

**University of Wisconsin-Parkside
2018-2019
Charter School Authorizer Annual Report**

Authorizer Annual Report Checklist

When completing the Charter School Authorizer Annual Report, verify that:

- All sections of the report are present, and all schedules are completed and attached.
- For school district authorizers, the schedule of authorizer operating costs has been included as a supplement to the school district's annual audited financial statements submitted to DPI.
- The report has been completed at the authorizer level, rather than completed for an individual school.
- Authorizer operating costs have been identified in Section VI. This section should not be left blank.
- The operating costs reported in Section VI reflect **only** the costs the authorizing entity incurred while fulfilling the duties under Wis. Stat. s. 118.40 (3m)(a) to (e) which include:
 - Soliciting and evaluating charter school applications,
 - Considering the principles and standards for quality authorizing established by the National Association of Charter School Authorizers,
 - Giving preference in the awarding of contracts for the operation of charter schools that serve children at risk,
 - Approving high-quality charter schools that meet identified educational needs and promote a diversity of educational choices, and
 - Monitoring the performance and compliance with Wis. Stat. s. 118.40 of each charter school with which it contracts.

The operating costs in this section should **not** reflect the operating costs for the authorized charter school(s).

- The total amounts reported in Section VI and Section VII are not the same. As noted above, Section VI should only include operating costs the authorizing entity incurred while fulfilling the duties under Wis. Stat. 118.40 (3m)(a) to (e); while Section VII should include the costs of services the authorizing entity provided to the charter schools with which it contracts.
- Costs reported in Section VII are only the costs of services provided to the charter school(s). Examples of the types of costs that should be reported in this section include but are not limited to: costs for business office services, costs for food services, curriculum services, professional development services, etc.

For further instructions and requirements related to completing each section of this report see the charter school authorizer annual report technical assistance document at

<http://dpi.wi.gov/sms/charter-schools/information-authorizers>.

SECTION I: AUTHORIZER INFORMATION

Authorizing Entity:	University of Wisconsin-Parkside
Authorizer Address:	900 Wood Rd., Box 2000, Kenosha, WI, 53141
Authorizer Contact Person:	Gary M. Wood
Contact Person Title:	Vice Provost for Academic Affairs
Contact Person Phone:	262-595-2364
Contact Person Email:	woodg@uwp.edu

SECTION II: CHARTER SCHOOL INFORMATION

(Add additional lines or attach additional sheets, if necessary.)

Charter Schools Currently Under Contract:			
School Name:	Contract Start Date:	Contract Expiration Date:	Grades Served:
21 st Century Preparatory School	April 27, 2017	June 30, 2022	4K - 8

Charter Schools with Non-renewed or Revoked Contract:			
School Name:	Contract Start Date:	Date of Non-renewal or Revocation:	Reason for Non-renewal or Revocation:

Charter Schools Currently Under Contract that have not Opened:		
School Name:	Contract Start Date:	Date School will Open:

Charter Schools that Closed:		
School Name:	Date of School Closure:	Reason for Closure:

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS

The Wisconsin DPI report card score for 2018-2019 was 65.9. This represents a decrease of 2.8 percentage points from the previous year, and is 1.0 points below the four-year average of report card scores, but is still well within the “meets expectations” range.

The change in score was affected more by English language arts than by mathematics. Attendance rates were up slightly and at the state average. On the DPI report card, the “School Growth”, “Closing Gaps”, and “On-Track and Postsecondary Readiness” scores were all near state averages.

The detailed DPI report card is appended to the end of this report.

SECTION IV: FINANCIAL PERFORMANCE OF CHARTER SCHOOLS

The full audit report is attached to the end of this report.

SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS (OPTIONAL)

NA

SECTION VI: AUTHORIZER OPERATING COSTS

See completed schedule of charter school authorizer operating costs.

SECTION VII: SERVICES PROVIDED TO CHARTER SCHOOLS

NA

University of Wisconsin-Parkside

Section VI

SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS

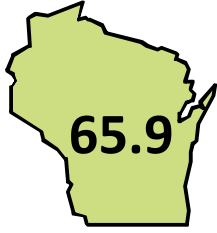
FISCAL YEAR ENDING JUNE 30, 2019

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	
EMPLOYEE BENEFITS	200	
PURCHASED SERVICES	300	1,504
NON-CAPITAL OBJECTS	400	
CAPITAL OBJECTS	500	
INSURANCE & JUDGEMENTS	700	
TRAVEL	900	55
OVERHEAD	900	183
TOTAL		1,724



21st Century Preparatory School
21st Century Preparatory School | Public - All Students
 School Report Card | 2018-19 | Summary

Overall Score



Meets Expectations

Overall Accountability Ratings	Score
Significantly Exceeds Expectations	83-100 ★★★★★
Exceeds Expectations	73-82.9 ★★★★★☆
Meets Expectations	63-72.9 ★★★☆☆
Meets Few Expectations	53-62.9 ★★☆☆☆
Fails to Meet Expectations	0-52.9 ★☆☆☆☆

School Information

Grades	K4-8
School Type	Elementary School
Enrollment	543
Percent Open Enrollment	0.0%
<i>Race/Ethnicity</i>	
American Indian or Alaskan Native	0.0%
Asian	0.0%
Black or African American	50.1%
Hispanic/Latino	31.1%
Native Hawaiian or Other Pacific Islander	0.0%
White	10.7%
Two or More Races	8.1%
<i>Student Groups</i>	
Students with Disabilities	11.2%
Economically Disadvantaged	81.6%
English Learners	5.5%

Priority Areas	School Score	Max Score	K-8 State	K-8 Max
Student Achievement	35.4/100		63.5/100	
English Language Arts (ELA) Achievement	18.2/50		31.9/50	
Mathematics Achievement	17.2/50		31.6/50	
School Growth	60.3/100		66.0/100	
English Language Arts (ELA) Growth	31.1/50		33.0/50	
Mathematics Growth	29.2/50		33.0/50	
Closing Gaps	67.9/100		73.9/100	
English Language Arts (ELA) Achievement Gaps	31.7/50		37.2/50	
Mathematics Achievement Gaps	36.2/50		36.7/50	
Graduation Rate Gaps	NA/NA		NA/NA	
On-Track and Postsecondary Readiness	80.0/100		86.3/100	
Graduation Rate	NA/NA		NA/NA	
Attendance Rate	74.2/80		74.4/80	
3rd Grade English Language Arts (ELA) Achievement	3.0/10		6.2/10	
8th Grade Mathematics Achievement	2.8/10		5.7/10	

Priority Area Weights	Percentage Weight
Student Achievement	5.0%
School Growth	45.0%
Closing Gaps	25.0%
On-Track and Postsecondary Readiness	25.0%

Note: For details about how weights are determined, see weighting calculator: https://oea-dpi.shinyapps.io/overall_weighting_calculator/

Student Engagement Indicators	Total Deductions: 0
Absenteeism Rate (goal <13%)	Goal met: no deduction
Dropout Rate (goal <6%)	Goal met: no deduction

Test Participation Information

Includes Forward Exam (grades 3-8), ACT Aspire (9 and 10), ACT (11), and Dynamic Learning Maps (3-11)

Group	ELA 1-Year	ELA 3-Year	Math 1-Year	Math 3-Year
All-Students Rate	99.7%	99.8%	99.4%	99.7%
Lowest Subgroup Rate: SwD	97.9%	99.2%	97.9%	99.2%

^ denotes at least a 10-point Overall Score change in a single year when present. Wisconsin DPI considers this amount of change an outlier which may not reflect the actual magnitude of change in performance.



