



**RIVEREDGE OUTDOOR LEARNING
ELEMENTARY SCHOOL**

FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020



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RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements.....	6-12

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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 statements of financial position as of June 30, 2021 and 2020, and the related statements of activities 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. 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, 2021 and 2020, 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.

Sikich LLP

Brookfield, Wisconsin
December 14, 2021

FINANCIAL STATEMENTS

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 632,623	\$140,045
Accounts receivable	124,246	29,697
Prepaid expenses	1,500	-
TOTAL ASSETS	<u>\$ 758,369</u>	<u>\$169,742</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 671,064	\$150,109
Total current liabilities	<u>671,064</u>	<u>150,109</u>
NET ASSETS		
Without donor restrictions	<u>87,305</u>	<u>19,633</u>
Total net assets	<u>87,305</u>	<u>19,633</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 758,369</u>	<u>\$169,742</u>

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
General state aid/tuition revenue	\$ 645,224	\$ 493,077
Government grant	169,900	174,538
Contribution - Esser funds	15,000	-
School fees	11,352	7,181
Interest income	45	25
Miscellaneous income	-	11,189
Total revenue	<u>841,521</u>	<u>686,010</u>
EXPENSES		
Salaries and wages	496,552	383,430
Purchased operational services	156,427	147,121
Supplies	28,047	24,329
Equipment	11,463	62,340
Fiscal fees	33,428	24,560
Insurance	7,177	6,098
Travel	189	352
Advertising	208	105
Dues & fees	1,595	1,040
Other	38,763	5,154
Total expenses	<u>773,849</u>	<u>654,529</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	67,672	31,481
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>19,633</u>	<u>(11,848)</u>
NET ASSETS, END OF YEAR	<u><u>\$ 87,305</u></u>	<u><u>\$ 19,633</u></u>

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 67,672	\$ 31,481
Decrease (increase) in:		
Accounts receivable	(94,549)	51,411
Prepaid expenses	(1,500)	-
Increase (decrease) in:		
Accounts payable	520,955	8,602
Net cash from operating activities	<u>492,578</u>	<u>91,494</u>
 NET CHANGE IN CASH	 492,578	 91,494
 CASH, BEGINNING OF YEAR	 <u>140,045</u>	 <u>48,551</u>
 CASH, END OF YEAR	 <u><u>\$632,623</u></u>	 <u><u>\$140,045</u></u>

RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 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 years ended June 30, 2021 and 2020 was 87 and 67, respectively.

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, 2021 and 2020.

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.

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

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

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, 2021 and 2020.

The School maintains its cash and cash equivalents at a financial institution which, at times, may exceed federally insured limits. At June 30, 2021 and 2020, the balance of deposits exceeded FDIC limits by approximately \$383,000 and \$216,000, respectively. 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, 2021 and 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.

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.

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

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

Revenue Recognition

Contributions

Unconditional promises to give cash and other assets to the School are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is deemed unconditional. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the time or use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements

Government Grants and General State Aid

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 years ended June 30, 2021 and 2020. There were no non-recognized cost reimbursement grants because qualifying expenditures have not yet been incurred as of June 30, 2021 and 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, 2021 and 2020.

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

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

Revenue Recognition (Continued)

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, 2021, the School received government grants of \$169,900, and general state aid/tuition revenue of \$645,224 from DPI as passed through NOSD. 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 pass through NOSD.

As of June 30, 2021 and 2020, the School received approximately 78% and 71%, respectively, of its revenue from the DPI either directly or as passed through NOSD. A significant reduction in the level of this support, if this were to occur, could have a material effect on the School's programs and activities.

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

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.

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

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

New Accounting Pronouncements (Continued)

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to increase the transparency of contributed nonfinancial assets for non-for-profit entities through enhancement to presentation and disclosure. The new guidance requires contributed nonfinancial assets be presented as a separate line item in the statements of activities, a disclosure with the disaggregation of the amount of contributed nonfinancial assets by category as well as certain qualitative information. ASU No. 2020-07 is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The School is currently assessing the impact of this new standard.

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, 2021:

	<u>2021</u>	<u>2020</u>
Cash	\$ 632,623	\$ 140,045
Accounts receivable	124,246	29,697
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	 <u>\$ 756,869</u>	 <u>\$ 169,742</u>

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 years ended June 30, 2021 and 2020 and were approximately \$156,000 and \$147,000, respectively, and included in purchased operational services on the statements of activities.

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

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, 2021 are as follows:

	Educational Programs	Management and General	Total
Salaries and wages	\$ 480,112	\$ 16,440	\$ 496,552
Purchased operational services	156,427	-	156,427
Supplies	28,047	-	28,047
Equipment	11,463	-	11,463
Fiscal fees	-	33,428	33,428
Insurance	7,177	-	7,177
Travel	189	-	189
Advertising	-	208	208
Dues and fees	1,595	-	1,595
Other	38,763	-	38,763
TOTAL	\$ 723,773	\$ 50,076	\$ 773,849

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

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

5. UNCERTAINTY

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.

6. 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 14, 2021, 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.