

Summary Roster (Aug 2020 - Jul 2021)

PSAT-related Score Summary

PSAT 8/9 Contract 2021

Grade	Total Test Takers	Mean Total Score	Mean ERW Score	Mean Math Score	% Met Both Benchmarks	% Met ERW Benchmark	% Met Math Benchmark
9th grade	41	798	400	398	24%	46%	29%

PSAT 8/9 Fall 2020

Grade	Total Test Takers	Mean Total Score	Mean ERW Score	Mean Math Score	% Met Both Benchmarks	% Met ERW Benchmark	% Met Math Benchmark
9th grade	44	760	375	385	16%	30%	18%

Summary View: The ACT (All Data), ROOTED SCHOOL, 2020-2021

Showing students who are [College Reportable](#)

Group	Year	Composite		Math	Science	STEM	English	Reading	Writing	ELA
		Valid Number	Mean Score	Mean Score	Mean Score	Mean Score	Mean Score	Mean Score	Mean Score	Mean Score
ROOTED SCHOOL	2020-2021	86	15.3	15.0	15.4	15.4	14.4	15.8	5.0	12.0
10th	2020-2021	1	15.0	16.0	15.0	16.0	15.0	15.0		
11th	2020-2021	45	15.3	14.8	15.5	15.4	14.3	16.0		
12th	2020-2021	40	15.3	15.2	15.3	15.5	14.5	15.7	5.0	12.0

Summary View: The ACT (All Data), ROOTED SCHOOL, 2021-2022

Showing students who are [College Reportable](#)

Group	Year	Composite		Math	Science	STEM	English	Reading	Writing	ELA
		Valid Number	Mean Score	Mean Score	Mean Score	Mean Score	Mean Score	Mean Score	Mean Score	Mean Score
ROOTED SCHOOL	2021-2022	85	15.6	14.5	15.6	15.3	15.3	16.4	4.8	16.4
11th	2021-2022	40	15.6	13.9	15.3	14.9	15.8	17.0	5.3	17.7
12th	2021-2022	45	15.5	15.0	15.8	15.6	14.9	15.9	4.0	14.5

ROOTED SCHOOL, INC.

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Year Ended June 30, 2021



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Donovan CPAs

Independent Auditors' Report

The Board of Directors
Rooted School, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Rooted School, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, functional expenses, 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.

Auditors' 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 auditors' 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 auditors consider 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.

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Indianapolis | 9292 N. Meridian Street, Suite 150, Indianapolis, IN 46260 | 317.844.8300

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rooted School, Inc. as of June 30, 2021, and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

DONOVAN

A handwritten signature in dark ink, appearing to read "DONOVAN", is written over a light yellow rectangular background.

Indianapolis, Indiana
December 10, 2021

ROOTED SCHOOL, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS

CURRENT ASSETS

Cash	\$ 294,203
Grants receivable	<u>288,185</u>
<i>Total current assets</i>	<u>582,388</u>

PROPERTY AND EQUIPMENT

Vehicles	39,000
Less: accumulated depreciation	<u>(6,500)</u>
<i>Property and equipment, net</i>	<u>32,500</u>

TOTAL ASSETS	<u><u>\$ 614,888</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 58,718
Paycheck Protection Program note payable	<u>45,600</u>
<i>Total current liabilities</i>	104,318

NET ASSETS, WITHOUT DONOR RESTRICTIONS	<u>510,570</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 614,888</u></u>
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See independent auditors' report and accompanying notes to the financial statements

ROOTED SCHOOL, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2021

REVENUE AND SUPPORT

State education support	\$ 450,644
Grant revenue	1,155,113
Other income	<u>37,652</u>
<i>Total revenue and support</i>	<u>1,643,409</u>

EXPENSES

Program services	801,093
Management and general	<u>434,275</u>
<i>Total expenses</i>	<u>1,235,368</u>

CHANGE IN NET ASSETS	408,041
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NET ASSETS, BEGINNING OF YEAR	<u>102,529</u>
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NET ASSETS, END OF YEAR	<u><u>\$ 510,570</u></u>
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See independent auditors' report and accompanying notes to the financial statements