21st Century Preparatory School
21st Century Preparatory School | Public - All Students
 School Report Card Detail | 2018-19 | Student Achievement

Student Achievement

Total Score: 35.4/100

English Language Arts Achievement Score: 18.2/50

Performance Level	Points Multiplier	2016-17			2017-18			2018-19		
		Students		Points	Students		Points	Students		Points
		Count	Percent		Count	Percent		Count	Percent	
Advanced	1.5	7	2.5%	10.5	9	3.0%	13.5	6	2.0%	9
Proficient	1.0	52	18.5%	52	57	18.8%	57	40	13.0%	40
Basic	0.5	99	35.2%	49.5	108	35.5%	54	89	29.0%	44.5
Below Basic	0.0	123	43.8%	0	130	42.8%	0	172	56.0%	0
Total Tested	-	281	100.0%	112	304	100.0%	124.5	307	100.0%	93.5

Mathematics Achievement Score: 17.2/50

Performance Level	Points Multiplier	2016-17			2017-18			2018-19		
		Students		Points	Students		Points	Students		Points
		Count	Percent		Count	Percent		Count	Percent	
Advanced	1.5	3	1.1%	4.5	7	2.3%	10.5	2	0.7%	3
Proficient	1.0	41	14.6%	41	58	19.1%	58	44	14.4%	44
Basic	0.5	93	33.1%	46.5	107	35.2%	53.5	94	30.7%	47
Below Basic	0.0	144	51.2%	0	132	43.4%	0	166	54.2%	0
Total Tested	-	281	100.0%	92	304	100.0%	122	306	100.0%	94

Notes

- Details on student achievement calculations can be found at <https://dpi.wi.gov/accountability/resources> .
- Student Achievement only includes assessment results for students enrolled for the full academic year (FAY) in the school.
- Points displayed in the tables above are weighted so that larger numbers of students and more recent years contribute more to the score for the Priority Area.

Questions to consider

- Are more students in the basic or below basic performance level, compared to proficient and advanced?
- Has the percent of students who are proficient and advanced increased, decreased, or stayed the same over the last three years?



21st Century Preparatory School
21st Century Preparatory School | Public - All Students
 School Report Card Detail | 2018-19 | Student Achievement

Student Achievement

Supplemental Data

Group performance is provided on this page for informational purposes only. These data are not used to determine the Student Achievement scores used in the accountability system.

English Language Arts Supplemental Data

Group	2016-17					2017-18					2018-19				
	Total Tested	Percent Advanced	Percent Proficient	Percent Basic	Percent Below Basic	Total Tested	Percent Advanced	Percent Proficient	Percent Basic	Percent Below Basic	Total Tested	Percent Advanced	Percent Proficient	Percent Basic	Percent Below Basic
All Students: State	572,116	9.5%	33.8%	33.9%	22.7%	572,332	8.5%	33.7%	34.0%	23.7%	570,957	8.0%	32.7%	34.1%	25.3%
All Students: School	281	2.5%	18.5%	35.2%	43.8%	304	3.0%	18.8%	35.5%	42.8%	307	2.0%	13.0%	29.0%	56.0%
American Indian or Alaskan Native	<20	*	*	*	*	<20	*	*	*	*	<20	*	*	*	*
Asian	<20	*	*	*	*	<20	*	*	*	*	<20	*	*	*	*
Black or African American	123	0.0%	12.2%	39.0%	48.8%	142	0.7%	12.7%	36.6%	50.0%	141	0.0%	9.2%	31.2%	59.6%
Hispanic/Latino	98	2.0%	16.3%	31.6%	50.0%	103	2.9%	17.5%	35.0%	44.7%	103	2.9%	12.6%	23.3%	61.2%
Native Hawaiian or Other Pacific Islander	<20	*	*	*	*	<20	*	*	*	*	<20	*	*	*	*
White	39	10.3%	38.5%	33.3%	17.9%	38	13.2%	39.5%	36.8%	10.5%	42	7.1%	23.8%	31.0%	38.1%
Two or More Races	21	4.8%	28.6%	33.3%	33.3%	21	0.0%	28.6%	28.6%	42.9%	21	0.0%	19.0%	38.1%	42.9%
Students with Disabilities	33	0.0%	3.0%	6.1%	90.9%	41	0.0%	7.3%	2.4%	90.2%	46	0.0%	0.0%	15.2%	84.8%
Economically Disadvantaged	210	1.0%	16.2%	32.4%	50.5%	245	2.0%	16.7%	33.1%	48.2%	253	0.8%	13.0%	29.2%	56.9%
English Learners	46	0.0%	13.0%	28.3%	58.7%	45	2.2%	11.1%	33.3%	53.3%	42	2.4%	14.3%	23.8%	59.5%

Mathematics Supplemental Data

Group	2016-17					2017-18					2018-19				
	Total Tested	Percent Advanced	Percent Proficient	Percent Basic	Percent Below Basic	Total Tested	Percent Advanced	Percent Proficient	Percent Basic	Percent Below Basic	Total Tested	Percent Advanced	Percent Proficient	Percent Basic	Percent Below Basic
All Students: State	573,124	8.3%	32.3%	32.2%	27.2%	573,251	9.2%	32.6%	31.2%	27.0%	571,751	9.4%	31.6%	30.8%	28.2%
All Students: School	281	1.1%	14.6%	33.1%	51.2%	304	2.3%	19.1%	35.2%	43.4%	306	0.7%	14.4%	30.7%	54.2%
American Indian or Alaskan Native	<20	*	*	*	*	<20	*	*	*	*	<20	*	*	*	*
Asian	<20	*	*	*	*	<20	*	*	*	*	<20	*	*	*	*
Black or African American	123	0.0%	6.5%	34.1%	59.3%	142	0.7%	9.9%	37.3%	52.1%	140	0.0%	10.0%	30.7%	59.3%
Hispanic/Latino	98	0.0%	15.3%	31.6%	53.1%	103	1.0%	24.3%	31.1%	43.7%	103	1.0%	13.6%	28.2%	57.3%
Native Hawaiian or Other Pacific Islander	<20	*	*	*	*	<20	*	*	*	*	<20	*	*	*	*
White	39	5.1%	33.3%	38.5%	23.1%	38	13.2%	39.5%	36.8%	10.5%	42	0.0%	28.6%	35.7%	35.7%
Two or More Races	21	4.8%	23.8%	23.8%	47.6%	21	0.0%	19.0%	38.1%	42.9%	21	4.8%	19.0%	33.3%	42.9%
Students with Disabilities	33	0.0%	6.1%	9.1%	84.8%	41	2.4%	4.9%	4.9%	87.8%	46	0.0%	2.2%	8.7%	89.1%
Economically Disadvantaged	210	0.5%	10.5%	31.9%	57.1%	245	1.6%	15.1%	34.7%	48.6%	252	0.8%	12.7%	29.8%	56.7%
English Learners	46	0.0%	6.5%	28.3%	65.2%	45	0.0%	15.6%	24.4%	60.0%	42	0.0%	7.1%	38.1%	54.8%



21st Century Preparatory School
21st Century Preparatory School | Public - All Students
 School Report Card Detail | 2018-19 | School Growth

School Growth

Total Score: 60.3/100

The following growth scores are derived from a value-added model. Value-added growth estimates how much student scores are expected to change based on the actual growth of similar students. If the student's performance improved more than predicted by the model, we say her school had high value added. That is, the value the school's impact on student learning resulted in higher-than-predicted growth. A value-added score of 3.0 is average.

English Language Arts Growth Score: 31.1/50

Mathematics Growth Score: 29.2/50

Group	English Language Arts		Mathematics	
	Count	Value-Added Score	Count	Value-Added Score
All Students: School	251	2.8	250	2.6

School Growth Supplemental Data

This table has information about groups of students in this school. Higher value-added means the school's impact is greater for that group than the italicized comparison group (e.g., students with disabilities compared to students without disabilities).

Group	English Language Arts		Mathematics	
	Count	Value-Added Score	Count	Value-Added Score
American Indian or Alaskan Native	<20	*	<20	*
Asian	<20	*	<20	*
Black or African American	120	2.8	119	2.9
Hispanic/Latino	85	2.7	85	2.0
Native Hawaiian or Other Pacific Islander	<20	*	<20	*
Two or More Races	<20	*	<20	*
<i>White</i>	28	2.9	28	2.9
Students with Disabilities	37	2.7	37	3.2
<i>Students without Disabilities</i>	214	2.8	213	2.5
Economically Disadvantaged	209	2.8	208	2.5
<i>Not Economically Disadvantaged</i>	42	2.7	42	2.7
English Learners	35	2.5	35	2.0
<i>English Proficient</i>	216	2.8	215	2.7
Proficient Last Year	55	2.7	57	3.7
<i>Not Proficient Last Year</i>	196	2.8	193	2.6

The value-added scores in the table above are for informational purposes only and do not directly impact overall value-added scores for the school. See the value-added technical manual for additional details: <https://dpi.wi.gov/accountability/resources>.



