

ROOTED SCHOOL
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
YEAR ENDED JUNE 30, 2020



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**ROOTED SCHOOL
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YEAR ENDED JUNE 30, 2020**

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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, 2020, 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

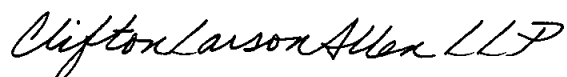
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The Expansion and Rooted School columns in the statements of financial position, activities, functional expenses, and cash flows as well as 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 December 11, 2020 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
December 11, 2020

**ROOTED SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020**

ASSETS	<u>Expansion</u>	<u>Rooted School</u>	<u>Total</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 264,149	\$ 212,125	\$ 476,274
Accounts Receivable	125,000	322,414	447,414
Prepaid Expenses and Other Assets	-	14,034	14,034
Total Current Assets	<u>389,149</u>	<u>548,573</u>	<u>937,722</u>
Total Assets	<u>\$ 389,149</u>	<u>\$ 548,573</u>	<u>\$ 937,722</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ -	\$ 91,981	\$ 91,981
Deferred Revenue	-	75,000	75,000
Total Current Liabilities	<u>-</u>	<u>166,981</u>	<u>166,981</u>
LONG-TERM LIABILITIES			
Loans Payable	-	345,495	345,495
Total Long-Term Liabilities	<u>-</u>	<u>345,495</u>	<u>345,495</u>
NET ASSETS			
Without Donor Restriction	247,436	(88,903)	158,533
With Donor Restriction	141,713	125,000	266,713
Total Net Assets	<u>389,149</u>	<u>36,097</u>	<u>425,246</u>
Total Liabilities and Net Assets	<u>\$ 389,149</u>	<u>\$ 548,573</u>	<u>\$ 937,722</u>

See accompanying Notes to Financial Statements.

**ROOTED SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	<u>Expansion</u>	<u>Rooted School</u>	<u>Total</u>
REVENUES, WITHOUT DONOR RESTRICTION			
State and Local Public School Funding	\$ -	\$ 1,893,065	\$ 1,893,065
Other State Revenue	-	36,150	36,150
Federal Grants	-	248,395	248,395
Donations	432,000	139,234	571,234
Other Income	-	11,462	11,462
Releases from Donor Restriction	20,287	-	20,287
Total Revenues	<u>452,287</u>	<u>2,328,306</u>	<u>2,780,593</u>
EXPENSES			
Program Services	29,378	1,933,932	1,963,310
Management and General	241,148	501,838	742,986
Fundraising	59,325	-	59,325
Total Expenses	<u>329,851</u>	<u>2,435,770</u>	<u>2,765,621</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	122,436	(107,464)	14,972
REVENUES, WITH DONOR RESTRICTION			
Donations	162,000	125,000	287,000
Releases from Donor Restriction	(20,287)	-	(20,287)
Total Revenues With Donor Restriction	<u>141,713</u>	<u>125,000</u>	<u>266,713</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	<u>141,713</u>	<u>125,000</u>	<u>266,713</u>
TOTAL CHANGE IN NET ASSETS	264,149	17,536	281,685
Net Assets - Beginning of Year	<u>125,000</u>	<u>18,561</u>	<u>143,561</u>
NET ASSETS - END OF YEAR	<u>\$ 389,149</u>	<u>\$ 36,097</u>	<u>\$ 425,246</u>

See accompanying Notes to Financial Statements.

**ROOTED SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 281,685
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Used by Operating Activities:	
Change in Operating Assets:	
Accounts Receivable	(375,195)
Prepaid Expenses and Other Assets	(14,034)
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	(13,441)
Deferred Revenue	75,000
Net Cash Flows Used by Operating Activities	(45,985)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds for Debt Issuance	345,495
Net Cash Flows Provided by Financing Activities	345,495

NET CHANGE IN CASH AND CASH EQUIVALENTS

299,510

Cash and Cash Equivalents - Beginning of Year

176,764

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 476,274

See accompanying Notes to Financial Statements.

