



GREAT OAKS LEGACY CHARTER SCHOOL



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED

JUNE 30, 2021

PREPARED BY
GREAT OAKS LEGACY CHARTER SCHOOL

GREAT OAKS LEGACY CHARTER SCHOOL

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GREAT OAKS LEGACY CHARTER SCHOOL

February 28, 2022

The Commissioner
New Jersey Department of Education
Riverview Executive Plaza – Bldg. 100
P. O. Box 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of the Great Oaks Legacy Charter School (the “Charter School” or “GOLCS”) for the year ended June 30, 2021.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and are reported in a manner designed to fairly present the financial position and result of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Great Oaks Legacy Charter School’s MD&A can be found immediately following the Independent Auditor’s Report.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School’s organizational chart and a list of principal officials. The financial section includes the independent auditor’s report, management’s discussion and analysis (MD&S) and the basic financial statements including the Charter School-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the New Jersey OMB's Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*." Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Great Oaks Legacy Charter School is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the Charter School are included in this report.

Great Oaks Legacy Charter School is an open-admission, tuition-free public-school option for Pre-kindergarten through 12th graders. Our mission is to prepare our students to **succeed in college**. The school pursues that mission by building a strong community, supporting all students, and holding ourselves to high expectations.

Prior to the beginning of the 2016-2017 school year, the Charter School's application to merge with another charter school (Newark Legacy Charter School) was approved during the prior year ended June 30, 2016. The merger became effective in July 2016. The merged entity, doing business as Great Oaks Legacy Charter School, served PreK to 12 with approximately 1,875 students (including 50 Preschool students) in five campuses during the 2020-2021 school year.

2) ENROLLMENT OUTLOOK

In its fourth year of operation as a consolidated school, Great Oaks Legacy Charter School served 1,718 students in grades PK-12. The charter school completed its first initial charter period of four years during the previous school year ended June 30, 2015. Upon consolidation, the Charter School was granted a new five-year charter term beginning July 1, 2016.

Great Oaks Legacy Charter School's approach is distinctive in several key ways:

- Tight-knit ***small school***: Grade cohorts of fewer than 100 develop an intimate community, where every student feels known and cared about.
- ***Effective teachers***: We will budget the funds to attract the best staff with competitive salaries.
- ***More time on task***. The school day runs from 8:15am am to 3:50 pm and the school offers after-school, weekend, and summer intervention programs for at-risk students.
- ***High expectations*** for each of our students. Students must earn a 70% to pass a course and every student will be able to take Advanced Placement courses and to enroll in a college course during their senior year.

3) ECONOMIC CONDITION AND OUTLOOK

The Charter School is located in the City of Newark, which is the largest city in the state. The City serves as the county seat for Essex County, with County, State, Federal Courts and governmental offices attracting a large number of law firms to the central business district.

Newark is a transportation center serviced by Interstate Highway system, NJ Transit, Amtrak Rail Links, and Newark International Airport, as well as container and cargo facilities at Port Newark-Elizabeth.

It is the insurance, finance and banking capital of the State. Headquartered in Newark are a number of large financial institutions including the Prudential Insurance Company, and Blue Cross Blue Shield of New Jersey, as well as the State's largest public utility, Public Service Electric and Gas Company. Newark is the site of the Rutgers University School of Medicine and Dentistry of New Jersey, the New Jersey Institute of Technology, the Newark campus of Rutgers University, Seton Hall Law School and Essex County College. Covering over 320 acres, these colleges serve a population of 45,000 students and faculty.

The City of Newark has been obliged to perform a revaluation of property holdings. Among the concerns voiced in conjunction with this change is the potential effect of the redistribution of property tax burden on economic activity and on the ability of local government to maintain and improve services including its tax contribution for public school purposes.

The City has experienced a surge of large-scale economic development projects initiated by the private sector over the last decade. The increasing number of businesses relocating to the area is expected to result in an increase in employment level, which could result in an increased tax base, both residential and industrial, and an increase in annual daily enrollment. The period of economic development and expansion is expected to continue which suggests that the Charter School will continue to prosper. As our enrollment increases we plan to lease additional facilities at our current location and possibly in surrounding areas in the City.

4) MAJOR INITIATIVES

Great Oaks Legacy has made a commitment to serving all students, especially the highest needs students, and is committed to continuous self-evaluation and improvement in our outreach to the Newark students most in need of a rigorous college-preparatory middle and high school program. Our commitment is evident in all aspects of outreach and our educational program, including:

- All recruitment materials printed in English and Spanish
- Multiple methods of applying to the school – by mail, online, in person
- Blanket mailings to families in the ZIP codes surrounding the school location
- Certified Special Education Coordinator from first day of operation
- High-dosage daily tutoring that meets each student's individual needs

4) MAJOR INITIATIVES - *continued*

- Proactive parent phone calls that engage families and reduce mobility
- Application process aligned with tenets of equity and openness described in the Newark Charter School Compact
- Participation in Newark's Universal Enrollment System.

For the current year, our outreach has been broader, more targeted to the neighborhoods surrounding our school and intended to generate a high-level of interest among the most underserved populations in the city. We have engaged current students' families to leverage their personal networks to boost word-of-mouth applicants, as well as conducting an extensive mailing effort, posting billboards around Newark, attending school choice fairs sponsored by the city to meet with families and conducting hand-to-hand outreach. Our participation in the Universal Enrollment System ensures that the fewest barriers are placed for applicant families and that students who apply are matched by an impartial algorithm.

5) INTERNAL ACCOUNTING CONTROLS

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate system of internal controls is in place to ensure compliance with applicable laws and regulations related to those programs. This system of internal control is also subject to periodic evaluation by the Charter School's management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of the system of internal controls, including that portion related to federal awards and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

6) BUDGETARY CONTROLS

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the statutory requirements of charter school budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at period end are either canceled or are included as re-appropriations of fund balance in the subsequent year. No reservation of fund balance was made at June 30, 2021.

The year 2020-2021 is our tenth audit period. The Charter School made efforts during the period to thoroughly review its operational processes and procedures in order to prepare for the audit and on maintaining general compliance with sound fiscal practices.

7) ACCOUNTING SYSTEM AND REPORT

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and charter school.

The accounting system is organized on the basis of funds in accordance with the Uniform Charter of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in "Notes to the Financial Statements", Note 1.

8) FINANCIAL STATEMENT INFORMATION

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special Revenue Fund for the year ended June 30, 2021:

**Summary of the General Fund
and Special Revenue Fund Revenues**

	2021	2020	Variance Increase/ (Decrease)	Percentage Variance
Local sources	\$ 5,177,222	\$ 4,161,886	\$ 1,015,336	24.4%
State sources	31,602,390	27,867,965	3,734,425	13.4%
Federal sources	7,131,342	2,199,508	4,931,834	224.2%
	<u>\$ 43,910,954</u>	<u>\$ 34,229,359</u>	<u>\$ 9,681,595</u>	<u>28.3%</u>

The fiscal year ended June 30, 2021 was the Charter School's tenth year of operations. The increase of 28.3 % in revenue was due to the significant Federal CARES Act funding in 2021.