21st Century Preparatory School
21st Century Preparatory School | Public - All Students
 School Report Card Detail | 2018-19 | Closing Gaps

Closing Gaps

Total Score: 67.9/100

Closing Achievement Gaps - English Language Arts | Score: 31.7/50

School Target Group Points-Based Proficiency Rates						State Comparison Group Points-Based Proficiency Rates					Rate of Change		Difference in Rate of Change		
Group	2014-15 Points	2015-16 Points	2016-17 Points	2017-18 Points	2018-19 Points	Group	2014-15 Points	2015-16 Points	2016-17 Points	2017-18 Points	2018-19 Points	School Target Group		State Comparison Group	
American Indian or Alaskan Native	NA	NA	NA	NA	NA	White	NA	NA	NA	NA	NA	NA	NA	NA	
Asian	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Black or African American	0.409	0.332	0.317	0.320	0.248		0.800	0.720	0.734	0.722	0.702	-0.033	-0.019	-0.014	
Hispanic/Latino	0.449	0.390	0.352	0.393	0.286		0.800	0.720	0.734	0.722	0.702	-0.032	-0.019	-0.013	
Native Hawaiian or Pacific Islander	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Two or More Races	NA	NA	0.524	0.429	0.381		NA	NA	0.734	0.722	0.702	-0.072	-0.016	-0.056	
Students with Disabilities	0.290	0.118	0.061	0.085	0.076	Students without Disabilities	0.781	0.697	0.707	0.692	0.673	-0.042	-0.022	-0.020	
Economically Disadvantaged	0.468	0.366	0.338	0.363	0.289	Not Economically Disadvantaged	0.847	0.765	0.778	0.772	0.752	-0.034	-0.018	-0.016	
English Learners	0.393	0.270	0.272	0.311	0.298	English Proficient	0.745	0.662	0.672	0.657	0.638	-0.011	-0.022	0.011	
"All 3" Supergroup	NA	NA	NA	NA	NA	Not in "All 3" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"SwD-ECD" Supergroup	NA	NA	NA	NA	NA	Not in "SwD-ECD" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"SwD-EL" Supergroup	NA	NA	NA	NA	NA	Not in "SwD-EL" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"ECD-EL" Supergroup	NA	NA	NA	NA	NA	Not in "ECD-EL" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	

Closing Achievement Gaps - Mathematics | Score: 36.2/50

School Target Group Points-Based Proficiency Rates						State Comparison Group Points-Based Proficiency Rates					Rate of Change		Difference in Rate of Change		
Group	2014-15 Points	2015-16 Points	2016-17 Points	2017-18 Points	2018-19 Points	Group	2014-15 Points	2015-16 Points	2016-17 Points	2017-18 Points	2018-19 Points	School Target Group		State Comparison Group	
American Indian or Alaskan Native	NA	NA	NA	NA	NA	White	NA	NA	NA	NA	NA	NA	NA	NA	
Asian	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Black or African American	0.237	0.262	0.236	0.296	0.254		0.741	0.695	0.702	0.716	0.708	0.007	-0.005	0.012	
Hispanic/Latino	0.381	0.336	0.311	0.413	0.291		0.741	0.695	0.702	0.716	0.708	-0.010	-0.005	-0.005	
Native Hawaiian or Pacific Islander	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Two or More Races	NA	NA	0.429	0.381	0.429		NA	NA	0.702	0.716	0.708	0.000	0.003	-0.003	
Students with Disabilities	0.194	0.118	0.106	0.110	0.065	Students without Disabilities	0.711	0.660	0.662	0.674	0.666	-0.026	-0.008	-0.018	
Economically Disadvantaged	0.344	0.323	0.271	0.349	0.288	Not Economically Disadvantaged	0.787	0.737	0.742	0.766	0.758	-0.007	-0.003	-0.004	
English Learners	0.196	0.230	0.207	0.278	0.262	English Proficient	0.677	0.626	0.629	0.641	0.631	0.018	-0.008	0.026	
"All 3" Supergroup	NA	NA	NA	NA	NA	Not in "All 3" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"SwD-ECD" Supergroup	NA	NA	NA	NA	NA	Not in "SwD-ECD" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"SwD-EL" Supergroup	NA	NA	NA	NA	NA	Not in "SwD-EL" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"ECD-EL" Supergroup	NA	NA	NA	NA	NA	Not in "ECD-EL" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	



21st Century Preparatory School
21st Century Preparatory School | Public - All Students
 School Report Card Detail | 2018-19 | Closing Gaps

Closing Gaps

Total Score: 67.9/100

Graduation Rate Gaps Score: NA/NA

Closing Graduation Gaps - Four Year | Score: NA/NA

School Target Group Graduation Rates						State Comparison Group Graduation Rates						Rate of Change		Difference in Rate of Change	
Group	2013-14 Graduation Rate	2014-15 Graduation Rate	2015-16 Graduation Rate	2016-17 Graduation Rate	2017-18 Graduation Rate	Group	2013-14 Graduation Rate	2014-15 Graduation Rate	2015-16 Graduation Rate	2016-17 Graduation Rate	2017-18 Graduation Rate	School Target Group	State Comparison Group		
American Indian or Alaskan Native	NA	NA	NA	NA	NA	White	NA	NA	NA	NA	NA	NA	NA	NA	
Asian	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Black or African American	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Hispanic/Latino	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Native Hawaiian or Pacific Islander	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Two or More Races	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Students with Disabilities	NA	NA	NA	NA	NA	Students without Disabilities	NA	NA	NA	NA	NA	NA	NA	NA	
Economically Disadvantaged	NA	NA	NA	NA	NA	Not Economically Disadvantaged	NA	NA	NA	NA	NA	NA	NA	NA	
English Learners	NA	NA	NA	NA	NA	English Proficient	NA	NA	NA	NA	NA	NA	NA	NA	
"All 3" Supergroup	NA	NA	NA	NA	NA	Not in "All 3" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"SwD-ECD" Supergroup	NA	NA	NA	NA	NA	Not in "SwD-ECD" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"SwD-EL" Supergroup	NA	NA	NA	NA	NA	Not in "SwD-EL" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"ECD-EL" Supergroup	NA	NA	NA	NA	NA	Not in "ECD-EL" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	

Closing Graduation Gaps - Six Year | Score: NA/NA

School Target Group Graduation Rates						State Comparison Group Graduation Rates						Rate of Change		Difference in Rate of Change	
Group	2013-14 Graduation Rate	2014-15 Graduation Rate	2015-16 Graduation Rate	2016-17 Graduation Rate	2017-18 Graduation Rate	Group	2013-14 Graduation Rate	2014-15 Graduation Rate	2015-16 Graduation Rate	2016-17 Graduation Rate	2017-18 Graduation Rate	School Target Group	State Comparison Group		
American Indian or Alaskan Native	NA	NA	NA	NA	NA	White	NA	NA	NA	NA	NA	NA	NA	NA	
Asian	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Black or African American	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Hispanic/Latino	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Native Hawaiian or Pacific Islander	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Two or More Races	NA	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA
Students with Disabilities	NA	NA	NA	NA	NA	Students without Disabilities	NA	NA	NA	NA	NA	NA	NA	NA	
Economically Disadvantaged	NA	NA	NA	NA	NA	Not Economically Disadvantaged	NA	NA	NA	NA	NA	NA	NA	NA	
English Learners	NA	NA	NA	NA	NA	English Proficient	NA	NA	NA	NA	NA	NA	NA	NA	
"All 3" Supergroup	NA	NA	NA	NA	NA	Not in "All 3" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"SwD-ECD" Supergroup	NA	NA	NA	NA	NA	Not in "SwD-ECD" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"SwD-EL" Supergroup	NA	NA	NA	NA	NA	Not in "SwD-EL" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	
"ECD-EL" Supergroup	NA	NA	NA	NA	NA	Not in "ECD-EL" Supergroup	NA	NA	NA	NA	NA	NA	NA	NA	



