



**RIVEREDGE OUTDOOR LEARNING
ELEMENTARY SCHOOL**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2020



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RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Riveredge Outdoor Learning Elementary School

Report on the Financial Statements

We have audited the accompanying financial statements of Riveredge Outdoor Learning Elementary School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 entity'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 Riveredge Outdoor Learning Elementary School as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the School adopted the new provision of Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Sikich LLP

Brookfield, Wisconsin
December 21, 2020

FINANCIAL STATEMENTS

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL

STATEMENT OF FINANCIAL POSITION

As of June 30, 2020

ASSETS

CURRENT ASSETS

Cash	\$	140,045
Accounts receivable		<u>29,697</u>
TOTAL ASSETS	\$	<u>169,742</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	<u>150,109</u>
Total current liabilities		<u>150,109</u>

NET ASSETS

Without donor restrictions		<u>19,633</u>
Total net assets		<u>19,633</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>169,742</u>

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

**NET ASSETS WITHOUT
DONOR RESTRICTIONS**

REVENUE

General state aid/tuition revenue	\$ 493,077
Government grant	174,538
School fees	7,181
Interest income	25
Miscellaneous income	<u>11,189</u>
Total revenue	<u>686,010</u>

EXPENSES

Salaries and wages	383,430
Purchased operational services	147,121
Supplies	24,329
Equipment	62,340
Fiscal fees	24,560
Insurance	6,098
Travel	352
Advertising	105
Dues & fees	1,040
Other	<u>5,154</u>
Total expenses	<u>654,529</u>

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	31,481
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(11,848)</u>
NET ASSETS, END OF YEAR	<u><u>\$ 19,633</u></u>

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	31,481
Decrease (increase) in:		
Accounts receivable		51,411
Increase (decrease) in:		
Accounts payable		<u>8,602</u>
Net cash from operating activities		<u>91,494</u>
 NET CHANGE IN CASH		91,494
 CASH, BEGINNING OF YEAR		<u>48,551</u>
 CASH, END OF YEAR	\$	<u><u>140,045</u></u>

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Riveredge Outdoor Elementary School (the School) is a not-for-profit, nonstock Wisconsin school, chartered and administered by the Northern Ozaukee School District Board of Education. The School was organized to provide a nature-based learning model and utilizing the networks of Riveredge Nature Center and the Greens School Network, will provide an innovative, high quality school for students in Northern Ozaukee and surrounding areas. The School will provide a comprehensive nature-based learning environment through three pillars by which academic work and the core values of curiosity, adventure, and community are infused for children from Kindergarten to Grade 5. The School's average fulltime equivalent enrollment for the year ended June 30, 2020 was 67.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions:

Net assets that are not subject to donor-imposed restrictions or imposed stipulations by the School's Board of Directors (the Board).

Net Assets With Donor Restrictions:

Net assets subject to donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by actions of the School pursuant to those restrictions or are required to be maintained in perpetuity by the School. Generally, the donors of the assets permit the School to use all or part of the income earned on any related investments for general or specific purposes. The School did not have any net assets required to be held in perpetuity as of June 30, 2020.

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The School considers all short-term investments in interest-bearing bank accounts, securities and other instruments having an original maturity of three months or less, to be equivalent to cash. The School did not have any cash equivalents as of June 30, 2020.

The School maintains its cash and cash equivalents at a financial institution which, at times, may exceed federally insured limits. At June 30, 2020, the balance of deposits exceeded FDIC limits by approximately \$216,000. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists primarily of amounts due from Northern Ozaukee School District (NOSD) and the Wisconsin Department of Public Instruction (DPI) for General State Aids and are generally uncollateralized. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amount of accounts receivable is reduced by allowances that reflect management's estimate of uncollectible amounts. Based upon management's evaluation, an allowance for doubtful accounts was not considered necessary as of June 30, 2020; however, actual write-offs may occur.

