



**RIVEREDGE OUTDOOR LEARNING  
ELEMENTARY SCHOOL**

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FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021



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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

### ***Opinion***

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, 2022 and 2021, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riveredge Outdoor Learning Elementary School (the School) as of June 30, 2022 and 2021 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## *Auditor's Responsibility*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Sikich LLP*

Brookfield, Wisconsin  
January 18, 2023

## **FINANCIAL STATEMENTS**

**RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL**

**STATEMENTS OF FINANCIAL POSITION**

As of June 30, 2022 and 2021

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|   | <b>2022</b>       | <b>2021</b>       |
|---|-------------------|-------------------|
| <b>ASSETS</b>                           |                   |                   |
| <b>CURRENT ASSETS</b>                   |                   |                   |
| Cash                                    | \$ 766,106        | \$ 632,623        |
| Accounts receivable                     | 38,094            | 124,246           |
| Prepaid expenses                        | -                 | 1,500             |
| <b>TOTAL ASSETS</b>                     | <b>\$ 804,200</b> | <b>\$ 758,369</b> |
| <b>LIABILITIES AND NET ASSETS</b>       |                   |                   |
| <b>CURRENT LIABILITIES</b>              |                   |                   |
| Accounts payable                        | \$ 657,845        | \$ 671,064        |
| Total current liabilities               | 657,845           | 671,064           |
| <b>NET ASSETS</b>                       |                   |                   |
| Without donor restrictions              | 146,355           | 87,305            |
| Total net assets                        | 146,355           | 87,305            |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 804,200</b> | <b>\$ 758,369</b> |

# RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL

## STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2022 and 2021

|   | <u>2022</u>              | <u>2021</u>             |
|---|--------------------------|-------------------------|
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>                  |                          |                         |
| <b>REVENUE</b>  |                          |                         |
| General state aid/tuition revenue                             | \$ 766,885               | \$ 645,224              |
| Government grant  | 97,114                   | 169,900                 |
| Contribution - Esser funds                                    | 20,086                   | 15,000                  |
| School fees   | 8,830                    | 11,352                  |
| Contributions   | 3,288                    | -                       |
| Interest income   | 103                      | 45                      |
| Total revenue   | <u>896,306</u>           | <u>841,521</u>          |
| <b>EXPENSES</b>   |                          |                         |
| Salaries and wages  | 581,428                  | 496,552                 |
| Contracted professional services                              | 25,369                   | -                       |
| Purchased operational services                                | 138,919                  | 156,427                 |
| Supplies  | 32,287                   | 28,047                  |
| Equipment   | 8,542                    | 11,463                  |
| Fiscal fees   | 37,061                   | 33,428                  |
| Insurance   | 7,957                    | 7,177                   |
| Travel  | -                        | 189                     |
| Advertising   | -                        | 208                     |
| Dues & fees   | -                        | 1,595                   |
| Other   | 5,693                    | 38,763                  |
| Total expenses  | <u>837,256</u>           | <u>773,849</u>          |
| CHANGE IN NET ASSETS WITHOUT<br>DONOR RESTRICTIONS            | 59,050                   | 67,672                  |
| NET ASSETS WITHOUT DONOR RESTRICTIONS,<br>BEGINNING OF YEAR   | <u>87,305</u>            | <u>19,633</u>           |
| <b>NET ASSETS WITHOUT DONOR<br/>RESTRICTIONS, END OF YEAR</b> | <u><u>\$ 146,355</u></u> | <u><u>\$ 87,305</u></u> |

**RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL**

**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2022 and 2021

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|   | <u>2022</u>                  | <u>2021</u>                  |
|---|------------------------------|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b> |                              |                              |
| Change in net assets                        | \$ 59,050                    | \$ 67,672                    |
| Decrease (increase) in:                     |                              |                              |
| Accounts receivable                         | 86,152                       | (94,549)                     |
| Prepaid expenses                            | 1,500                        | (1,500)                      |
| Increase (decrease) in:                     |                              |                              |
| Accounts payable                            | (13,219)                     | 520,955                      |
| Net cash from operating activities          | <u>133,483</u>               | <u>492,578</u>               |
| <br>NET CHANGE IN CASH                      | <br>133,483                  | <br>492,578                  |
| <br>CASH, BEGINNING OF YEAR                 | <br><u>632,623</u>           | <br><u>140,045</u>           |
| <br><b>CASH, END OF YEAR</b>                | <br><u><u>\$ 766,106</u></u> | <br><u><u>\$ 632,623</u></u> |



# RIVEREDGE OUTDOOR LEARNING ELEMENTARY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

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### 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, 2022 and 2021 was 101 and 87, 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 stipulations imposed 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, 2022 and 2021.

#### 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)

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**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, 2022 and 2021.

The School maintains its cash at a financial institution which, at times, may exceed federally insured limits. At June 30, 2022 and 2021, the balance of deposits exceeded FDIC limits by approximately \$516,000 and \$383,000, 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 due within one year and 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, 2022 and 2021; 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 four 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)

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**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 statements 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 statements of financial position; there were no amounts received in advance from cost-reimbursement grants for the years ended June 30, 2022 and 2021. There were no non-recognized cost reimbursement grants because qualifying expenditures have not yet been incurred as of June 30, 2022 and 2021.

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 statements of financial position as refundable grant advances. There were no amounts received in advance as of June 30, 2022 and 2021.

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

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**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, 2022, the School received government grants of \$97,114, and general state aid/tuition revenue of \$766,885 from DPI as passed through NOSD. 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 pass through NOSD.

As of June 30, 2022 and 2021, the School received approximately 86% and 78%, 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)

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**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 adopted this standard for the 2022 year with no material impact to the financial statements.

**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 statements of financial position date, comprise the following as of June 30:

|  | <u>2022</u>       | <u>2021</u>       |
|--|-------------------|-------------------|
| Cash   | \$ 766,106        | \$ 632,623        |
| Accounts receivable  | 38,094            | 124,246           |
| <br>   |                   |                   |
| FINANCIAL ASSETS AVAILABLE TO<br>MEET CASH NEEDS FOR GENERAL<br>EXPENDITURES WITHIN ONE YEAR | <u>\$ 804,200</u> | <u>\$ 756,869</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, 2022 and 2021 and were approximately \$139,000 and \$156,000, 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, 2022 are as follows:

|                                  | <b>2022</b>                 |                               |                   |
|----------------------------------|-----------------------------|-------------------------------|-------------------|
|                                  | <b>Educational Programs</b> | <b>Management and General</b> | <b>Total</b>      |
| Salaries and wages               | \$ 557,148                  | \$ 24,280                     | \$ 581,428        |
| Contracted professional services | 25,369                      | -                             | \$ 25,369         |
| Purchased operational services   | 138,919                     | -                             | 138,919           |
| Supplies                         | 32,287                      | -                             | 32,287            |
| Equipment                        | 8,542                       | -                             | 8,542             |
| Fiscal fees                      | -                           | 37,061                        | 37,061            |
| Insurance                        | 7,957                       | -                             | 7,957             |
| Other                            | 5,693                       | -                             | 5,693             |
| <b>TOTAL</b>                     | <b>\$ 775,915</b>           | <b>\$ 61,341</b>              | <b>\$ 837,256</b> |

The School's expenses classified by function for the year ended June 30, 2021 are as follows:

|                                | <b>Educational Programs</b> | <b>Management and General</b> | <b>Total</b>      |
|--------------------------------|-----------------------------|-------------------------------|-------------------|
| 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            |
| <b>TOTAL</b>                   | <b>\$ 723,773</b>           | <b>\$ 50,076</b>              | <b>\$ 773,849</b> |

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

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**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 January 18, 2023, 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.