21st Century Preparatory School
21st Century Preparatory School | Public - All Students
 School Report Card Detail | 2018-19 | Closing Gaps

Closing Gaps

Total Score: 67.9/100

Notes - Prior Three Pages

- Details on Closing Gaps calculations can be found at <https://dpi.wi.gov/accountability/resources>.
- Closing Graduation Gaps is based on graduation data from prior years because data from the most recent year are not yet available.
- The points-based proficiency rate is calculated by multiplying the number of students with scores in the advanced category by 1.5, proficient by 1.0, basic by 0.5 and below basic by 0.0.
- The count of students for achievement calculations can be found in the Achievement Priority Area of the Report Card.
- The symbol "!" means that the group's average points-based proficiency rate or graduation rate is at least 0.9 and that the highest points possible have been awarded. This is to ensure that districts with very high achievement or graduation are not penalized with low Closing Gaps scores for small increases in gaps.
- Each student group included in Closing Gaps calculations is compared to its statewide comparison group using the same number of years of data. For example, if three years of data are available to determine the trend for the students with disabilities group, three years of data are included in the statewide comparison group trend for students without disabilities.

About Supergroups

Supergroups are a way to look at closing gaps among groups of students that would ordinarily be too small to include. A supergroup is made up of all the students that belong to any of the following categories:

- "All 3" Supergroup: students with disabilities, economically disadvantaged, and English Learners.
- "SwD-ECD" Supergroup: students with disabilities and economically disadvantaged students.
- "SwD-LEP" Supergroup: students with disabilities and limited English proficient students.
- "ECD-LEP" Supergroup: economically disadvantaged and English Learners.

A supergroup is used to evaluate Closing Gaps only when there are fewer than 20 students in each of the individual groups within the supergroup, but more than 20 students in the supergroup. For example, if a district had fewer than 20 students with disabilities and fewer than 20 economically disadvantaged students, but more than 20 students when those groups are combined, the "SwD-ECD" supergroup would be used to evaluate Closing Gaps. Students are not double-counted in a supergroup. In the example above, an economically disadvantaged student with a disability is only counted once in the supergroup.



21st Century Preparatory School
21st Century Preparatory School | Public - All Students
 School Report Card Detail | 2018-19 | On-Track and Postsecondary Readiness

On-Track and Postsecondary Readiness

Total Score: 80.0/100

2017-18 Attendance Score: 74.2/80

Group	Enrollment	Attended Days	Possible Days	Rate
All Students	519	75,586.0	81,071.5	93.2%
Lowest Group: Students with Disabilities	66	9,787.0	10,609.5	92.2%

2017-18 Graduation Score: NA/NA

Group	Four-Year Cohort Graduation Rate			Six-Year Cohort Graduation Rate		
	Students in Cohort	Graduates	Rate	Students in Cohort	Graduates	Rate
All Students	<20	*	*	<20	*	*

On-Track and Postsecondary Readiness Supplemental Data

Group performance is provided for informational purposes only and is not used to determine the On-Track and Postsecondary Readiness scores used in the accountability system.

Group	Four-Year Cohort Graduation Rate			Six-Year Cohort Graduation Rate		
	Students in Cohort	Graduates	Rate	Students in Cohort	Graduates	Rate
American Indian or Alaskan Native	<20	*	*	<20	*	*
Asian	<20	*	*	<20	*	*
Black or African American	<20	*	*	<20	*	*
Hispanic/Latino	<20	*	*	<20	*	*
Native Hawaiian or Other Pacific Islander	<20	*	*	<20	*	*
White	<20	*	*	<20	*	*
Two or More Races	<20	*	*	<20	*	*
Students with Disabilities	<20	*	*	<20	*	*
Economically Disadvantaged	<20	*	*	<20	*	*
English Learners	<20	*	*	<20	*	*

Notes

- Details on On-Track and Postsecondary Readiness calculations can be found at <https://dpi.wi.gov/accountability/resources>
- Due to data availability, Attendance and Graduation data lag by one year.



21st Century Preparatory School
21st Century Preparatory School | Public - All Students
 School Report Card Detail | 2018-19 | On-Track and Postsecondary Readiness

On-Track and Postsecondary Readiness

Total Score: 80.0/100

2018-19 3rd Grade English Language Arts Achievement Score: 3.0/10

Performance Level	Points Multiplier	2016-17			2017-18			2018-19		
		Students		Points	Students		Points	Students		Points
		Count	Percent		Count	Percent		Count	Percent	
Advanced	1.5	0	0.0%	0	2	4.4%	3	0	0.0%	0
Proficient	1.0	7	13.0%	7	8	17.8%	8	0	0.0%	0
Basic	0.5	20	37.0%	10	22	48.9%	11	16	29.6%	8
Below Basic	0.0	27	50.0%	0	13	28.9%	0	38	70.4%	0
Total Tested	-	54	100.0%	17	45	100.0%	22	54	100.0%	8

2018-19 8th Grade Mathematics Achievement Score: 2.8/10

Performance Level	Points Multiplier	2016-17			2017-18			2018-19		
		Students		Points	Students		Points	Students		Points
		Count	Percent		Count	Percent		Count	Percent	
Advanced	1.5	1	2.9%	1.5	2	3.5%	3	0	0.0%	0
Proficient	1.0	6	17.1%	6	2	3.5%	2	4	11.4%	4
Basic	0.5	12	34.3%	6	18	31.6%	9	10	28.6%	5
Below Basic	0.0	16	45.7%	0	35	61.4%	0	21	60.0%	0
Total Tested	-	35	100.0%	13.5	57	100.0%	14	35	100.0%	9

Notes

- Details on On-Track and Postsecondary Readiness calculations can be found at <https://dpi.wi.gov/accountability/resources> .
- Third grade English Language Arts and 8th grade Mathematics Scores are determined in the same way as the Student Achievement Priority Area. However, if there are fewer than 20 students in the most recent year, then the most recent two years of data are combined so that the cell size requirement is met.
- Student Achievement only includes assessment results for students enrolled for the full academic year (FAY) in the school.
- Points displayed in the tables above are weighted so that larger numbers of students and more recent years contribute more to the score for the Priority Area.



21st Century Preparatory School
21st Century Preparatory School | Public - All Students
 School Report Card Detail | 2018-19 | Student Engagement Indicators

Student Engagement Indicators

Goals Met: 2/2

All schools are expected to meet Student Engagement Indicator goals in these areas. Absenteeism Rate and Dropout Rate are not rounded. Absenteeism Rate is the percent of students who are chronically absent (have attendance rates below 84%).

Indicator	Goal	One-Year School Rate	Three-Year School Rate	Points Deducted
Absenteeism Rate	Less than 13%	6.7%	6.7%	0
Dropout Rate	Less than 6%	2.1%	1.6%	0

Student Engagement Indicators Data

Group performance for Absenteeism Rate, Dropout Rate, and Test Participation is provided below for informational purposes, to facilitate analysis of achievement gaps, and to drive continuous improvement planning. If either the one-year or three-year rate meets the goal then no points are deducted. Test Participation data reflect the one-year test participation of groups.