The following schedule presents a summary of general fund and special revenue expenditures for the year ended June 30, 2021:

**Summary of the General Fund
and Special Revenue Fund Expenditures**

	2021	2020	Variance Increase/ (Decrease)	Percentage Variance
Instruction	\$ 14,401,754	\$ 12,214,620	\$ 2,187,134	17.9%
Administrative	7,020,701	7,965,086	(944,385)	-11.9%
Support services	13,991,761	12,568,619	1,423,142	11.3%
Capital outlay	3,272,210	3,415,659	(143,449)	-4.2%
	<u>\$ 38,686,426</u>	<u>\$ 36,163,984</u>	<u>\$ 2,522,442</u>	<u>7.0%</u>

2021 was the Charter School's tenth year of operations. The overall increase of 7% in expenditures was largely due to increase in COVID-19 related expenditures in 2021.

9) CASH MANAGEMENT

The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to the Financial Statements”. The Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker’s compensation.

11) OTHER INFORMATION

Independent Audit

State statute requires an annual audit by independent Certified Public Accountants or registered Municipal Accountants. The Charter School appointed the accounting firm of Ilori CPA LLC, Certified Public Accountant.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”.

The auditor’s report on the basic financial statements is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

The 2020-2021 school year (the school’s tenth year) was one of great strides in terms of academic achievement at the Great Oaks Legacy Charter School. In addition, the period was marked by expected levels of parental involvement. Lastly, GOLCS continues to enjoy a strong financial position through careful stewardship of its resources. The next school year promises to be one that builds upon these successes with additional progress in all areas of the School’s operations, and particularly in the area of student achievement.

12) COVID-19

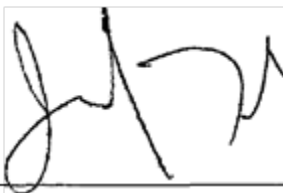
In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business. The Charter School had to close its physical locations and has since been coping with the challenges posed by COVID-19. For the 2021-2022 school year academic instructions are being planned and executed with flexibilities around virtual learning. Future potential impacts may include continued disruptions or restrictions on instructional and administrative staffs’ ability to work. The Board of the Charter School continues to monitor the challenges and plans to adapt and make changes as they become necessary.

13) ACKNOWLEDGMENTS

A note of appreciation is extended to the Finance Committee of the Charter School for their support and commitment to fiscal integrity and to the Great Oaks Legacy Charter School Board of Trustees for their selfless dedication to improving student achievement.

A special note of appreciation is extended to the Talent and Finance Teams and to all of the Network staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of the Great Oaks Legacy Charter School are truly noteworthy. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

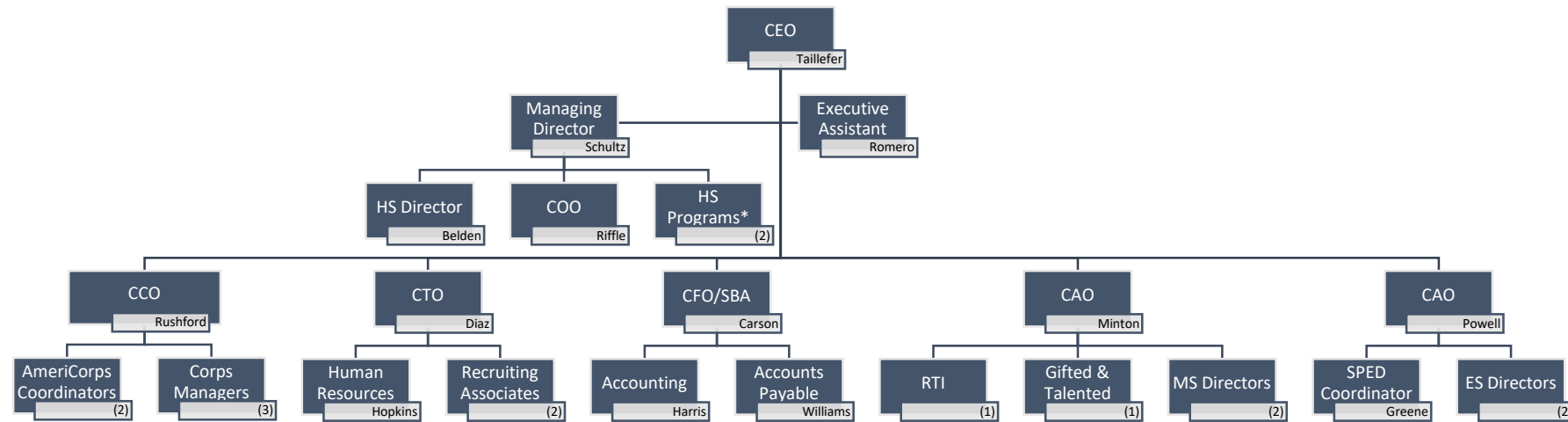
Respectfully submitted,



Jared Taillefer
Chief Executive Officer



Network Org Chart



GREAT OAKS LEGACY CHARTER SCHOOL

ROSTER OF TRUSTEES AND OFFICERS

JUNE 30, 2021

Members of Board of Trustees

Richard Hernandez, Esq., Board President

Brian Nevel, Board Treasurer

Dr. Karma Warren, Board Member

Allison Bowman, Board Member

Peter Hantes, Board Member

Everett Johnson, Board Member

Michael Duffy, Board Member

Tenia Peterson, Board Member

Administration

Jared Taillefer, Executive Director

Greg Foster, Chief Operating Officer

Valerie Corner, School Business Administrator

Prudence Minton, Chief Academic Officer

Lisa Powell, Chief Academic Officer

Michelle Diaz, Chief People Officer

Chiffon Rushford, Chief Corps Officer

GREAT OAKS LEGACY CHARTER SCHOOL

CONSULTANTS AND ADVISORS

Independent Auditors

Ilori CPA LLC
Certified Public Accountant
24 Commerce Street, Suite # 1427
Newark, NJ 07102

Attorney

Paul O'Neill, Esq.
Barton Gilman, LLP
10 Dorrance Street, Suite 800
Providence, RI 02903

Tom Johnston
Johnston Law Firm
75 Midland Avenue
Montclair, NJ 07042

Official Depository

TD Bank
1701 Marlton Pike
Cherry Hill, NJ 08034

Financial Section



**ILORI CPA LLC
CERTIFIED PUBLIC ACCOUNTANT
& MANAGEMENT CONSULTANT
Member of AICPA, NJCPA & MACPA**

**24 COMMERCE STREET SUITE 1427
NEWARK, NEW JERSEY 07102
Telephone (973)-621-5780
Fax (973) 404- 8858**

Independent Auditors' Report

The Honorable President and
Members of the Board of Trustees
Great Oaks Legacy Charter School
Newark, New Jersey
County of Essex

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees Great Oaks Legacy Charter School, (the "Charter School") in the County of Essex, State of New Jersey as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter School as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw your attention to Note 2 to the financial statements, which discloses adoption of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis and Budgetary Comparison Information, and Pension Information* as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical tables are presented for purposes of additional analysis and are not required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New

Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statement, schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 presented, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022 on our consideration of the Charter 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 the 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 Charter School's internal control over financial reporting and compliance.

