUs") to the FASB Accounting Standards Codification ("ASC") including ASU 2019-03, 2018-08 and 2017-07. ASU 2016-14, was adopted during the year-ended June 30, 2019. No other ASU's were adopted during the year-ended June 30, 2019 that had a material effect on its financial statements. In addition, management believes that ASUs that have a prospective effective date will not have a material impact on its financial statements.

SUBSEQUENT EVENTS

The School's management has performed subsequent event procedures through November 1, 2019, which is the date the financial statements were available to be issued and there were no other subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

3. CONCENTRATION OF CREDIT RISK

The School maintains its cash balances at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 at each institution. At June 30, 2019 the School's uninsured cash balances totaled $13,681,213. The School's management monitors the balances in excess of the FDIC coverage to limit any exposure to loss due to credit risk on cash and cash equivalents. However, the School has not experienced any losses in such accounts and does not believe it is exposed to significant risk on its cash and cash equivalent accounts.

4. PUPIL ENROLLMENT AND OTHER REVENUES FROM GOVERNMENT AGENCIES

Under the School's charter school agreement and the Charter Schools Act, the School is entitled to receive funding from the NYSED through pupil enrollment funds. The calculation of the amounts to be paid to the School under these programs is determined by the NYSED and is based on complex laws and regulations, enrollment levels, and economic

4. PUPIL ENROLLMENT AND OTHER REVENUES FROM GOVERNMENT AGENCIES (CONTINUED)

information related to the home school districts of the children enrolled in the School. If these regulations were to change, or other factors included in the calculations were to change, the level of funding that the School receives could vary significantly.

Federal food subsidies and Title I, II and IV funds are received through grants approved by the U.S. Department of Agriculture and Education, respectively. The State food subsidies are received through grants approved by the NYSED.

The amount received from government agencies and included as revenue in the Statements of Activities consist of the following as of June 30:

	2019	2018
NYSED (pupil enrollment)	$ 12,241,236	$ 11,974,863
Federal Government	461,649	523,272
New York State	187,732	281,080
	$ 12,890,617	$ 12,779,215

5. INVESTMENTS

Investments are carried at fair value, and realized and unrealized gains and losses are reflected within investment return, net, in the statement of activities. The School invested a portion of its excess cash in short-term investments. At June 30, 2019 $5,000,000 was invested short-term maturing on January 30, 2020. During the fiscal year ended June 30, 2019 short-term investments earned $61,464.

Investments at June 30, 2019 are summarized as follows:

Investments at beginning of year	$ -0-
Investments during the year	5,000,000
Investment return, net	$61,464
Investments at end of year	$5,061,464

6. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table summarizes cash, cash equivalent and restricted cash as reported on The statements of cash flow:

	2019	2018
Cash and cash equivalent	$ 13,904,273	$ 18,125,518
Restricted cash	75,075	75,854
Total cash, cash equivalent and restricted cash reported on statement of cash flow	$ 13,979,348	$ 18,201,372

7. ADVANCE BILLING AND DEFERRED REVENUES

The School invoices the appropriate school districts in June for the first two months of the following fiscal year. Those billings will be recognized during the next fiscal year. At June 30, 2019 and 2018 advance billing totaled $2,041,017 and $2,037,590, respectively.

	2019	2018
Balance at the beginning of year	$ 2,037,590	$ 1,892,418
Additions:		
Advance billing issued	2,041,017	2,037,590
Reductions:		
Advance billing earned	2,037,590	1,892,418
Balance at end of year	$ 2,041,017	$ 2,037,590

As of June 30, 2019 the School received $1,605,561 in advance payments from certain school districts and $6,200 in other advances to be applied against future billings in fiscal year 2020. Such advances have been recorded as deferred revenues on the statement of financial position.

8. PROPERTY AND EQUIPMENT

At June 30, property and equipment consisted of the following:

	2019	2018
Land	$ 1,762,598	$ 170,919
School buildings	8,034,353	9,581,492
Modular space and related costs	349,985	440,835
Building improvements	1,840,412	2,816,868
Furniture and fixtures	113,836	342,899

8. PROPERTY AND EQUIPMENT (CONTINUED)

Computer equipment	889,214	1,664,858
Office equipment	7,673	64,978
Software	25,139	144,969
Automobiles	129,559	204,598
Equipment	135,766	153,381
	13,288,535	15,585,797
Less: Accumulated depreciation and amortization	4,487,733	6,340,567
	8,800,802	9,245,230
Construction in progress	180,443	58,453
Total	$ 8,981,245	$ 9,303,683

Depreciation and amortization expense for the years ended June 30, 2019 and 2019 were $593,482 and $758,269, respectively.

During the year ended June 30, 2019 the School wrote-off certain old assets that no longer had any use or value and incurred a $92,147 loss on disposition.

9. CREDIT AGREEMENTS

The School has a $1,500,000 variable revolving line of credit which was unused at June 30, 2019. The line of credit is available until December 31, 2019 with an interest rate equal to the London Interbank Offered Rate ("LIBOR") Daily Floating Rate plus 2.8 percentage points. If borrowings are made on the line of credit, the School will pay interest only payments from January 31, 2019 through December 31, 2019 when the outstanding balance plus any accrued and unpaid interest will be due. In addition, the School has a line of credit that is linked to the marketable security investment, currently limited to 90% of the market value of the securities held. The line of credit was unused at June 30, 2019 and bears interest at a variable rate equal to the prime rate minus one half of one percentage point.