Group	Absenteeism Rate				Dropout Rate				Test Participation Rate			
	One Year		Three Year		One Year		Three Year		(Not Scored)			
	Students	Rate	Students	Rate	Students	Rate	Students	Rate	Students ELA	Rate ELA	Students Mathematics	Rate Mathematics
All Students: School	506	6.7%	1,385	6.7%	95	2.1%	245	1.6%	316	99.7%	316	99.4%
American Indian or Alaskan Native	<20	*	NA	NA	<20	*	NA	NA	<20	*	<20	*
Asian	<20	*	NA	NA	<20	*	NA	NA	<20	*	<20	*
Black or African American	245	9.0%	646	8.7%	46	0.0%	106	0.9%	145	99.3%	145	98.6%
Hispanic/Latino	161	5.6%	436	6.9%	31	0.0%	88	0.0%	104	100.0%	104	100.0%
Native Hawaiian or Other Pacific Islander	<20	*	NA	NA	<20	*	NA	NA	<20	*	<20	*
Two or More Races	37	2.7%	98	2.0%	<20	*	NA	NA	22	100.0%	22	100.0%
White	63	3.2%	200	2.5%	<20	*	NA	NA	45	100.0%	45	100.0%
Students with Disabilities	66	9.1%	164	9.8%	<20	*	NA	NA	47	97.9%	47	97.9%
Economically Disadvantaged	418	7.9%	1,062	8.0%	73	2.7%	164	1.8%	262	99.6%	262	99.2%
English Learners	62	4.8%	181	7.2%	<20	*	NA	NA	43	100.0%	43	100.0%

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Audited Financial Statements

Year Ended June 30, 2019
With Summarized Information for the Year Ended June 30, 2018

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statement of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 13
Schedule of Expenditures of Federal and State Awards	14
Notes to Schedule of Expenditures of Federal and State Awards	15
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	16 - 17
Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control Over Compliance Required by the Wisconsin 2r Charter School Audit Manual issued by the Wisconsin Department of Public Instruction	18 - 19
Schedule of Prior Year Audit Findings	20
Schedule of Findings and Responses	21 - 22
Corrective Action Plan	23



Independent Auditors' Report

The Board of Directors
Racine Charter One, Inc.
Racine, Wisconsin

We have audited the accompanying financial statements of Racine Charter One, Inc. ("School"), which comprise the statements of financial position as of June 30, 2019, the related statements of activities, 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 ("U.S. GAAP"); 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 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Racine Charter One, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. GAAP.

Reilly, Penner & Benton LLP

1233 N. Mayfair Road Suite #302 • Milwaukee, WI 53226-3255 • 414-271-7800

www.rpb.biz

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the *Wisconsin 2r Charter School Audit Manual* issued by the Wisconsin Department of Public Instruction, and is not a required part of the 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.

Report on Summarized Comparative Information

We have previously audited the School's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2019 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 internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

November 18, 2019
Milwaukee, Wisconsin

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and equivalents	\$ 1,427,755	\$ 687,785
Accounts receivable, net	249,910	181,089
Prepaid expenses	9,271	83,367
Inventory	8,544	14,371
Total current assets	1,695,480	966,612
Property and Equipment:		
Computers and equipment	508,680	502,692
Furniture and fixtures	1,189,580	1,150,884
Leasehold improvements	5,356,281	5,356,281
Construction in progress	7,257	---
Total property and equipment	7,061,798	7,009,857
Accumulated depreciation and amortization	(3,725,359)	(3,547,330)
Net property and equipment	3,336,439	3,462,527
Total assets	\$ 5,031,919	\$ 4,429,139
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 73,197	\$ 40,764
Accrued wages and related liabilities	58,160	56,970
Deferred revenue	15,521	16,951
Note payable - current portion	29,382	29,382
Total current liabilities	176,260	144,067
Long-Term Liabilities:		
Note payable	58,764	88,146
Total liabilities	235,024	232,213
Net Assets:		
Without donor restrictions	4,431,226	4,185,127
With donor restrictions	365,669	11,799
Total net assets	4,796,895	4,196,926
Total liabilities and net assets	\$ 5,031,919	\$ 4,429,139

The accompanying notes to financial statements
are an integral part of these statements.

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Statement of Activities

Year Ended June 30, 2019

With Summarized Information for the Year Ended June 30, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2019 Total</u>	<u>2018 Total</u>
Support and Revenue:				
Charter income	\$ 4,456,023	\$ ---	\$ 4,456,023	\$ 4,340,215
Title funds	195,645	---	195,645	271,786
Special education	177,237	---	177,237	203,328
Other state grants	3,429	---	3,429	7,977
Sales	17,548	---	17,548	18,385
Less: cost of goods sold	(17,548)	---	(17,548)	(18,385)
Donations	500	---	500	1,600
Other income	3,727	---	3,727	18,219
Food service sales and aid	280,705	14,908	295,613	230,544
Private pay food	3,743	---	3,743	28,944
Instrumental music fee	25,528	---	25,528	15,776
Book fee	12,704	---	12,704	8,013
E-Rate reimbursement	30,390	---	30,390	17,988
Other grants	103,068	350,204	453,272	15,059
Other income	959	---	959	2,531
Contributions	---	---	---	---
Interest income	542	---	542	234
Released from restrictions	11,242	(11,242)	---	---
Net support and revenue	<u>5,305,442</u>	<u>353,870</u>	<u>5,659,312</u>	<u>5,162,214</u>
Expenses:				
Program	4,532,638	---	4,532,638	4,716,860
Management and general	526,705	---	526,705	551,479
Total operating expenses	<u>5,059,343</u>	<u>---</u>	<u>5,059,343</u>	<u>5,268,339</u>
Change in net assets	246,099	353,870	599,969	(106,125)
Net assets at beginning of year	<u>4,185,127</u>	<u>11,799</u>	<u>4,196,926</u>	<u>4,303,051</u>
Net assets at end of year	<u>\$ 4,431,226</u>	<u>\$ 365,669</u>	<u>\$ 4,796,895</u>	<u>\$ 4,196,926</u>

The accompanying notes to financial statements
are an integral part of these statements.

RACINE CHARTER ONE, INC.

Racine, Wisconsin

Statement of Functional Expenses

Year Ended June 30, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 2,442,993	\$ 189,192	\$ 2,632,185
Fringe benefits and payroll taxes	677,988	53,461	731,449
Food service	256,003	28,445	284,448
Supplies and equipment	265,214	111,969	377,183
Contracted services	127,886	---	127,886
Computer equipment and software	9,496	1,055	10,551
Computer servicing and repairs	33,437	3,716	37,153
Depreciation and amortization	167,500	18,611	186,111
Dues and subscriptions	4,244	472	4,716
Expansion costs	7,782	864	8,646
Extra-curriculum activities	4,046	450	4,496
Field trips	20,773	---	20,773
Insurance	51,250	5,694	56,944
Bank fees	592	66	658
Internet	18,468	2,052	20,520
Advertising	17,350	1,928	19,278
Occupancy	368,492	40,944	409,436
Outside events	989	110	1,099
Printing and copies	27,417	3,046	30,463
Cost of goods sold	17,548	---	17,548
Professional fees	---	61,217	61,217
Repairs and maintenance	20,078	2,231	22,309
Sports	10,640	1,182	11,822
Total expenses by function	<u>4,550,186</u>	<u>526,705</u>	<u>5,076,891</u>
Less expenses included with revenues on the statement of activities			
Cost of goods sold	<u>(17,548)</u>	<u>---</u>	<u>(17,548)</u>
Total expenses included in the expense section of the statement of activities	<u>\$ 4,532,638</u>	<u>\$ 526,705</u>	<u>\$ 5,059,343</u>

The accompanying notes to financial statements
are an integral part of these statements.

RACINE CHARTER ONE, INC.