ROOTED SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 361,586	\$ 198,848	\$ 560,434
Employee benefits	25,512	79,035	104,547
Professional services	102,259	-	102,259
Information technology	88,511	-	88,511
Occupancy	86,333	-	86,333
Staff development	2,982	45,141	48,123
Food	39,063	-	39,063
Transportation	38,503	-	38,503
Advertising	-	37,772	37,772
Repairs and maintenance	32,376	-	32,376
Supplies	3,854	26,426	30,280
Insurance	-	24,219	24,219
Equipment	12,126	-	12,126
Printing	-	9,079	9,079
Depreciation	6,500	-	6,500
Travel	1,488	4,937	6,425
Telephone	-	5,808	5,808
Dues and subscriptions	-	2,612	2,612
Other	-	398	398
	<hr/>	<hr/>	<hr/>
<i>Total functional expenses</i>	<u><u>\$ 801,093</u></u>	<u><u>\$ 434,275</u></u>	<u><u>\$ 1,235,368</u></u>

See independent auditors' report and accompanying notes to the financial statements

ROOTED SCHOOL, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

OPERATING ACTIVITIES

Change in net assets	\$ 408,041
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,500
Change in certain assets and liabilities:	
Grants receivable	(205,759)
Accounts payable and accrued expenses	5,201
Refundable advance	<u>(150,000)</u>
<i>Net cash provided by operating activities</i>	63,983

INVESTING ACTIVITIES

Purchases of property and equipment	(39,000)
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FINANCING ACTIVITIES

Proceeds from Paycheck Protection Program note payable	<u>45,600</u>
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NET CHANGE IN CASH	70,583
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CASH, BEGINNING OF YEAR	<u>223,620</u>
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CASH, END OF YEAR	<u><u>\$ 294,203</u></u>
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See independent auditors' report and accompanying notes to the financial statements

ROOTED SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Rooted School, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School commenced operations as a public charter school on July 1, 2020 under Indiana Code 20-24 and is sponsored by the Office of Education Innovation ("OEI") of the Mayor of the City of Indianapolis. The School served approximately 60 students in the ninth grade during the 2020-2021 school year. The School will serve ninth and tenth grades during the 2021-2022 school year.

Financial Statement Presentation – The School reports its financial position and activities according to two classes of net assets:

- net assets without donor restrictions - which include unrestricted resources that are available for the operating objectives of the School; and
- net assets with donor restrictions - which represent resources restricted by donors for specific time or purpose.

As of June 30, 2021, the School had only net assets without donor restrictions.

Basis of Accounting and Use of Estimates – 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 ("U.S. GAAP"), which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. As of June 30, 2021, there were no cash equivalents.

Grants Receivable – Grants receivable relate primarily to activities funded under federal programs and legislation enacted by the State of Indiana. The School believes it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

Property and Equipment – Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and small equipment purchases are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful life for vehicles is 5 years.

Taxes on Income – The School has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the year ended June 30, 2021, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

ROOTED SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ended after June 30, 2017 are open to audit for both federal and state purposes.

Subsequent Events – The School evaluated subsequent events through December 10, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 - REVENUE RECOGNITION

Revenue Recognition Standard – Effective July 1, 2020, the School adopted Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 replaced previous revenue recognition guidance under U.S. GAAP and requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. 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 has applied the provisions of this ASU to the June 30, 2021 financial statements. There was no material impact on the financial statements.

Revenue Recognition – Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the State of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A significant portion of the School’s revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Incurring approved costs is considered satisfaction of the performance obligation.

The School also receives contributions and grants from private organizations and individuals, which are recorded in accordance with the terms of the underlying agreements.

Disaggregation of Revenue – Revenue is disaggregated on the statement of activities and change in net assets.

ROOTED SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - PRIOR PERIOD FINANCIAL ACTIVITY

Prior to the year ended June 30, 2021, (the School's first year of operations), the School received grants and other funds in anticipation of opening the School. The School's statement of financial position as of June 30, 2020 was as follows:

Cash	\$ 223,620
Grants receivable	<u>82,427</u>
<i>Total assets</i>	<u><u>\$ 306,047</u></u>
Accounts payable and accrued expenses	\$ 53,518
Refundable advance	<u>150,000</u>
<i>Total liabilities</i>	203,518
Net assets, without donor restrictions	<u>102,529</u>
<i>Total liabilities and net assets</i>	<u><u>\$ 306,047</u></u>

NOTE 4 - PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief, and Economic Security ("CARES") Act which includes the Paycheck Protection Program ("PPP") administered through the Small Business Administration. The proceeds from the PPP notes payable can be used for costs related to payroll, employee healthcare, rent, and utilities. On July 10, 2020, the School was granted a loan from CRF USA, in the amount of \$45,600, pursuant to the PPP under Division A, Title I of the CARES Act. The note was set to mature on July 10, 2025 and bear an interest at a rate of 1.00%.