Ilori CPA LLC

February 28, 2022
Newark, New Jersey

Ilori CPA LLC
Certified Public Accountant

KunleIlori

Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100

Required Supplementary Information

Part I

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) provides an analysis of the Charter School's overall financial position and results of operations.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Introduction

This section of the Great Oaks Legacy Charter School's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis- for State and Local Governments*. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- Net position of governmental activities ended the fiscal year with \$9,169,451. Net position of business-type activities, which represent food service operations/after care programs, ended the fiscal year with net position of \$39,355.
- General revenues accounted for \$33,370,072 in revenue or 78 percent of total revenues of \$42,734,892. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$9,364,820 or 22 percent of total revenues.
- The Charter School had \$39,726,885 in expenses related to governmental activities; \$9,025,230 of these expenses is offset by operating grants and contributions. General revenues (primarily federal and state aid) of \$33,370,072 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2021, of \$13,534,807.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Using the Basic Financial Statements

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information.

The report is organized so the reader can understand the Great Oaks Legacy Charter School as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Position and the Statement of Activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances. The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in a single column. For the Great Oaks Legacy Charter School, the General Fund is the most significant fund.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities the government operates like a business, such as food service.

Fiduciary fund statements provide information about financial relationship in which the Charter School acts solely as a trustee or agent for the benefits of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the fund used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2021?" The statements of Net Position and the Statement of Activities answer this question. These Statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Statement of Net Position and Statement of Activities-continued

These two statements report the Charter School's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. The cause of this change may be the result of many factors some financial, some not. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

Governmental Activities – Most of the Charter School's programs and services are reported here including instructions, extracurricular activities, curriculum, staff development, special education and other support services, operation and maintenance of plant, pupil transportation, health services and general administration.

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The food service operations/after care and summer instructional programs enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's major funds-not the Charter School as a whole. Funds are accounting devices that the Charter School uses to keep track of a multitude of financial transactions. The Charter School's only major governmental fund is the General Fund.

Governmental Funds

Most of the Charter School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, assets exceeded liabilities by \$9,208,806 at the close of 2021. The following table provides a summary of net position relating to the Charter School's governmental and business type activities:

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current Assets	\$ 15,551,245	\$ 10,071,339	\$ 236,918	\$ 206,068	\$ 15,788,163	\$ 10,277,407
Capital Assets, net	5,232,314	5,932,911	-	-	5,232,314	5,932,911
Deferred outflows of resources	9,481,642	12,349,411	-	-	9,481,642	12,349,411
Total Assets	30,265,201	28,353,661	236,918	206,068	30,502,119	28,559,729
Liabilities						
Current Liabilities	2,016,438	1,761,060	197,563	205,907	2,214,001	1,966,967
Long term Liabilities	13,414,918	15,065,843	-	-	13,414,918	15,065,843
Deferred inflows of resources	5,664,394	5,025,724	-	-	5,664,394	5,025,724
Total Liabilities	21,095,750	21,852,627	197,563	205,907	21,293,313	22,058,534
Net Position						
Invested in						
Capital Assets						
(net of related debt)	5,232,314	4,549,961	-	-	5,232,314	4,549,961
Unrestricted	3,937,137	1,951,073	39,355	161	3,976,492	1,951,234
Total Net Position	\$ 9,169,451	\$ 6,501,034	\$ 39,355	\$ 161	\$ 9,208,806	\$ 6,501,195

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

The largest portion of the Charter School's net position is its current assets. The Charter School uses these current assets to provide services.

The total net position of the Charter School increased by \$2,707,611 during the current fiscal year ended June 30, 2021. The majority of the increase is attributable to the increase in net position in the Governmental Activities. Operating grants and contributions increased by 110 percent.

The table that follows reflects the change in net position for fiscal year 2021.

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charge for Services	\$ -	\$ -	\$ 27	\$ 64,787	\$ 27	\$ 64,787
Operating grants and Contributions	9,025,230	3,574,310	339,563	892,414	9,364,793	4,466,724
Total Program Revenues	9,025,230	3,574,310	339,590	957,201	9,364,820	4,531,511
General Revenues:						
Local Aid	3,901,028	3,535,151	-	-	3,901,028	3,535,151
Federal and State Aid	30,917,540	27,071,519	-	-	30,917,540	27,071,519
Miscellaneous	67,156	48,379	-	-	67,156	48,379
Transfers out - LISC loan paid	(1,515,652)	1,382,950	-	-	(1,515,652)	1,382,950
Transfers	-	-	-	-	-	-
Total general Revenues	33,370,072	32,037,999	-	-	33,370,072	32,037,999
Total Revenues	42,395,302	35,612,309	339,590	957,201	42,734,892	36,569,510
Expenses:						
Instructions	14,401,754	12,214,620	-	-	14,401,754	12,214,620
Administrative & Support Services	-	-	-	-	-	-
Unallocated Amortization	24,563,886	23,891,563	-	-	24,563,886	23,891,563
Food and after care Service	761,245	546,178	-	-	761,245	546,178
Total Expenses	39,726,885	36,652,361	300,396	957,040	40,027,281	37,609,401
Change in Net Position	\$ 2,668,417	\$ (1,040,052)	\$ 39,194	\$ 161	\$ 2,707,611	\$ (1,039,891)

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2021.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Governmental Activities - *continued*

	Total Cost of Services	Net Cost of Services
Instruction	\$ 14,401,754	\$ 10,602,534
Administrative & Support Services	24,563,886	21,068,206
Capital Outlay & Unallocated Depreciation	761,245	(969,085)
Total Expenses	\$ 39,726,885	\$ 30,701,655

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation and the after-school program. These programs had revenues of \$339,590 and operating expenses of \$300,396 for fiscal year 2021. The programs had a current year surplus of \$39,194. The Charter School intended to have food services be self-operating without assistance from the General Fund.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$43,910,954 and expenditures of \$38,686,426 (including repayment of long term loan payable – the LISC loan of \$1,515,652). There was a net positive change in fund balance of \$5,224,528.