Racine, Wisconsin

Statement of Functional Expenses

Year Ended June 30, 2018

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 2,586,475	\$ 208,380	\$ 2,794,855
Fringe benefits and payroll taxes	844,940	68,236	913,176
Food service	255,412	28,379	283,791
Supplies and equipment	205,826	92,932	298,758
Contracted services	112,884	---	112,884
Computer equipment and software	6,792	755	7,547
Computer servicing and repairs	17,379	1,931	19,310
Depreciation and amortization	165,360	18,373	183,733
Dues and subscriptions	6,350	705	7,055
Extra-curriculum activities	12,559	1,395	13,954
Field trips	18,884	---	18,884
Insurance	43,859	4,873	48,732
Bank fees	337	37	374
Internet	18,468	2,052	20,520
Advertising	15,284	1,698	16,982
Miscellaneous	27,747	3,085	30,832
Occupancy	342,506	38,055	380,561
Outside events	450	50	500
Printing and copies	22,332	2,482	24,814
Cost of goods sold	18,385	---	18,385
Professional fees	---	76,615	76,615
Repairs and maintenance	13,016	1,446	14,462
Total expenses by function	<u>4,735,245</u>	<u>551,479</u>	<u>5,286,724</u>
Less expenses included with revenues on the statement of activities			
Cost of goods sold	<u>(18,385)</u>	<u>---</u>	<u>(18,385)</u>
Total expenses included in the expense section of the statement of activities	<u>\$ 4,716,860</u>	<u>\$ 551,479</u>	<u>\$ 5,268,339</u>

The accompanying notes to financial statements
are an integral part of these statements.

RACINE CHARTER ONE, INC.

Racine, Wisconsin

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 599,969	\$ (106,125)
Adjustments to reconcile change in net assets to net cash and equivalents provided (used) by operating activities:		
Depreciation and amortization	186,111	183,733
Change in assets and liabilities:		
Accounts receivable	(68,821)	(51,585)
Prepaid expenses	74,096	(14,318)
Inventory	5,827	(4,884)
Accounts payable	32,433	4,062
Deferred revenue	(1,430)	6,321
Accrued wages and related liabilities	1,190	(5,534)
Total adjustments	<u>229,406</u>	<u>117,795</u>
Net cash and equivalents provided by operating activities	829,375	11,670
Cash Flows from Investing Activities:		
Purchases of property and equipment	<u>(60,023)</u>	<u>(161,443)</u>
Net cash and equivalents used by investing activities	(60,023)	(161,443)
Cash Flows from Financing Activities:		
Proceeds on borrowing from note payable	---	146,910
Payments on note payable	<u>(29,382)</u>	<u>(29,382)</u>
Net cash and equivalents provided (used) by financing activities	<u>(29,382)</u>	<u>117,528</u>
Net change in cash and equivalents	739,970	(32,245)
Cash and equivalents, beginning of year	<u>687,785</u>	<u>720,030</u>
Cash and equivalents, end of year	<u>\$ 1,427,755</u>	<u>\$ 687,785</u>

The accompanying notes to financial statements
are an integral part of these statements.

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Notes to Financial Statements
Year Ended June 30, 2019

1. Summary of Significant Accounting Policies

Nature of Activities

Racine Charter One, Inc. ("School") is a private, nonstock, nonprofit organization organized under Chapter 181 of the Wisconsin statutes. The School received permission from the University of Wisconsin - Parkside to operate the charter school in the County of Racine, Wisconsin. The School operates under the name 21st Century Preparatory School. The purpose of the School is to offer a nonsectarian educational alternative to the traditional public school system. The School provides educational services for kindergarten through eighth grade pupils. As required by state statute, enrollment is open to all interested pupils. Charter schools are allowed to operate with fewer mandates, greater flexibility and less district supervision than traditional public schools. The charter school program was created in 1993 by the Wisconsin State Legislature for the objectives of offering public school students more educational opportunities, encouraging innovation in public school instruction and fostering innovation in public school organizations.

Basis of Accounting

The financial statements of the School have been prepared on the accrual basis of accounting; whereby, revenues are recognized when earned and expenses are recorded as liabilities when incurred.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), the School is required to report information regarding the financial position and activities according to the following classes of net assets:

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 donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The School does not have any restrictions that are perpetual in nature.

Revenue and Support

The School reports 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, depending on the nature of the 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.

Cash and Equivalents

For purposes of the statements of cash flows, the School considers all highly liquid investments with an initial maturity of three months or less to be cash and equivalents.

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Notes to Financial Statements
June 30, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are reported at contract value, less our estimate for uncollectible amounts based on our experience relative to the total population of accounts receivable. No allowance for uncollectible accounts has been provided by management since it is believed that such allowance would not be material.

Inventory

Inventory consist of uniforms for sale through the bookstore of the School. They are stated at the lower of cost (first-in, first-out basis) or net realizable value. The uniforms are sold at cost.

Property and Equipment

Acquisitions of property and equipment and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The School capitalizes expenditures of property and equipment in excess of \$2,500 at cost. Depreciation or amortization will be computed using primarily the straight-line method over the useful lives. Depreciation and amortization expense for the years ended June 30, 2019 and 2018 was \$186,111 and \$183,733, respectively.

Donated Services

The School generally pays for services requiring specific expertise. In addition, many individuals volunteer their time and perform a variety of tasks that assist the School in achieving its exempt purpose. The School recognizes the fair value of donated services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. No amounts have been reflected in the financial statements for these services, as they do not meet the criteria for financial statement recognition.

Donated supplies and equipment are recognized at their estimated fair values on the date received. The amounts reflected in the financial statements as contributed goods are offset by like amounts included in expenses or capitalized as equipment and depreciated over their useful lives. The School recorded food service costs of \$20,975 and \$18,873 for the years ended June 30, 2019 and 2018, respectively.

Advertising

The School expenses non-direct response advertising costs as they are incurred. Advertising expense for the years ended June 30, 2019 and 2018 amounted to \$19,278 and \$16,982, respectively.

Textbooks

Due to the short useful life of textbooks, the School has elected to expense them when purchased.

Deferred Revenue

Deferred revenue consists primarily of registration fees and field trip deposits for the upcoming school year, collected before June 30th. These amounts are recognized as revenue in the fiscal year they pertain to.

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Notes to Financial Statements
June 30, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

Estimates

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

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on the functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the education program and supporting services benefited based on management's estimate of appropriate level of employee full-time equivalents worked within that program.

Income Tax Status

The School is exempt from federal and state income taxes on related exempt function income under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization other than a private foundation. The School does not consider any of its support and revenues to be unrelated business income, and accordingly, no provision for income taxes has been provided in the accompanying financial statements.

The School has implemented accounting for uncertainty in income taxes in accordance with U.S. GAAP. This standard describes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosures required. Management of the School evaluates the uncertain tax positions taken, if any, and consults with outside counsel as deemed necessary. The School recognizes interest and penalties, if any, related to unrecognized tax liabilities in income tax expense.

In management's opinion, the School has not taken any uncertain tax positions, and accordingly, has not reported a corresponding liability in the School's financial statements.

Change in Accounting Principle

On August 18, 2016 the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which had no impact on net asset classification.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2018 from which the summarized information was derived.

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Notes to Financial Statements
June 30, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (November 18, 2019). See footnote 3 for subsequent line of credit renewal.

2. Liquidity and Availability

Financial assets available for general expenditure and other current contractual obligations, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 1,427,755	\$ 687,785
Accounts receivables, net	249,910	181,089
Total financial assets	1,677,665	868,874
Less amounts not available to be used within one year for general expenditures and other contractual obligations:		
Restricted by donor with purpose restrictions	(365,669)	(11,799)
Financial assets available to meet cash needs for general expenditures and other contractual obligations within one year	\$ 1,311,996	\$ 857,075

In addition to financial assets available to meet general expenditures and other contractual obligations over the next 12 months, the Organization operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identifies the sources and uses of the Organization's cash for the years ended June 30, 2019 and 2018.

3. Line of Credit

As of June 30, 2018, the school had a \$150,000 line of credit bearing interest at prime plus 1.25% (with a floor of 4.50%). As of June 30, 2018, the interest rate was 6.25% and there was no outstanding balance on the line of credit. The line of credit expired on January 22, 2019. On July 8, 2019, the line of credit was renewed in the amount of \$150,000 bearing interest at prime plus 1.00% (with no floor). The renewed line of credit expires July 8, 2020 and is secured by a general business security agreement.