The School has determined the PPP note payable represents a financial liability and has accounted for it in accordance with FASB ASC 470, *Simplifying the Classification of Debt*. Accordingly, the note payable is included as a current liability as of June 30, 2021. Subsequent to June 30, 2021, the School has paid back the note in full.

ROOTED SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 - LEASE

The School leases its facility from an unrelated party through June 30, 2027. For the year ended June 30, 2021, rent payments and expense totaled \$55,750.

Minimum lease obligations for the facility space are as follows for the years ending June 30:

2022	\$	60,000
2023		60,000
2024		60,000
2025		60,000
2026		60,000
Thereafter		60,000

NOTE 6 - RETIREMENT PLANS

The School maintains a defined contribution Section 403(b) retirement plan covering substantially all employees. The plan allows employees to make salary deferral contributions and provides that the School will make contributions at its discretion. Alternatively, an employee may participate in the Indiana State Teachers' Retirement Plan ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan sponsored by the State of Indiana and administered by the Indiana Public Retirement System Board. For the year ended June 30, 2021, the School contributed 5.5% of defined compensation to each employee's retirement plan account of choice. Retirement plan expense was \$769 for the year ended June 30, 2021.

NOTE 7 - COMMITMENT

The School operates under a charter granted by OEI. As the sponsoring organization, OEI exercises certain oversight responsibilities. Beginning with the 2023-2024 school year, OEI will assess a fee equal to 1% of the basic tuition support received by the School. No management fees were paid during the year ended June 30, 2021.

The charter agreement requires the School to establish an escrow account of no less than \$30,000 should a dissolution occur. As of June 30, 2021, this account has been established, and is included in the balance of cash presented on the statement of financial position.

ROOTED SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 - RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Marion and surrounding counties in Indiana and is subject to the risks of economic and competitive forces at work within this geographic area.

The majority of revenues relate to legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

Bank deposits are maintained at JPMorgan Chase Bank, N.A. and are insured up to the FDIC insurance limit. As of June 30, 2021, and at times during the year, cash balances exceeded the FDIC insured limit.

NOTE 9 - LIQUIDITY

Financial assets held by the School include cash and grants receivable. Financial assets available to meet cash needs for general expenditures within one year totaled \$552,388 as of June 30, 2021, which includes all financial assets except the \$30,000 escrow account (Note 7).

From time to time, the School receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10 - FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statement of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

ROOTED SCHOOL, INC.
OTHER REPORT
For the Year Ended June 30, 2021

The report presented herein was prepared in addition to another official report prepared for the School as listed below:

Supplemental Audit Report of Rooted School, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.



The Board of Directors
Rooted School, Inc.

We have audited the financial statements of Rooted School, Inc. (the “School”) as of and for the year ended June 30, 2021, and have issued our report thereon dated December 10, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 11, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the School solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the School is included in Notes 1 and 2 to the financial statements. Effective July 1, 2020, the School adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 replaced most existing revenue recognition guidance under accounting principles generally accepted in the United States of America and requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. There was no material impact on the way the School reports revenue.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We identified no particularly sensitive accounting estimates impacting the financial statements.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There were no such uncorrected misstatements. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements that were identified as a result of our audit procedures that were brought to the attention of, and corrected by, management are included in Exhibit 1 to this letter.

During our audit discussions with the School and its outside consultants, it was determined an additional \$104,000 of the \$415,000 grant from the NewSchools Venture Fund was earned as of June 30, 2021 and should be included in revenues during the year ended June 30, 2021. We do not deem this entry to have caused a material weakness in the School's controls.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the School's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which were provided in a separate letter dated December 10, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the School, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the School, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the School's auditors.

This report is intended solely for the information and use of the Board of Directors, management of the School, the School's authorizer, and the Indiana State Board of Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

DONOVAN

A handwritten signature in dark ink, appearing to read "DONOVAN", is written over a light blue rectangular background.