The Charter School's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal 2021, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management teams.

For the General Fund, final budgeted revenues were \$31,251,651, which included a local tax levy of \$3,901,028. Expenditures and other financing uses were budgeted at \$33,310,274. The Charter School anticipated budgeted fund balance of \$7,209,596 in its 2020-2021 budget year. Budgeted General Fund expenditures were higher than revenues by \$2,058,623. Actual revenues and other financing sources were \$34,885,724 and actual expenditures were \$29,661,196 (including repayment of long term loan payable – the LISC loan of \$1,515,652).

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

The State of New Jersey reimbursed the Charter School \$714,875 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members. The State also paid \$2,834,127 into the TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions. These unbudgeted amounts were included in both revenues and expenditures.

Capital Assets

At the end of year 2021, the Charter School had \$5,232,314 funds invested in capital assets in its governmental activities. The Charter School's 2021-2022 budget projects spending approximately \$500,000 for capital projects.

Long-term debt

The Charter School had \$13,414,918 and \$13,682,893 at June 30, 2021 and 2020, respectively, in net pension liability regarding the Public Employees Retirement System. The long-term loan payable (the LISC loan) balance from the prior year 2020 was fully liquidated in 2021. More detailed information about the Charter School's long-term obligations is presented in the notes to the financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL
Management’s Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Economic Factors and Next Year’s Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2021-2022. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey’s Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business for what may be an extended period of time. The Charter School had to close its physical locations. Future potential impacts may include continued disruptions or restrictions on its employees’ ability to work and impairment of its ability to obtain grants and contributions. Though the impact on the Charter School’s operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund and other state aid and the local tax levy. There have been additional operating expenses (related to COVID-19) in the General Fund not planned for or expected at the time of the adoption of the Charter School’s fiscal year 2021-2022 budget.

Contacting the Charter School’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School’s finances and to reflect the Charter School’s accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

GREAT OAKS LEGACY CHARTER SCHOOL
Network Office
909 Broad Street
Newark, New Jersey 07102
Tel: 862-256-0909

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Charter School's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the Year Ended June 30, 2021.

GREAT OAKS LEGACY CHARTER SCHOOL

A-1

Statement of Net Position

June 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,184,257	\$ 118,823	\$ 8,303,080
Restricted cash	75,000	-	75,000
Accounts receivable	5,377,595	118,095	5,495,690
Other current assets	1,716,830	-	1,716,830
Interfund receivables	197,563	-	197,563
Capital assets (net of accumulated depreciation of \$3,083,327)	5,232,314	-	5,232,314
Total assets	<u>20,783,559</u>	<u>236,918</u>	<u>21,020,477</u>
Deferred outflows of resources			
Pension deferred outflows	<u>9,481,642</u>	<u>-</u>	<u>9,481,642</u>
Total assets and deferred outflows of resources	<u>\$ 30,265,201</u>	<u>\$ 236,918</u>	<u>\$ 30,502,119</u>
Liabilities			
Accounts payable	\$ 1,876,054	\$ -	\$ 1,876,054
Other liabilities	17,997	-	17,997
Interfund payable	-	197,563	197,563
Deferred revenue	122,387	-	122,387
LISC long term loan payable	-	-	-
Net pension liability	13,414,918	-	13,414,918
Total liabilities	<u>15,431,356</u>	<u>197,563</u>	<u>15,628,919</u>
Deferred inflows of resources			
Pension deferred inflows	<u>5,664,394</u>	<u>-</u>	<u>5,664,394</u>
Total liabilities and deferred inflows of resources	<u>21,095,750</u>	<u>197,563</u>	<u>21,293,313</u>
Net position			
Invested in capital assets	5,232,314	-	5,232,314
Unrestricted, undesignated	3,937,137	39,355	3,976,492
Total net position	<u>9,169,451</u>	<u>39,355</u>	<u>9,208,806</u>
Total liabilities, deferred inflows of resources & net position	<u>\$ 30,265,201</u>	<u>\$ 236,918</u>	<u>\$ 30,502,119</u>

See independent auditor's report and accompanying notes to basic financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL

A-2

Statement of Activities

Year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 14,401,754	\$ -	\$ 3,799,220	\$ (10,602,534)	\$ -	\$ (10,602,534)
Administrative & Support services:						
General administration	7,020,701	-	-	(7,020,701)	-	(7,020,701)
Support services	17,543,185	-	3,495,680	(14,047,505)	-	(14,047,505)
Capital outlay	-	-	1,730,330	1,730,330	-	1,730,330
Unallocated depreciation	761,245	-	-	(761,245)	-	(761,245)
Total governmental activities	<u>39,726,885</u>	<u>-</u>	<u>9,025,230</u>	<u>(30,701,655)</u>	<u>-</u>	<u>(30,701,655)</u>
Business-type activities:						
Food service and after care services	300,396	27	339,563	-	39,194	39,194
Total business-type activities	<u>300,396</u>	<u>27</u>	<u>339,563</u>	<u>-</u>	<u>39,194</u>	<u>39,194</u>
Total primary government	<u>\$ 40,027,281</u>	<u>\$ 27</u>	<u>\$ 9,364,793</u>	<u>(30,701,655)</u>	<u>39,194</u>	<u>(30,662,461)</u>
General revenues, transfers and special items:						
Local sources				3,901,028	-	3,901,028
State sources				30,917,540	-	30,917,540
Miscellaneous				67,156	-	67,156
Transfers out - LISC loan payable				(1,515,652)	-	(1,515,652)
Total general revenues, transfers and special items				<u>33,370,072</u>	<u>-</u>	<u>33,370,072</u>
Change in net position				2,668,417	39,194	2,707,611
Net position - beginning				6,501,034	161	6,501,195
Net position - ending				<u>\$ 9,169,451</u>	<u>\$ 39,355</u>	<u>\$ 9,208,806</u>

See independent auditor's report and accompanying notes to basic financial statements.