Charter Contract

The charter school contract term with the Northern Ozaukee School District Board of Education was entered into for a five-year period that commenced on July 1, 2019. Unless written notice is provided by NOSD on or before November 30, 2023, the contract will renew for an additional term of five years.

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in Note 4. Costs are charged on a direct functional basis whenever practical. When direct charges cannot be determined, the costs are allocated on the basis of the estimated proportional use of the service provided or resource consumed. Payroll and related expenses are allocated to the program and management and general based on estimated time spent in each program. Expenses specifically identifiable with a program are charged to that program. Indirect administration expenses are charged to the programs according to a cost allocation plan based on a percentage of total expenses.

Revenue Recognition

Government grants and general state aid represents grants and contracts with the various funding sources. In general, grant revenue is recognized under the following methods:

Cost reimbursement Contracts:

A portion of the School's revenue is derived from cost-reimbursable grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable grant advances in the statement of financial position; there were no amounts received in advance from cost-reimbursement grants for the year ended June 30, 2020. There were no non-recognized cost reimbursement grants because qualifying expenditures have not yet been incurred as of June 30, 2020.

General State Aid/Tuition:

The School receives funding from non-cost reimbursement-based state aid throughout the fiscal year based on the average pupil count. Amounts received are recognized as revenue evenly throughout the fiscal year. Amounts received in advance are included the statement of financial position as refundable grant advances. There were no amounts received in advance as of June 30, 2020.

Revenue Concentrations

The School receives its funding in the form of government grants and general state aid, primarily from the DPI. During the year ended June 30, 2020, the School received government grants of \$174,538, and general state aid/tuition revenue of \$493,077 from DPI as passed through NOSD.

As of June 30, 2020, the School received approximately 71% of its revenue from the DPI either directly or as passed through NOSD.

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The School is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code as other than a private foundation and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the code.

New Accounting Pronouncements

The School adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* as management believes the standard improves the usefulness and understandability of the School's financial reporting. The ASU was adopted utilizing the modified prospective basis. The adoption of this new accounting pronouncement did not have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842)*" ("ASU 2016"), to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU 2016-02, as amended by ASU 2020-05, is effective for non-public entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU 2018-11, "*Leases (Topic 842): Targeted Improvements*" providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The School is currently assessing the impacts of this new standard including the two optional transition methods.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2020:

Cash	\$ 140,045
Accounts receivable	<u>29,697</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u><u>\$ 169,742</u></u>

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL
NOTES TO FINANCIAL STATEMENTS (Continued)

2. LIQUIDITY AND AVAILABILITY (Continued)

The School maintains financial assets, consisting of cash and short-term investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary.

3. COMMITMENTS

The School has entered into an agreement with Riveredge Nature Center, Inc. for school facilities and support. The School will pay a program fee of \$7 per child for the use of facilities and certain related services. Amounts due under this agreement will be based on enrollment counts the first Friday of September and second Friday of January. Fees for the year ended June 30, 2020 were approximately \$147,000 and included in purchased operational services on the statement of activities.

4. FUNCTIONAL EXPENSE

The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The School's expenses classified by function for the year ended June 30, 2020 are as follows:

	Educational Programs	Management and General	Total
Salaries and wages	\$ 377,338	\$ 6,092	\$ 383,430
Purchased operational services	144,746	2,375	147,121
Supplies	24,329	-	24,329
Equipment	62,340	-	62,340
Fiscal fees	-	24,560	24,560
Insurance	6,098	-	6,098
Travel	352	-	352
Advertising	-	105	105
Dues and fees	1,040	-	1,040
Other	5,154	-	5,154
TOTAL	\$ 621,397	\$ 33,132	\$ 654,529

5. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, not recognized subsequent events).

The School has evaluated subsequent events through December 21, 2020, the date on which the financial statements were available to be issued, and determined that there were no significant nonrecognized, subsequent events through that date.

Beginning around March 2020, the COVID-19 virus was declared a global pandemic as it continues to spread rapidly. Business continuity across a broad range of industries and countries could be severely impacted for months or beyond and governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.