Indianapolis, Indiana
December 10, 2021

Exhibit 1
Rooted School, Inc.
Material Corrected Misstatements
June 30, 2021

Adjusting Journal Entries JE # 1

AJE <101> To reduce accounts payable and applicable expenses for an insurance policy which should have been included as FY22 expenses.

20000.000	Accounts Payable (A/P)	11,761.00	
55500.267	26700 Insurance		11,761.00
Total		11,761.00	11,761.00

Adjusting Journal Entries JE # 2

AJE <102> To record revenue and receivable related to criteria realized in NSVF award letter prior to year-end.

11000.000	Accounts Receivable (A/R)	103,750.00	
2100	2100 Grants and Contributions		103,750.00
Total		103,750.00	103,750.00

ROOTED SCHOOL
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
YEAR ENDED JUNE 30, 2021



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**ROOTED SCHOOL
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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rooted School
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Rooted School (the School), a nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses 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.

Auditors' 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 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 of 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 auditors' 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 on page one present fairly, in all material respects, the financial position of the School as of June 30, 2021, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The Expansion and Rooted School columns in the statements of financial position, activities, functional expenses, and cash flows as well the accompanying schedule of compensation, benefits, and other payments to the agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedules required by Louisiana State Law, included as Schedules 1 through 2, are not a required part of the basic financial statements, but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combining financial statements. We have applied certain limited procedures, which are described in the Independent Accountants' Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of the 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.



CliftonLarsonAllen LLP

Glendora, California
April 16, 2022

**ROOTED SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

ASSETS	<u>Expansion</u>	<u>Rooted School</u>	<u>Total</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 184,996	\$ 160,836	\$ 345,832
Accounts Receivable	15,000	1,304,900	1,319,900
Prepaid Expenses and Other Assets	-	26,021	26,021
Total Current Assets	<u>199,996</u>	<u>1,491,757</u>	<u>1,691,753</u>
 Total Assets	 <u>\$ 199,996</u>	 <u>\$ 1,491,757</u>	 <u>\$ 1,691,753</u>
 LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ -	\$ 129,269	\$ 129,269
Deferred Revenue	-	26,570	26,570
Loans Payable	-	50,000	50,000
Total Current Liabilities	<u>-</u>	<u>205,839</u>	<u>205,839</u>
 NET ASSETS			
Without Donor Restriction	99,996	1,285,918	1,385,914
With Donor Restriction	100,000	-	100,000
Total Net Assets	<u>199,996</u>	<u>1,285,918</u>	<u>1,485,914</u>
 Total Liabilities and Net Assets	 <u>\$ 199,996</u>	 <u>\$ 1,491,757</u>	 <u>\$ 1,691,753</u>

See accompanying Notes to Financial Statements.

**ROOTED SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	<u>Expansion</u>	<u>Rooted School</u>	<u>Total</u>
REVENUES WITHOUT DONOR RESTRICTION			
State and Local Public School Funding	\$ -	\$ 2,291,458	\$ 2,291,458
Other State Revenue	-	11,459	11,459
Federal Grants	-	1,220,399	1,220,399
Donations	200,000	134,080	334,080
Forgiveness of Debt	-	295,495	295,495
Other Income	63,000	12,437	75,437
Releases from Donor Restriction	<u>41,713</u>	<u>125,000</u>	<u>166,713</u>
Total Revenues Without Donor Restriction	304,713	4,090,328	4,395,041
EXPENSES			
Program Services	297,527	2,286,787	2,584,314
Management and General	88,019	347,479	435,498
Fundraising	<u>66,607</u>	<u>81,241</u>	<u>147,848</u>
Total Expenses	<u>452,153</u>	<u>2,715,507</u>	<u>3,167,660</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	(147,440)	1,374,821	1,227,381
REVENUES WITH DONOR RESTRICTION			
Releases from Donor Restriction	<u>(41,713)</u>	<u>(125,000)</u>	<u>(166,713)</u>
Total Revenues With Donor Restriction	<u>(41,713)</u>	<u>(125,000)</u>	<u>(166,713)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	<u>(41,713)</u>	<u>(125,000)</u>	<u>(166,713)</u>
TOTAL CHANGE IN NET ASSETS	(189,153)	1,249,821	1,060,668
Net Assets - Beginning of Year	<u>389,149</u>	<u>36,097</u>	<u>425,246</u>
NET ASSETS - END OF YEAR	<u>\$ 199,996</u>	<u>\$ 1,285,918</u>	<u>\$ 1,485,914</u>

See accompanying Notes to Financial Statements.