Funds Financial Statements

Governmental Funds

GREAT OAKS LEGACY CHARTER SCHOOL
Governmental Funds

B-1

Balance Sheet

June 30, 2021

	General Fund	Special Revenue Fund	Totals Governmental Funds
Assets			
Cash and cash equivalents	\$ 9,311,888	\$ (1,127,631)	\$ 8,184,257
Restricted cash - escrow	75,000		75,000
Accounts receivable:	-	-	-
State	59,754	59,132	118,886
Federal	-	3,337,003	3,337,003
Other	1,921,706	-	1,921,706
Other current assets	1,716,830	-	1,716,830
Interfund receivable	1,618,050	-	1,618,050
Total assets	\$ 14,703,228	\$ 2,268,504	\$ 16,971,732

Liabilities and Fund Balances

Interfund payables	\$ -	\$ 1,420,487	\$ 1,420,487
Accounts payables	1,150,424	725,630	1,876,054
Intergovernmental payables - state	-	-	-
Intergovernmental payables - other	17,247	-	17,247
Other liabilities	750	-	750
Deferred revenue	-	122,387	122,387
Total liabilities	1,168,421	2,268,504	3,436,925

Fund balances:

Unreserved:			-
Undesignated	13,534,807	-	13,534,807
Total fund balances	13,534,807	-	13,534,807
Total liabilities and fund balances	\$ 14,703,228	\$ 2,268,504	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of capital assets	\$ 8,315,641		
Accumulated depreciation	(3,083,327)		
	\$ 5,232,314		5,232,314

Long-term liabilities, including capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.

12th Street Properties - LISC Loan payable

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)			9,481,642
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Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)			(5,664,394)
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Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)			(13,414,918)
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Net position of governmental activities - A-1			\$ 9,169,451
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See independent auditor's report and accompanying notes to basic financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL
Governmental Funds

B-2

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax levy	\$ 3,901,028	\$ -	\$ 3,901,028
Miscellaneous	67,156	1,209,038	1,276,194
Total revenues - local sources	<u>3,968,184</u>	<u>1,209,038</u>	<u>5,177,222</u>
Federal sources	-	7,131,342	7,131,342
State sources	27,368,538	684,850	28,053,388
Reimbursed TPAF-Social Security (non-budgeted)	714,875	-	714,875
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	<u>2,834,127</u>	<u>-</u>	<u>2,834,127</u>
Total revenues	<u>34,885,724</u>	<u>9,025,230</u>	<u>43,910,954</u>
Current expense:			
Instruction	10,602,534	3,799,220	14,401,754
Administrative	3,471,699	-	3,471,699
Support services	10,496,081	3,495,680	13,991,761
Capital outlay	26,228	1,730,330	1,756,558
Reimbursed TPAF-Social Security (non-budgeted)	714,875	-	714,875
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	<u>2,834,127</u>	<u>-</u>	<u>2,834,127</u>
Total expenditures	<u>28,145,544</u>	<u>9,025,230</u>	<u>37,170,774</u>
Excess (deficiency) of revenues over (under) expenditures	6,740,180	-	6,740,180
Other Financing Sources (Uses):			
Operating Transfer Out:			
Repayment of long term loan	<u>(1,515,652)</u>	<u>-</u>	<u>(1,515,652)</u>
Total other financing sources (uses)	<u>(1,515,652)</u>	<u>-</u>	<u>(1,515,652)</u>
Net change in fund balances	5,224,528	-	5,224,528
Fund balances, beginning of year	<u>8,310,279</u>	<u>-</u>	<u>8,310,279</u>
Fund balances, end of year	<u>\$13,534,807</u>	<u>\$ -</u>	<u>\$13,534,807</u>

See independent auditor's report and accompanying notes to basic financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2021

B-3

Total net change in fund balances - governmental funds (B-2) \$ 5,224,528

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expenses in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.

	Depreciation expense	\$ (761,245)	
	Capital outlays	1,756,558	
			995,313

The issuance of long term debt provides for general and refunding purposes provides current financial resources to governmental funds and has no effect on net position

	LISC loan payable	-	-
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Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period

(3,551,424)

Change in net position of governmental activities (A-2) \$ 2,668,417

See independent auditor's report and accompanying notes to basic financial statements.

Proprietary Funds

**GREAT OAKS LEGACY CHARTER SCHOOL
Proprietary Funds**

B-4

Statement of Net Postion

June 30, 2021

Assets	
Current assets:	
Cash and cash equivalents	\$ 118,823
Accounts receivable:	-
Federal	117,670
State	425
Other	-
Interfund receivable	-
Total current assets	236,918
Noncurrent assets:	
Machinery and equipment	47,900
Less: accumulated depreciation	(47,900)
Total noncurrent assets	-
Total assets	236,918
Liabilities	
Current liabilities:	
Accounts payable	-
Interfund payable	197,563
Total current liabilities	197,563
Net position	
Unrestricted	39,355
Total net position	\$ 39,355

See independent auditor's report and accompanying notes to basic financial statements.

**GREAT OAKS LEGACY CHARTER SCHOOL
Proprietary Funds**

B-5

Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2021

Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Daily sales - nonreimbursable programs	-
Miscellaneous revenue	27
Total operating revenues	<u>27</u>
Operating expenses:	
Cost of sales - reimbursable programs	300,396
Cost of sales - nonreimbursable programs	-
Salaries	-
Pruchased services	-
Other purchased services	-
Supplies and materials	-
Contracted services - transporttion	-
Cleaning, repairs and maintenance	-
Rental of land and building	-
Depreciation expense	-
Miscellaneous expenses	-
Total operating expenses	<u>300,396</u>
Operating income (loss)	<u>(300,369)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	6,868
Extra State School Lunch Program	-
Federal sources:	
National School Lunch Program	242,750
National School Breakfast Program	87,252
Healthy, Hunger-Free Kids Act	2,693
After School Snacks	-
Fresh Fruits and Vegetable Program	-
Total nonoperating revenues	<u>339,563</u>
Net income/(loss) before contributions & transfers	39,194
Other financing sources:	
Transfer in/(out) - board contribution	-
	<u>-</u>
Change in net position	39,194
Total net position-beginning of year	<u>161</u>
Total net position-end of year	<u>\$ 39,355</u>

See independent auditor's report and accompanying notes to basic financial statements.

**GREAT OAKS LEGACY CHARTER SCHOOL
Proprietary Fund**

B-6

Statement of Cash Flows

Year ended June 30, 2021

Cash flows from operating activities

Operating loss	\$ (300,369)
Adjustment to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	-
Changes in assets and liabilities:	-
Accounts receivable	(106,205)
Accounts payable	(8,316)
Due to/from general fund	(28)
Net cash provided by operating activities	<u>(114,549)</u>

Cash flows from noncapital financing activities

Cash received from state reimbursements	6,868
Cash received from federal reimbursements	332,695
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	<u>339,563</u>

Cash flows from investing activities

	-
Net decrease in cash and cash equivalents	(75,355)
Cash and cash equivalents, beginning	194,178
Cash and cash equivalents, ending	<u>\$ 118,823</u>

See independent auditor's report and accompanying notes to basic financial statements.

**Fiduciary Funds
Not Applicable**

Notes to Basic Financial Statements

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

1 Description of the Charter School and Reporting Entity

Great Oaks Legacy Charter School (the “Charter School”) was incorporated in the State of New Jersey on April 7, 2011 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School’s Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A Chief Executive Officer (CEO) is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing statutes, the Charter School’s duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities of the Charter School.