10. EMPLOYEE BENEFIT PLANS

DEFINED CONTRIBUTION PLAN

The School sponsors a 401(k) plan (the "Plan") that covers substantially all of its eligible employees. Employees are eligible for the Plan upon employment, and participation in the Plan is voluntary. Under the 401 (k) salary reduction provisions of the Plan, employees may elect to defer a portion of their compensation, subject to statutory limitations and have the deferred amounts contributed to their retirement accounts which become fully vested immediately. The School matches participants' contributions to the Plan up to 4% of the

10. EMPLOYEE BENEFIT PLANS (CONTINUED)

DEFINED CONTRIBUTION PLAN (CONTINUED)

individual participants' annual compensation. The School's contribution recognized in the Statement of Activities was $165,506 and $146,249 for the years ended June 30, 2019 and 2018, respectively. The Plan's assets are held in a separate trust for the exclusive benefit of the participants and beneficiaries and are not included in the accompanying financial statements.

DEFINED BENEFIT PLAN

The School sponsors a defined benefit pension plan (the "Cash Balance Plan") covering substantially all of its employees. Pension benefits are based on years of service and the employee's compensation during the last five years of employment. The School's funding policy is to make the minimum annual contribution required by applicable regulations. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

Pension Plan obligations and funded status:

	2019	2018
Projected benefit obligation at June 30	$(1,564,907)	$ (955,106)
Pension Plan assets at fair value at June 30	$ 1,728,309	$1,169,517
Funded status	$ 163,402	$ 214,411
Accumulated benefit obligation at June 30	$(1,564,907)	$ (955,106)
Employer contribution	$ 530,000	$ 687,290
Benefits paid	$ -	$ -

Amounts recognized in the Statement of Financial Position at June 30, 2019 and 2018 respectively consist of:

Pension liability (included in accrued expense)	$ -	$ -
Pension asset	$ 163,402	$ 214,411

Amounts recognized in the Statement of Activities for the year ended June 30, 2019 and 2018 respectively, consist of:

Pension expense	$ 581,009	$ 472,879

10. EMPLOYEE BENEFIT PLANS (CONTINUED)

DEFINED BENEFIT PLAN (CONTINUED)

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3) measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 - Inputs to valuation methodology are unadjusted quoted process for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include

Quoted prices for similar assets or liabilities in active markets;
Quoted prices for identical or similar assets or liabilities in inactive markets;
Inputs other than quoted prices that are observable for the asset or liability;
Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurements.
The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used nee to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2019 and 2018:

Cash and cash equivalents and money market funds: Fair value equals cost.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, While the School believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

10. EMPLOYEE BENEFIT PLANS (CONTINUED)

DEFINED BENEFIT PLAN (CONTINUED)

The following table sets forth by level, within the fair value hierarchy; the School's Pension Plan assets measured at fair value on a recurring basis as of June 30, 2019 and 2018:

	Assets at Fair Value @ June 30, 2019		
Asset Class	Total	Level 1	Level 2
Cash	$ 12, 191	$ 12,191	$ -
Certificates of Deposit	$ 1,716,118	$ -	$ 1,716,118
	$ 1,728,309	$ 12,191	$ 1,716,118

	Assets at Fair Value @ June 30, 2018	
Asset Class	Total	Level 1
Cash	$ 1,169,286	$ 1,169,286
	$ 1,169,286	$ 1,169,286

The School expects to contribute approximately $500,000 to the Pension Plan in 2020.

No plan assets are expected to be returned to the School during 2020.

The following benefits are expected to be paid:

Year	
2019	$ 43,712
2020	$ 56,960
2021	$ 25,171
2022	$ - 0-
2023	$ 26,333
2024 – 2028	$142,948

11. LEASES

OPERATING LEASES

On June 30, 2016, the School entered into a new four-year non-cancelable lease agreement with its existing landlord and agreed to occupy additional space. The agreement expires June 30, 2020 and provides for base rent plus utility costs and property insurance costs. The lease provides for four renewal options of five years each at a two percent increase in rental payments over the prior year.

11. LEASES (CONTINUED)

OPERATING LEASES (CONTINUED)

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2019 for each of the next two years and in the aggregate are:

Year ending June 30:	Amount
2020	$ 434,145
2021	47,256
2022	3,938
Total minimum future rental payments	$ 485,339

Rental expense was $468,159 and $456,963 for the years ended June 30, 2019 and 2018, respectively.

12. CONCENTRATIONS OF CREDIT RISK

The School receives approximately 93% and 94% all of its support and revenue from per pupil funding from the New York State Department of Education during the years ended June 30, 2019 and 2018, respectively. Additionally, the School's grants receivable consists of approximately 96% and 97% from the New York State Department of Education. If the School's charter was modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected and would have a significant impact on the School's ability to carry out its activities at current levels.

13. NONCOMPLIANCE WITH GRANTOR RESTRICTIONS

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the School's financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

14. CONTINGENCIES

LITIGATION

The School continues to be a defendant in several employment related lawsuits and arbitration matters. The School has defended itself vigorously in these matters. Management believes the losses, if any, from the open claims are not expected to have a material effect on the School's financial position or results of operations.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Board of Trustees
Roosevelt Children's Academy Charter School, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Roosevelt Children's Academy Charter School, Inc. (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Israeloff, Trattner & Co. P.C.

Garden City, NY
November 1, 2019