**ROOTED SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,060,668
Adjustments to Reconcile Change in Net Assets to Net	
Cash Flows Used by Operating Activities:	
Forgiveness of Debt	(295,495)
Change in Operating Assets:	
Accounts Receivable	(872,486)
Prepaid Expenses and Other Assets	(11,987)
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	37,288
Deferred Revenue	(48,430)
Net Cash Flows Used by Operating Activities	<u>(130,442)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS	(130,442)
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Cash and Cash Equivalents - Beginning of Year	<u>476,274</u>
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CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 345,832</u></u>
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SUPPLEMENTAL INFORMATION

Forgiveness of Debt	<u><u>\$ 295,495</u></u>
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See accompanying Notes to Financial Statements.

ROOTED SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Total			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 1,164,278	\$ 174,450	\$ 115,000	\$ 1,453,728
Pension Expense	38,667	2,608	4,600	45,875
Other Employee Benefits	126,240	14,063	4,910	145,213
Payroll Taxes	90,312	9,306	8,704	108,322
Legal Expenses	-	26,575	-	26,575
Accounting Expenses	-	75,508	-	75,508
Instructional Materials	170,149	-	-	170,149
Other Fees for Services	516,745	24,593	14,634	555,972
Advertising and Promotion Expenses	-	19,393	-	19,393
Office Expenses	-	16,817	-	16,817
Occupancy Expenses	212,899	1,365	-	214,264
Travel Expenses	27,076	-	-	27,076
Insurance Expense	-	24,528	-	24,528
Other Expenses	237,948	46,292	-	284,240
Total	\$ 2,584,314	\$ 435,498	\$ 147,848	\$ 3,167,660

	Expansion			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 19,200	\$ 52,050	\$ 57,500	\$ 128,750
Pension Expense	768	192	2,300	3,260
Other Employee Benefits	6,543	453	2,455	9,451
Payroll Taxes	4,902	344	4,352	9,598
Legal Expenses	-	21,798	-	21,798
Accounting Expenses	-	7,736	-	7,736
Other Fees for Services	71,717	-	-	71,717
Advertising and Promotion Expenses	-	3,610	-	3,610
Travel Expenses	23,479	-	-	23,479
Insurance Expense	-	-	-	-
Other Expenses	170,918	1,836	-	172,754
Total	\$ 297,527	\$ 88,019	\$ 66,607	\$ 452,153

	Rooted School			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 1,145,078	\$ 122,400	\$ 57,500	\$ 1,324,978
Pension Expense	37,899	2,416	2,300	42,615
Other Employee Benefits	119,697	13,610	2,455	135,762
Payroll Taxes	85,410	8,962	4,352	98,724
Legal Expenses	-	4,777	-	4,777
Accounting Expenses	-	67,772	-	67,772
Instructional Materials	170,149	-	-	170,149
Other Fees for Services	445,028	24,593	14,634	484,255
Advertising and Promotion Expenses	-	15,783	-	15,783
Office Expenses	-	16,817	-	16,817
Occupancy Expenses	212,899	1,365	-	214,264
Travel Expenses	3,597	-	-	3,597
Insurance Expense	-	24,528	-	24,528
Other Expenses	67,030	44,456	-	111,486
Total	\$ 2,286,787	\$ 347,479	\$ 81,241	\$ 2,715,507

See accompanying Notes to Financial Statements.

ROOTED SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Rooted School (the School) was created as a nonprofit corporation under the laws of the state of Louisiana in 2014. The School applied to the Orleans Parish School Board to operate a Type I charter school. The Orleans Parish School Board approved the charter of the School for a period of five years commencing on July 1, 2017 and ending on June 30, 2022. The school serves eligible students in ninth through twelfth grade.

The School received approximately 80% of its total revenues from federal and state grantors.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

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, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Cash and Cash Equivalents

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2021. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

Compensated Absences

The School does not allow employees to carryover unused vacation. Accordingly, there were no accumulated compensated absence benefits at June 30, 2021.