The primary criterion for including activities within the Charter School’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

The Great Oaks Legacy Charter School Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Its mission is to establish a character school to serve as a neighborhood resource and as a model for other similar schools. The Great Oaks Legacy Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies

This summary of significant accounting policies of Great Oaks Legacy Charter School is presented to assist in understanding the Charter School's financial statements and notes are a representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

The financial statements of the Great Oaks Legacy Charter School (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Charter School also applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless they conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below:

A Basis of Presentation

The Charter School's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Charter School Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - continued

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Charter Schools financial reporting in the State of New Jersey.

B Fund Accounting

The Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter Schools' major governmental funds:

General Fund - The General Fund is the primary operating fund of the Charter School. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2021, there was no Capital Projects Fund.

Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those to similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter School:

Enterprise Funds - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Charter School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing basis be financed or recovered primarily through user charges; or where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Trust Funds - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims. ***Agency Funds*** – Agency funds (*Payroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

GASB Statement No 84 Fiduciary Activities – As of June 30, 2021, there was no Fiduciary Fund due to the adoption of GASB Statement 84, Fiduciary Activities.

C Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. ***Basis of accounting*** refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or non-current, associated with their activities are included on the balance sheet. Fund equity (i.e., net total assets) is classified as net position.

Basis of Accounting

In the government wide statement of net position and statements of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i. e the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determine and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

D Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by Charter School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial reports.

E Cash, Cash Equivalent and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investment with a maturity of three months or less at the time of purchases and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchases are stated at cost. All other investments are stated at fair value.

New Jersey Charter Schools are limited as to the types of the investments and types of financial institution they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investment that may be purchased by New Jersey Charter Schools.

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public fund in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. established the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan Institutions, bank (both state and national banks) and saving bank the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposit of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

F Short-Term Interfund Receivables/Payables

On the fund financial statement, receivable and payables resulting from short-term (due within one year) interfund loans are classified as interfund Receivable/Payable. Interfund balances within governmental activities and within business-type activities are eliminated on the Government Wide Statements of Net Position.

G Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

H Capital Assets

Capital assets, which include leasehold improvements, equipment, furniture & fixtures and vehicles are reported in the applicable governmental or business-type activities columns of the Government-wide financial statements. Capital assets are defined by the Charter School as assets with initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. The following estimated useful lives are used to compute depreciation:

<u>Description of Capital Assets</u>	<u>Estimated Lives (Years)</u>
Building and improvements	20
Leasehold improvements	15 or length of lease
Equipment	3 to 5

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

I Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place. For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The entire sick leave and vacation leave liabilities are reported on the school-wide financial statements.

The Charter School had no compensated absences as of June 30, 2021.

J Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, the non-current portion of compensated absences and mortgage payable (if any) that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

K Deferred Revenue

Deferred revenue in special revenue fund represent cash that has been received but not yet earned.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

L Fund Balance and Equity

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”). GASB 54 is effective for periods beginning after June 15, 2011 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Charter School’s policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

M Net Position

Net position represents the difference between assets and liabilities in the Government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position are reported as restricted in the Government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

N Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount 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 expenditures during the reporting period. Actual results could differ from those estimates.

O On-Behalf Payments

Revenues and expenditures of the General Fund include payment made by the state of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School's annual budget.

P GASB Pronouncements

Adoption of New Accounting Standard

During the fiscal year ended June 30, 2021, the Charter School adopted **GASB Statement No. 84, *Fiduciary Activities (GASB 84)***. GASB 84 enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Specifically, GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. As part of the adoption, the Charter School no longer considers activities in the Unemployment Fund Account, Payroll Agency Fund and Student Activities as fiduciary activities applicable under GASB 84. As a result, the Charter School no longer presents a Statement of Fiduciary Net Position, and records payroll deductions and withholding payable, unemployment activities in the General Fund in the Governmental Fund financial statements.

Accounting Standard Issued but Not Yet Adopted

The GASB issued Statement No. 87, *Leases in June 2017*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 20, 2020. Management has not yet determined the impact of this statement on the financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

Q Fair Value of Financial Instruments

The Charter School follows the accounting and disclosure standards pertaining to GASB 72, Fair Value Measurement and Application, for qualifying assets and liabilities. Fair value is defined as the price that the Charter School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

The Charter School uses a framework for measuring fair value that included a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Charter School. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instruments, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that is developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 – inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 – inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – inputs that are unobservable and which require significant judgement or estimation.

An asset or liability level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

3 Deposits and Investments

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least 5% of the average daily balance of collected funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The Charter School’s cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School’s deposits and investments are exposed to custodial credit risk. As of June 30, 2021, the Charter School’s carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Operating A/C	\$ 9,311,888	\$ (1,127,631)	\$ 118,823	\$ 100	\$ 8,303,180
Restricted Escrow	75,000				75,000
Total	<u>\$ 9,386,888</u>	<u>\$ (1,127,631)</u>	<u>\$ 118,823</u>	<u>\$ 100</u>	<u>\$ 8,378,180</u>

Operating cash accounts are held in the Charter School’s name by one banking institution. At June 30, 2021, the Charter School’s carrying amount of deposits was \$8,378,180 and the bank balance was \$9,490,223. Of the bank balance, \$250,000 of the Charter School’s cash deposits on June 30, 2021 were secured by federal deposit insurance and \$9,240,223 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act (“GUDPA”).

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

3 Deposits and Investments - *continued*

Establishment of an Escrow Account

During the year ended June 30, 2021, the Charter School established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required maximum of \$75,000 was fully funded. The agreement stipulates that the intended use of the escrow amount is “to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur.”

GASB Statement No. 40 requires that the Charter School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Charter School would not be able to recover the value of its deposit or investment). In general deposits are considered to be exposed to custodial risk by three categories described below:

Category 1 - Insured or collateralized with securities held by the Charter School or by its agent in the Charter School’s name. **Category 2** - Collateralized with securities held by the pledging public depository’s trust department or agent in the Charter School’s name.

Category 3 - Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Charter School’s name.

The Charter School does not have a policy for the management of the custodial risk, other than depositing all of its funds in banks covered by GUDPA.