4. Net Assets with Donor Restrictions

Net assets with donor restriction are restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Suzuki Strings Program	\$ 8,413	\$ 3,464
Field Trips	557	8,335
Project Lead The Way	5,000	---
SC Johnson (Literacy)	336,791	---
Food Program	14,908	---
Total	\$ 356,669	\$ 11,799

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Notes to Financial Statements
June 30, 2019
(Continued)

5. Operating Leases

The School leases its building under the terms of a lease agreement that has been extended through July 31, 2022. The lease was amended in January 2019 giving the School the option to expand into the third floor of the building, which the School has not exercised the option on as of June 30, 2019. Monthly lease payments were \$23,847 and \$23,277 for the fiscal 2019 and 2018 years, respectively. Monthly payments increase slightly each calendar year.

The School had two copiers being leased for five-year periods, which were set to expire August 10, 2020 and September 4, 2020. Monthly lease payments for the two leases total \$1,157 per month, plus additional printing charges. However, during the year ended June 30, 2018 these leases were bought out and a new lease for a copy machine was executed. The new lease is for 63 months with monthly payments of \$1,750 and is set to expire June 30, 2022.

For the years ended June 30, 2019 and 2018 the School recorded expenses related to these leases of approximately \$315,364 and \$282,740, respectively.

Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	
2020	\$ 327,303
2021	334,939
2022	342,868
2023	<u>27,165</u>
Total	\$ <u>1,032,275</u>

6. Note Payable

The School's long-term obligations consist of a noninterest-bearing note payable, with a face amount of \$146,909, due in annual installments of \$29,382 through the 2021-2022 school year. The remaining balance of the note was \$88,146 and \$117,528 as of June 30, 2019 and 2018, respectively. The note is secured by technology equipment that the note was used to purchase.

The following is a schedule by years of future minimum principal payments required under the terms of the note as of June 30, 2019:

<u>Years Ending</u> <u>June 30,</u>	
2020	\$ 29,382
2021	29,382
2022	<u>29,382</u>
Total	\$ <u>88,146</u>

7. Employee Retirement Plan

The School provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with one year of eligible experience. Effective July 1, 2013, the School amended the plan to an incentive match of 100% of each employee dollar contributed up to 5.15% of pay. An employee is eligible to participate in the plan after one hour of service. Contributions to the plan during the years ended June 30, 2019 and 2018 aggregated \$54,030 and \$106,604, respectively.

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Notes to Financial Statements
June 30, 2019
(Continued)

8. Deferred Income

Deferred income consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Registration Fees	\$ 11,700	\$ 12,114
Field Trips	3,821	4,837
Total	<u>\$ 15,521</u>	<u>\$ 16,951</u>

9. Concentrations

Concentrations Arising from Funding

Approximately 92% and 98% of the School's revenue was received from the Wisconsin Department of Public Instruction for the years ended June 30, 2019 and 2018, respectively. These revenues include Charter schools state aid, special education, food service and other governmental financial assistance.

Concentrations Arising from Cash Deposits in Excess of Insured Limits

The School maintains its cash balances in one Racine area financial institution. The School's combined deposits at the financial institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable current FDIC limits. The School's cash balances may exceed FDIC coverage from time to time during the year.

10. Commitments and Contingencies

The School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

11. Reclassifications

Certain reclassifications have been made to the June 30, 2018 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

12. Related Party Activity

During the year ended June 30, 2019, the School received a grant donation of \$439,000 from an organization that employs a board member of the School. There was no such related party transaction during the year ended June 30, 2018.

13. Construction in Progress

During the year ended June 30, 2019, the School entered into a commitment for furniture additions and interior remodeling for a total estimated cost of \$14,514. The School paid \$7,257 of the costs during the year ended June 30, 2019. This project is expected to be completed during the 2019-20 school year. The School did not have any construction in progress commitments as of June 30, 2018.

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

<u>Federal Awards</u>	<u>Pass-Through Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Grant Amount</u>	<u>Subrecipient Awards</u>
U.S. Department of Agriculture				
Passed through Wisconsin Department of Public Instruction:				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	2019-518110-SB-Severe-546	10.553	\$ 36,611	\$ ---
National School Lunch Program	2019-518110-NSL-547	10.555	234,623	---
National School Lunch Program - Snacks	2019-518110-NSLAE-566	10.555	106	---
Donated Commodities - Noncash	N/A	10.555	20,975	---
<i>Subtotal Food Service Aid CFDA #10.555</i>			<u>255,704</u>	<u>---</u>
Total Child Nutrition Cluster and U.S. Department of Agriculture			<u>292,315</u>	<u>---</u>
U.S. Department of Education				
Passed through Wisconsin Department of Public Instruction:				
Title I Grants to Local Educational Agencies	2019-518110-TIA-141	84.010	159,137	---
<i>Special Education Cluster</i>				
Special Education - Grants to States	2019-518110-IDEA-FT-341	84.027	91,043	---
ESEA Title II-A Formula Teacher and Principal Training	2019-518110-TIIA-365	84.367	32,883	---
Student Support and Academic Enrichment	2019-518110-TIVA-381	84.424	3,625	---
Total U.S. Department of Education			<u>286,688</u>	<u>---</u>
U.S. Department of Health and Human Services				
Passed through Wisconsin Department of Health Services:				
<i>Medicaid Cluster</i>				
Medical Assistance Program	44222000	93.778	26,448	---
Total Federal Awards			<u>\$ 605,451</u>	<u>\$ ---</u>
<u>State Awards</u>		<u>State I.D. Number</u>	<u>Grant Amount</u>	<u>Subrecipient Awards</u>
Wisconsin Department of Public Instruction				
Entitlement Programs				
Special Education and School-Age Parents**	518110-100	255.101	\$ 59,746	\$ ---
State School Lunch Aid	518110-107	255.102	3,298	---
Charter Schools State Aid	518110-115	255.109	4,456,023	---
Assessments of Reading Readiness	518110-166	255.956	3,429	---
Total State Awards			<u>\$ 4,522,496</u>	<u>\$ ---</u>

** Total DPI aidable expenditures for the year ended June 30, 2019 were \$250,043

See Independent Auditors' Report
and Notes to Schedule of Expenditures of Federal and State Awards.

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of the School under programs of the federal and state government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of the *Wisconsin 2r Charter School Audit Manual*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on the Schedule.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the *Wisconsin 2r Charter School Audit Manual*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

The School did not use the 10% de minimis indirect cost rate.

4. Noncash Awards

The federal donated commodities in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Instruction and transactions relating to this program are included in the School's basic financial statements. Commodities received during the year that are included in the federal expenditures are valued by the federal agency. There are no balances outstanding as of June 30, 2019.



**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
Racine Charter One, Inc.
Racine, Wisconsin

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 Racine Charter One, Inc. ("School"), which comprise the statements of financial position as of June 30, 2019, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2019.

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 opinions 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School's 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. The finding is noted as 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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*.

School's Response to the Finding

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 18, 2019
Milwaukee, Wisconsin



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE WISCONSIN 2r CHARTER SCHOOL AUDIT MANUAL ISSUED BY
THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION**

Board of Directors
Racine Charter One, Inc.
Racine, Wisconsin

Report on Compliance for Each Major State Program

We have audited Racine Charter One, Inc.'s (the "School") compliance with the types of compliance requirements described in the *Wisconsin 2r Charter School Audit Manual*, issued by the Wisconsin Department of Public Instruction that could have a material effect on each of the School's major state programs for the year ended June 30, 2019. The School's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the School's major state program 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 compliance requirements of the *Wisconsin 2r Charter School Audit Manual*. Those standards and compliance requirements 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 the major state programs 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 state program. However, our audit does not provide a legal determination on the School's compliance.

Opinion on Each Major State Program

In our opinion, the School complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

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 the major state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *Wisconsin 2r Charter School Audit Manual*, 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 major state 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 state 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 state program that is less severe than a *material weakness in internal control over compliance*, 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, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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 *Wisconsin 2r Charter School Audit Manual*. Accordingly, this report is not suitable for any other purpose.

November 18, 2019
Milwaukee, Wisconsin

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Schedule of Prior Year Audit Findings
Year Ended June 30, 2019

Reference Number: 2018-001
Description: Segregation of Duties

Criteria: Statements on Auditing Standards AU §325.29 states it is a deficiency in the design of controls to have absent or inadequate segregation of duties within a significant account or process.