**ROOTED SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Total			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 937,775	\$ 244,597	\$ 54,745	\$ 1,237,117
Pension Expense	29,547	6,501	1,060	37,108
Other Employee Benefits	103,533	13,535	2,253	119,321
Payroll Taxes	69,445	21,234	1,267	91,946
Legal Expenses	-	37,229	-	37,229
Accounting Expenses	-	41,051	-	41,051
Instructional Materials	133,292	-	-	133,292
Other Fees for Services	428,277	24,860	-	453,137
Advertising and Promotion Expenses	15,222	803	-	16,025
Office Expenses	-	13,828	-	13,828
Occupancy Expenses	224,890	1,365	-	226,255
Travel Expenses	565	47,864	-	48,429
Insurance Expense	-	19,973	-	19,973
Other Expenses	20,764	270,146	-	290,910
Total	\$ 1,963,310	\$ 742,986	\$ 59,325	\$ 2,765,621

	Expansion			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 24,000	\$ 18,505	\$ 54,745	\$ 97,250
Pension Expense	720	870	1,060	2,650
Other Employee Benefits	2,334	-	2,253	4,587
Payroll Taxes	1,921	-	1,267	3,188
Legal Expenses	-	34,136	-	34,136
Instructional Materials	403	-	-	403
Other Fees for Services	-	20,337	-	20,337
Advertising and Promotion Expenses	-	216	-	216
Occupancy Expenses	-	1,365	-	1,365
Travel Expenses	-	40,321	-	40,321
Other Expenses	-	125,398	-	125,398
Total	\$ 29,378	\$ 241,148	\$ 59,325	\$ 329,851

	Rooted School			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 913,775	\$ 226,092	\$ -	\$ 1,139,867
Pension Expense	28,827	5,631	-	34,458
Other Employee Benefits	101,199	13,535	-	114,734
Payroll Taxes	67,524	21,234	-	88,758
Legal Expenses	-	3,093	-	3,093
Accounting Expenses	-	41,051	-	41,051
Instructional Materials	132,889	-	-	132,889
Other Fees for Services	428,277	4,523	-	432,800
Advertising and Promotion Expenses	15,222	587	-	15,809
Office Expenses	-	13,828	-	13,828
Occupancy Expenses	224,890	-	-	224,890
Travel Expenses	565	7,543	-	8,108
Insurance Expense	-	19,973	-	19,973
Other Expenses	20,764	144,748	-	165,512
Total	\$ 1,933,932	\$ 501,838	\$ -	\$ 2,435,770

See accompanying Notes to Financial Statements.

**ROOTED SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 63% 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, 2020. 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, 2020.

**ROOTED SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 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, 2020

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 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. The School has received cost reimbursable grants and conditional contributions of \$75,000 that have not been recognized at June 30, 2020 because qualifying expenditures have not been incurred.

Income Taxes

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code 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.

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenues from Contracts with Customers (Topic 606)*. The update establishes the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. The School has early adopted the implementation of ASU 2014-09 under the full retrospective approach. There was no material impact on the School's financial position and results of operations upon adoption of the new standard.

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The School has implemented ASU 2018-08 under the full retrospective approach. There was no material impact on the School's financial position and results of operations upon adoption of the new standard.

Evaluation of Subsequent Events

The School has evaluated subsequent events through December 11, 2020, the date these financial statements were available to be issued.

ROOTED SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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	\$ 476,274
Accounts Receivable - Federal and State	447,414
Less: Net Assets With Donor Restrictions	<u>(266,713)</u>
Total	<u><u>\$ 656,975</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.

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 Depository 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, 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 U.S. Small Business Administration. 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.

**ROOTED SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 LOANS PAYABLE (CONTINUED)

Economic Injury Disaster Loan

The School obtained a loan in the amount of \$10,000 through the U.S. Small Business Administration 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.