**ROOTED SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue

The School's primary sources of funding are through the State Public School Fund and federal grants, as well as private donations. Federal grants are recorded on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

Revenue Recognition

Amounts received from the State Public School Fund are conditional and recognized as revenue by the School based on the enrollment of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**ROOTED SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. 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 deferred revenues in the statement of financial position. As of June 30, 2021, the School has conditional grants of \$127,443 of which \$26,570 is recognized as deferred revenue in the statement of financial position.

Income Taxes

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code (IRC) Section 501(c)(3). Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction.

Evaluation of Subsequent Events

The School has evaluated subsequent events through April 16, 2022, the date these financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise of the following:

Cash and Cash Equivalents	\$ 345,832
Accounts Receivable - Federal and State	1,319,900
Less: Net Assets With Donor Restrictions	<u>(100,000)</u>
Total	<u><u>\$ 1,565,732</u></u>

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities, and other obligations come due.

ROOTED SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 LOANS PAYABLE

Paycheck Protection Program Loan

The School obtained a loan in the amount of \$285,495 through the Paycheck Protection Program administrated by the U.S. Small Business Administration (SBA), which is part of the Coronavirus Aid Relief and Economic Security Act. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in 2021. Principal and interest payments will be required through the maturity date in 2022.

Economic Injury Disaster Loan

The School obtained a loan in the amount of \$10,000 through the SBA to meet financial obligations and operating expenses that could have been met had the disaster not occurred. The Loan bears interest at a fixed rate of 2.75% per annum and has a term of 30 years.

Loan Forgiveness

In 2021, the principal amount of \$295,495 related to the PPP Loan and EID Loans were forgiven by the financial institution. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

ROOTED SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 LOANS PAYABLE (CONTINUED)

Charter School Growth Fund Loan

The School obtained a loan in the amount of \$50,000 through the Charter School Growth Fund. The Loan bears no interest and is due in November 2022.

Future maturities under notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	
Total Future Maturities	\$ 50,000
	\$ 50,000

NOTE 5 EMPLOYEE RETIREMENT

Defined Contribution Plan

The School offers an IRC Section 401(k) retirement plan to each of its qualifying employees. Employer and employee contributions are used to purchase annuity contracts for each participant employee. Employer matching contributions are made as a percentage of elective deferrals for each employee who is eligible for employer contributions. Additionally, the employer may elect to make a discretionary contribution for each qualifying employee for each plan year. The amount of employer contributions used to purchase annuity contracts for the year ended June 30, 2021 was \$45,875.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended June 30:

	<u>2020</u>	<u>Additions</u>	<u>Releases</u>	<u>2021</u>
Net Assets With Donor Restrictions:				
Subject to Specific Purpose:				
Expansion in Washington State	\$ 16,713	\$ -	\$ 16,713	\$ -
Subject to Passage of				
Time Restrictions:				
Expansion of Rooted Campuses	250,000	-	150,000	100,000
Total Net Assets With				
Donor Restrictions	<u>\$ 266,713</u>	<u>\$ -</u>	<u>\$ 166,713</u>	<u>\$ 100,000</u>

ROOTED SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 EXPANSION

Rooted School supported the opening of affiliated entities in Indianapolis, Las Vegas, and Vancouver by serving as a fiduciary pass-through entity for grants from The Mind Trust, Charter School Growth Fund, Opportunity 180 and Washington Charter Schools Association. For the year ended June 30, 2021, Rooted School received a total of \$304,713 in revenue under the expansion program and incurred a total of \$452,153 in expenses. As of June 30, 2021, Rooted School has a receivable in the amount of \$15,000 from Indianapolis Charter School for salary expense paid by Rooted School for the year ended June 30, 2020. The receivable is deemed by Rooted School to be fully collectible. Net assets under the expansion program total \$199,996, of which \$100,000 are restricted.

NOTE 8 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, other fees for services, office expenses, printing and postage, information technology, and other expenses, which are allocated on the basis of estimates of time and effort.

NOTE 9 CONTINGENCIES, COMMITMENTS AND UNCERTAINTIES

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

The extent of the impact of COVID-19 on the operational and financial performance of the School will depend on certain developments, including the duration and spread of the outbreak, impact on state and federal funding, donors, employees and vendors; all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations of the School is uncertain.