Investments

New Jersey statutes permit the Charter School to purchase the following types of securities:

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal national Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
3. Bonds or other obligations of the Charter School.
4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2021, the Charter School did not hold any investments.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

4 Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2021:

	Beginning Balance	Net Additions (Deletions)	Ending Balance
Governmental activities:			
Capital assets, not being drepreciated:			
Vacant land	\$ 200,000	\$ -	\$ 200,000
Land for 13 Crawford Street	200,000	-	200,000
12th Street Properties	-		-
- Land Acquisition/ Construction-In-Progress	1,720,210	(1,720,210)	-
Construction-In-Progress - HVAC	-	1,730,330	1,730,330
	<u>2,120,210</u>	<u>10,120</u>	<u>2,130,330</u>
Capital assets, being depreciated:			
Buildings and improvements	1,319,469	-	1,319,469
Leasehold improvements	4,395,734	61,527	4,457,261
Equipment	408,581	-	408,581
	<u>6,123,784</u>	<u>61,527</u>	<u>6,185,311</u>
Less accumulated depreciation for:			
Buildings and improvements	65,973	65,973	131,946
Leasehold improvements	1,847,527	695,272	2,542,799
Equipment	408,582	-	408,582
Total accumulated depreciation	<u>2,322,082</u>	<u>761,245</u>	<u>3,083,327</u>
Governmental activities capital assets, net	<u>\$ 5,921,912</u>	<u>\$ (689,598)</u>	<u>\$ 5,232,314</u>
Business-type activities:			
Equipment	\$ 47,900	\$ -	\$ 47,900
Less accumulated depreciation	(47,900)	-	(47,900)
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense of \$761,245 was charged to an unallocated function.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

5 Lease Obligations

Facilities Leases

The Charter School leases its facilities under these operating lease agreements:

Classroom and Administrative Offices

- 1) At the beginning of the school year 2013-2014, the Charter School entered a lease agreement for 24 Maiden Lane, Newark, New Jersey – an 18,935square foot space for the middle school. It is a twenty (20) year lease with annual increases. The amount paid under this lease for the year ended June 30, 2021 was \$519,704.
- 2) 17-19 Crawford Street, Newark, New Jersey for the high school – a 28,000 square foot space for the high school executed on December 22, 2015. It is a thirty-one (31) year lease through June 30, 2046 with annual increases. The lease could be extended at the landlord’s option for another five (5) years through June 30, 2051. The amount paid under this lease for the year ended June 30, 2021 was \$565,484. The lease terms include a purchase option which could be exercised by the tenant seven years after the lease execution date but no later than the tenth year. The purchase price calculation method is included in the terms.
- 3) 823 S. 16th Street, Newark, New Jersey – an operating lease with Newark Public School for its’ school building located at 823 S. 16th Street, Newark, New Jersey. It is a five-year lease from July 1, 2014 through June 30, 2019. It could be automatically renewed for a total of three (3) renewal periods of five (5) years each, subject to the condition that the School’s charter has not been denied, revoked or suspended. The amount paid under this lease for the year ended June 30, 2021 was \$270,275.
- 4) 909 Broad Street – an operating sublease with the Friends of TEAM Academy. It is a five-year lease from July 1, 2017 to June 30, 2022 where the school increases its occupied portion of the building each year for the first 3 years. The amount paid under the lease for the year end June 30, 2021 was \$1,146,084.
- 5) Employee Parking Spaces – 390-424 Halsey Street, Newark, New Jersey – a month-to-month operating lease for 30 parking spots made available for the benefit of employees. It commenced on April 1, 2016 at a monthly payment of \$1,800. The amount paid under the lease for the year end June 30, 2021 was \$21,600.
- 6) Employee Parking Spaces – J&L Parking Corporation lease - a month-to-month operating lease for 25 parking spots made available for the benefit of employees. It commenced in March 2021 at a monthly payment of \$2,500. The amount paid under the lease for the year end June 30, 2021 was \$8,520. It should be noted that the lease converted to an annual one from September 7, 2021 through September 7, 2022.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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5 Lease Obligations – continued

Facilities Leases - continued

- 7) 308 South 9th Street, Newark, New Jersey – during the fiscal year ended June 30, 2021, the Charter School entered into a lease agreement with Chad School Foundation for the building at 308 South 9th Street, Newark, New Jersey. The building is intended to be the permanent home of the Fairmount Heights Elementary School. The building was initially set to be delivered in July 2020. However, the lease called for substantial upgrades (HVAC, new electrical service, new walls, ceilings in all classrooms, renovated bathrooms and environmental remediation). Therefore, the Charter School and Chad School Foundation mutually agreed to delay the commencement to the 2021-2022 school year. The lease was amended accordingly to include repair credits spread over several years (as delineated in the lease terms). The amount paid under the lease for the year end June 30, 2021 was \$203,707.
- 8) **Tutor Leases** - As part of its student college preparation model, Great Oaks Foundation (the “Foundation”) (a related party of the Charter School) hires new college graduates on a full-time basis (just for one year at a time). Part of the incentives for the tutors to work for one year is the provision of accommodation paid for by the Foundation. The Foundation currently has a lease for several units with a safe and secure apartment building in Newark, New Jersey for the use of the tutors. The Foundation bills the Charter School for the amount of rent paid. The amount paid to the Foundation for tutor leases for the year ended June 30, 2021 was \$723,843.

Future minimum lease payments required under the operating leases are as follows:

Year Ending June 30:	Newark Public					Total
	24 Maiden Lane	17-19 Crawford Street	School Lease	909 Broad Street	308 South 9th Street	
2022	\$ 405,156	\$ 582,449	\$ 266,496	\$ 1,146,499	\$ 386,120	\$ 2,786,720
2023	413,256	599,922	273,156	-	386,120	1,672,454
2024	421,524	608,788	279,984	-	404,454	1,714,750
2025	429,948	636,457	-	-	423,337	1,489,742
2026	429,948	636,457	-	-	442,787	1,509,192
Thereafter	3,764,088	20,157,260	-	-	6,362,647	30,283,995
	<u>\$ 5,863,920</u>	<u>\$ 23,221,332</u>	<u>\$ 819,636</u>	<u>\$ 1,146,499</u>	<u>\$ 8,405,465</u>	<u>\$ 39,456,852</u>

Equipment Leases - The Charter School leases office equipment under several operating lease agreements.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
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Year Ended June 30, 2021

6 Pension Plans

Description of Plans

Substantially all of the employees of the Charter School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the formulas mentioned above, but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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6 Pension Plans - *continued*

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the formulas mentioned above, but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
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Year Ended June 30, 2021

6 Pension Plans - *continued*

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board.

PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The Charter School's contribution to PERS for the year ended June 30, 2021 was \$900,374.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$714,875 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The State also paid \$2,834,127 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$33,807,945 as measured on June 30, 2020 and \$29,921,311 as measured on June 30, 2019.