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 as is due on November 2021.

Future maturities under notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ -
2022	345,495
Total Future Maturities	<u>\$ 345,495</u>

NOTE 5 EMPLOYEE RETIREMENT

Defined Contribution Plan

The School offers an Internal Revenue Code 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, 2020 was \$37,108.

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:

Net Assets With Donor Restrictions:	<u>6/30/2019</u>	<u>Additions</u>	<u>Releases</u>	<u>6/30/2020</u>
Subject to Specific Purpose				
Expansion in Washington State	\$ -	\$ 37,000	\$ 20,287	\$ 16,713
Subject to Passage of Time Restrictions				
Expansion of Rooted Campuses	-	250,000	-	250,000
Total Net Assets With Donor Restrictions	<u>\$ -</u>	<u>\$ 287,000</u>	<u>\$ 20,287</u>	<u>\$ 266,713</u>

ROOTED SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 RELATED PARTY TRANSACTIONS

In 2017, Rooted School entered into an agreement with The Mind Trust, an Indiana nonprofit corporation, to support the opening of Rooted School-Indianapolis, an affiliated charter school in Indianapolis. Rooted School has supported the affiliated entity by serving as a fiduciary pass through entity for grants through The Mind Trust and the Charter School Growth Fund. For the year ended June 30, 2020, Rooted School passed through a total of \$125,000 to the affiliated charter school in Indianapolis. For a portion of the fiscal year, Rooted School paid a total of \$35,235 of salary expenses for the School Leader of the Indianapolis charter school for which Rooted School has a receivable for this amount as of June 30, 2020.

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 UNCERTANTIES

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.

Specific to the School, COVID-19 may impact various parts of its 2021 operations and financial results, including funding sources determined by economic activity. Management believes the School is taking appropriate actions to mitigate the negative impact. The School received a loan in the amount of \$285,495 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.



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

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, 2020, 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 December 11, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



CliftonLarsonAllen LLP

Glendora, California
December 11, 2020

**ROOTED SCHOOL
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2020**

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

**ROOTED SCHOOL
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2020**

There were no findings for the year ended June 30, 2019.

**ROOTED SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD
YEAR ENDED JUNE 30, 2020**

Agency Head: Jonathan Johnson

Purpose	Amount
Salary	\$ 103,000
Benefits - Employer Portion of Retirement	2,120
Benefits - Employer Portion of Medical/Dental/Vision	4,505
Benefits - FICA Medicare	17,918
Total	<u>\$ 127,543</u>

**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, 2020; 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 11, 2020

**ROOTED SCHOOL
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
SCHEDULE 1
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES.)**

General Fund Instructional and Equipment Expenditures	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	667,775	
Instructional Staff Employee Benefits	161,984	
Purchased Professional and Technical Services	30,424	
Instructional Materials and Supplies	69,939	
Total Teacher and Student Interaction Activities		\$ 930,122
Other Instructional Activities		8,783
Pupil Support Services	85,840	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		85,840
Instructional Staff Services	7,010	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		7,010
School Administration	592,073	
Less: Equipment for School Administration	-	
Net School Administration		592,073
Total General Fund Instructional Expenditures (Total of Column B)		\$ 1,623,828
Total General Fund Equipment Expenditures (Object 730; Functional Series 1000-4000)		\$ -
Local Revenue Sources		
Other Revenue from Local Sources:		
Contributions and Donations		\$ 264,234
Miscellaneous Revenues:		
Local Revenue Trans. From Other LEA		1,068,777
Other Miscellaneous Revenues		146,348
Total Revenues from Local Sources		\$ 1,479,359

**ROOTED SCHOOL
 CLASS SIZE CHARACTERISTICS
 SCHEDULE 2
 YEAR ENDED JUNE 30, 2020
 (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	55	74%	15	20%	1	1%	3	4%
High Activity Class								
Combination								
Combination Activity Class								

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