Condition: Proper segregation of duties prescribes that the authorization, recording, and custody functions be separated. Many of the accounting functions are performed by a few individuals.

Recommendation: It is important for management to be aware of this condition and to realize that the concentration of duties and responsibilities in one or two individuals is not desirable from a control standpoint. Under these conditions, the most effective controls rest in management's knowledge and monitoring of matters relating to the School's financial affairs.

Status: This is a finding in the current year. See 2019-001.

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Schedule of Findings and Responses
Year Ended June 30, 2019

A. Summary of Auditors' Results

Financial Statements

- | | |
|---|------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| A. Material weakness(es) identified? | No |
| B. Significant deficiency(ies) identified? | Yes |
| 3. Noncompliance material to financial statements? | No |

State Awards

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| A. Material weakness(es) identified: | No |
| B. Significant deficiency(ies) identified? | None noted |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Wisconsin 2r Charter School Audit Manual? | No |
| 7. Dollar threshold used to distinguish between type A and B programs | \$250,000 |
| 8. Identification of major state program(s): | |

State Identification Number

Name of State Program or Cluster

255.109

Charter School State Aid

RACINE CHARTER ONE, INC.
Racine, Wisconsin

Schedule of Findings and Responses
Year Ended June 30, 2019
(Continued)

B. Financial Statement Findings

Reference Number: 2019-001
Description: Segregation of Duties

Criteria: Statements on Auditing Standards AU §325.29 states it is a deficiency in the design of controls to have absent or inadequate segregation of duties within a significant account or process.

Condition: Proper segregation of duties prescribes that the authorization, recording, and custody functions be separated. Many of the accounting functions are performed by a few individuals.

Cause: Limitations in staff size.

Effect: The lack of segregation of duties could result in the possibility of undetected errors or irregularities.

Recommendation: This is a repeat finding. It is important for management to be aware of this condition and to realize that the concentration of duties and responsibilities in one or two individuals is not desirable from a control standpoint. Under these conditions, the most effective controls rest in management's knowledge and monitoring of matters relating to the School's financial affairs.

Views of Responsible Officials: See attachment for School's corrective action plan.

C. State Award Findings and Questioned Costs

None

D. Other Issues

- | | |
|---|--|
| 1. Does the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>Wisconsin 2r Charter School Audit Manual</i> : | No |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner | <hr style="width: 200px; margin-left: auto; margin-right: 0;"/> Jason J. Wrasse, CPA |
| 5. Date of Report | November 18, 2019 |



**21st Century
Preparatory School**
A Pathway to Success for Every Child

Corrective Action Plan

Reference Number: 2019-001

Description: Segregation of Duties

Corrective Action Plan: The District will continue to use other controls, including management review and board oversight, to compensate for this limitation.

Anticipated Corrective Action Plan Completion Date: Ongoing.

Contact Information: For additional information regarding this finding please contact Shebaniah Muhammad, Executive Director, 262-598-0026

Executive Director
21st Century Preparatory School

David A. Grotkin
Joel A. Joyce
Brian J. Mechenich
Carrie A. Gindt



Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

To the Board of Directors
Racine Charter One, Inc.
Racine, Wisconsin

In planning and performing our audit of the financial statements of Racine Charter One, Inc. ("School") as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Racine Charter One, Inc.'s internal control over financial reporting (internal control) as a basis for designing auditing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider the following deficiencies in the School's internal control to be significant deficiencies:

- Proper internal controls dictate that one person should not have control of two or more of the following duties related to any one cycle (disbursements cycle, revenue cycle, payroll cycle, etc.):
 - Authorization
 - Custody
 - Recordkeeping
 - Reconciliation

The School operates its accounting and reporting function with a limited number of staff, which precludes a proper segregation of duties. The lack of duty segregation represents a significant deficiency in internal controls. This condition is not, however, unusual in entities the size of the School. It is important for management to be aware of this condition and to realize that the concentration of duties and responsibilities in a few individuals is not desirable from a control point of view. Under these conditions, the most effective controls rest in management's knowledge and monitoring of matters relating to the School's financial affairs.

Reilly, Penner & Benton LLP

1233 N. Mayfair Road Suite #302 • Milwaukee, WI 53226-3255 • 414-271-7800

www.rpb.biz

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated November 18, 2019 on the financial statements of Racine Charter One, Inc. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations

Other Matters

Reporting of Special Education Expenses on PI-1505-SE

Annually, the School is required to file the PI-1505-SE with the Wisconsin Department of Public Instruction (DPI). The PI-1505-SE reports to DPI the total special education expenses the School incurred during the year and is used by DPI to calculate the subsequent year's special education aid payments. During the current year, the School under-reported its special education expenses by \$16,201. We suggest that the School implement procedures to verify that it is correctly reporting the total special education expenses incurred each year, as to ensure that it receives its full aid payment.

Credit Card Support

During our review of charges made to the School's credit card, it was determined that some receipts and/or other supporting documentation for charges made to the School's credit card were not maintained. This practice could result in the payment of unsubstantiated expenses. We recommend that the School require that supporting receipts be submitted for all charges for which it is practical to obtain a receipt, and that the business purpose of the expense be clearly documented.

Employee Expense Reimbursements

During our testing of a sample of employee expense reimbursements, we noted that the School was unable to produce backup documentation for one reimbursement made to an employee. We recommend that the School implement stronger controls over payments of expense reimbursements by ensuring that receipts accompanying the expenses are obtained prior to the issuance of reimbursement payment. The receipts should also be filed in an easily accessible manner.

Missing Support for Non-Check Disbursements

During our testing of disbursements, we noted a \$94.52 monthly recurring charge on the School's checking account bank statements. The School was unable to produce backup documentation for this recurring charge. To strengthen internal controls, we recommend that appropriate support be provided and maintained for all non-check disbursements. Furthermore, we recommend that a member of management who is not involved with reconciling the bank accounts review all non-check disbursements on the bank statements to ascertain their nature and validity.

We have audited the financial statements of Racine Charter One, Inc. ("School") for the year ended June 30, 2019, and have issued our report thereon dated November 18, 2019. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 2, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Note 1 to the financial statements. A new accounting standard was adopted in the current year for Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Preparation of Financial Statements of Not-for-Profit Entities and the application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for uncollectible receivables is based on an analysis of the collectability of the receivables.
- Management's estimate of the depreciable lives of property and equipment is based upon expected asset useful lives.
- Management's estimate of the value of donated materials is based on the donor's estimated fair value.
- Management's estimate of the allocation of expenses by function. Cost allocations use standard percentages based on management's estimate of appropriate level of employee full-time equivalents worked within that program.

We evaluated the key factors and assumptions used to develop the aforementioned estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosure is neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Significant Audit Findings (continued)

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. All misstatements have been provided to and corrected by management. A copy of the audit adjustments is attached to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 18, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This communication is intended solely for the use of the Board of Directors and management of the School and is not intended to be and should not be used by anyone other than these specified parties.

Client: **Racine Charter One, Inc.**
Engagement: **Audit 19 Racine Charter One**
Period Ending: **6/30/2019**
Workpaper:

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 101			
To adjust depreciation expense.			
10-A-100-000-719000-000	Acc Depreciation	21,855.35	
10-E-100-000-749000-000	Depreciation Expense		21,855.35
Total		21,855.35	21,855.35
Adjusting Journal Entries JE # 102			
To adjust FSA liability.			
10-E-100-240-110000-000	Health & Dental	3,531.29	
10-L-100-000-819000-004	FSA Payable - Gen Fund		3,531.29
Total		3,531.29	3,531.29
Adjusting Journal Entries JE # 103			
To capitalize LLI kits purchased with SC Johnson Grant funding.			
10-A-100-000-750000-002	Equip & Furnishings	38,695.44	
10-E-100-000-749000-000	Depreciation Expense	1,934.77	
10-A-100-000-719000-000	Acc Depreciation		1,934.77
10-E-100-350-110000-000	SCJ Reading Readiness Grant Expenses		38,695.44
Total		40,630.21	40,630.21