**INDEPENDENT AUDITORS' 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***

Board of Directors
Rooted School
New Orleans, Louisiana

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 Rooted School (the School), a nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 16, 2022.

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) as a basis for designing 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 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 laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Glendora, California
April 16, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Rooted School
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of Rooted School (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Glendora, California
April 16, 2022

**ROOTED SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)

84.425D

Name of Federal Program or Cluster

Elementary and Secondary School Emergency Relief (ESSER) Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes X no

**ROOTED SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

There were no findings for the year ended June 30, 2021.

**ROOTED SCHOOL
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2021**

There were no findings for the year ended June 30, 2020.

ROOTED SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD
YEAR ENDED JUNE 30, 2021

Agency Head: Jonathan Johnson

Purpose	Amount
Salary	\$ 115,000
Benefits - Employer Portion of Retirement	4,600
Benefits - Employer Portion of Medical/Dental/Vision	4,909
Benefits - FICA Medicare	8,703
Total	<u>\$ 133,212</u>

**ROOTED SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Pass Through Program from Louisiana Department of Education:			
Title I, Part A, Basic Grants			
Low-Income and Neglected	84.010	N/A	\$ 170,344
Title II, Part A, Teacher Quality	84.367	N/A	1,989
Title IV	84.287	N/A	5,129
Elementary and Secondary School Emergency Relief (ESSER) Fund	82.425D	N/A	969,465
Pass Through Program from Louisiana Department of Education:			
Youth Force NOLA			
Career and Technical Education-Basic Grants to States (Perkins V)	84.048	N/A	26,242
Total U.S. Department of Education			<u>1,173,169</u>
U.S. DEPARTMENT OF AGRICULTURE			
Pass Through Program from Louisiana Department of Education:			
Child Nutrition Cluster	10.555	N/A	47,230
Total U.S. Department of Agriculture			<u>47,230</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 1,220,399</u></u>

N/A - Pass-through entity number not readily available or not applicable.

**ROOTED SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

NOTE 1 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal governmental for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected to use a rate other than the 10% de minimus indirect cost rate allowed under Uniform Guidance.

SCHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Rooted School
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by Rooted School (the School); the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2021; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin 126, in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly, based on description and nature of the revenue/expense, and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

Findings:
None.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced all classes to the October 1st roll books for those classes and determined if the class was accurately classified on the schedule.

Findings:

None.

Education Levels of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected all teachers and the principal, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Findings:

None.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected all teachers, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Findings:

None.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Board of Directors
Rooted School

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the (City or Parish School Board or Charter School), as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The script is fluid and cursive, with the letters "Clifton", "Larson", and "Allen" being more distinct, and "LLP" written in a slightly more compact, stylized manner.

CliftonLarsonAllen LLP

Glendora, California
April 16, 2022

ROOTED SCHOOL
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
SCHEDULE 1
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES)

<u>General Fund Instructional and Equipment Expenditures</u>	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	770,228.00	
Instructional Staff Employee Benefits	160,072.00	
Purchased Professional and Technical Services	48,529.00	
Instructional Materials and Supplies	133,448.00	
Total Teacher and Student Interaction Activities		\$ 1,112,277
Other Instructional Activities		15,309.00
Pupil Support Services	227,144.00	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		227,144
Instructional Staff Services	13,627.00	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		13,627
School Administration	940,222.00	
Less: Equipment for School Administration	-	
Net School Administration		940,222
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 2,308,579</u>
Total General Fund Equipment Expenditures (Object 730; Functional Series 1000-4000)		<u>\$ -</u>
<u>Local Revenue Sources</u>		
Other Revenue from Local Sources:		
Contributions and Donations		\$ 134,080
Miscellaneous Revenues:		
Local Revenue Trans. from Other LEA		125,000
Other Miscellaneous Revenues		307,932
Total Revenues from Local Sources		<u>\$ 567,012</u>

ROOTED SCHOOL
CLASS SIZE CHARACTERISTICS
SCHEDULE 2
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES)

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Elementary								
Elementary Activity Class								
Middle High								
Middle High Activity Class								
High	131	97%	4	3%				
High Activity Class								
Combination								
Combination Activity Class								