For the year ended June 30, 2021, the Charter School recognized pension expense of \$2,102,322 and revenue of \$2,102,322 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers’ Pension and Annuity Fund (TPAF) - *continued*

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	June 30, 2020	June 30, 2019
Collective deferred outflows of resources	\$ 9,458,881,999	\$ 9,932,767,606
Collective deferred inflows of resources	\$14,424,322,612	\$17,539,845,423
Collective net pension liability (non-employer State of New Jersey)	\$65,848,796,740	\$61,370,943,870
State's portion of the net pension liability that was associated with the Charter School	\$ 33,807,945	\$ 29,921,311
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.051342%	0.048755%

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: through 2026	1.55% - 4.45% based on years of service
Salary increases: thereafter	2.75% - 5.65% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

Actuarial Assumptions - continued

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - continued

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

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(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

Long-Term Expected Rate of Return - continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the State's total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf21.pdf>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <https://www.nj.gov/treasury/pensions/gasb-notices.shtml>

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2021, the Charter School reported a liability of \$13,414,918 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2019. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020 and 2019. At June 30, 2020, the Charter School's proportion was 0.0822628419% which was an increase of 0.0063247446% from its proportion measured as of June 30, 2019 which was 0.0759380973%.

For the year ended June 30, 2021, the Charter School recognized pension expense of \$900,374. At June 30, 2021, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
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Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 244,264	\$ 47,441
Changes in assumptions	435,195	5,616,953
Net difference between projected and actual earnings on pension plan investments	458,533	-
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	8,343,650	-
Subtotal	9,481,642	5,664,394
Charter School's contributions subsequent to the measurement date	900,374	-
Total	\$ 10,382,016	\$ 5,664,394

\$900,374 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Pension Expense
2021	\$ 1,419,599
2022	1,294,243
2023	739,627
2024	299,093
2025	64,687
Thereafter	-
	\$ 3,817,248

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - continued

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective deferred inflows of resources	\$ 7,848,949,467	\$ 7,645,087,574
Collective net pension liability (Non-State Local Group)	\$ 16,307,384,832	\$ 18,018,482,972
Charter School's portion of the net pension liability	\$ 13,414,918	\$ 13,682,893
Charter School's proportion (percentage)	0.08226284%	0.07593810%

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: through 2026	2.00%-6.00% based on years of service
Salary increases: thereafter	3.00%-7.00% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) – *continued*

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

Sensitivity of the Charter School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	\$ 15,711,364	\$ 13,414,918	\$ 9,739,753
	2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Charter School's proportionate share of the pension liability	\$ 17,403,955	\$ 13,682,893	\$ 10,722,768

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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8 Post Retirement Benefits

Plan Description and Benefits Provided

The Charter School is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the Charter School.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52: 14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total non-employer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms.

At June 30, 2019, the following employees were covered by the benefit terms:

Active plan member = 216,804

Inactive plan members entitled to but not yet receiving benefits = 149,304

Inactive plan members or beneficiaries currently receiving benefits = -0-

Total plan members = 366,108

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – *continued*

Total Non-employer OPEB Liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The Charter School’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the [NJ State’s CAFR \(https://www.nj.gov/treasury/omb/publications/archives.shtml\)](https://www.nj.gov/treasury/omb/publications/archives.shtml)

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary increases:		
Through 2026	1.55 to 4.45% based on years of service	2.00 to 6.00% based on years of service
Thereafter	1.55 to 4.45% based on years of service	3.00 to 7.00% based on years of service

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – *continued*

Actuarial Assumptions and Other Inputs - *continued*

Preretirement mortality rates were based on the Pub-2010 Healthy “teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, and July 1, 2014 - June 30, 2018 for TPAF, PFRS and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for the fiscal year 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

Changes in the Total OPEB Liability Reported by the State of New Jersey

	Increase/(Decrease) Total OPEB Liability
Balance as of June 30, 2019 measurement date	\$ 41,729,081,045
Changes recognized for the fiscal year:	
Service cost	\$ 1,790,973,822
Interest on total OPEB liability	1,503,341,357
Difference between expected and actual experiences	11,544,750,637
Effect of changes of assumptions	12,386,549,981
Gross benefits paid by the State	(1,180,515,618)
Contributions from the members	35,781,384
Net changes	\$ 26,080,881,563
Balance as of June 30, 2020 measurement date	\$ 67,809,962,608

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2020 and 2019, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2020		
	At 1% Decrease (1.21%)	At 1% Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB liability attributable to the Charter School	\$ 19,157,248	\$ 15,890,622	\$ 13,336,656
	2019		
	At 1% Decrease (2.50%)	At 1% Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB liability attributable to the Charter School	\$ 8,286,840	\$ 7,014,452	\$ 6,003,737

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2020 and 2019, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a healthcare trend rate that is I-percentage-point lower or I-percentage-point higher than the current rate:

	2020		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 12,827,446	\$ 15,890,622	\$ 19,538,184
	2019		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 5,779,596	\$ 7,014,452	\$ 8,649,148

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021 the Charter School recognized OPEB expense of \$3,296,407 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 10,295,318,750	\$ (9,170,703,615)
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	11,534,251,250	(7,737,500,827)
Subtotal	21,829,570,000	(16,908,204,442)
Contributions made in fiscal year 2019 after June 30, 2018 measurement date	TBD	N/A
Total	\$ 21,829,570,000	\$ (16,908,204,442)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period - Fiscal Year Ending June 30:	Total
2021	\$ 43,440,417
2022	\$ 43,440,417
2023	\$ 43,440,417
2024	\$ 43,440,417
2025	\$ 43,440,417
Thereafter	\$ 4,704,163,473
	\$ 4,921,365,558

9 Compensated Absences

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), “Accounting for Compensated Absences”. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

9 **Compensated Absences - *continued***

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years. Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

As of June 30, 2021, Charter School-wide compensated absences amounted to \$-0-.

10 **Deferred Compensation**

The Charter School offers its employees a deferred compensation plan created in accordance with the IRS code 403(b). The plan which is administered by AXA Equitable permits participants to defer a portion of their salaries until future years.

11 **Economic Dependency**

The Charter School receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Charter School's programs and activities.

12 **Contingent Liabilities**

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School's attorneys' letters advised that there were no unasserted claims or assessments that they have advised the Charter School are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

13 Risk Management

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State. The following table is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and ending balance of the Charter School’s expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 100,623	\$ -	\$ 100,623	\$ -
2019-2020	150,000	-	150,000	-
2018-2019	108,526	-	108,526	-

14 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2021 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,618,050	\$ -
Special Revenue Fund	-	1,420,487
Enterprise Fund	-	197,563
Trust and Agency Fund	-	-
	<u>\$ 1,618,050</u>	<u>\$ 1,618,050</u>

The above balances are the results of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in negative position. Liquidation of this interfund balances is expected within the next fiscal year.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

15 Receivables

Receivables as of June 30, 2021 consisted of accounts, intergovernmental, grants and miscellaneous items. All receivables are considered collectible in full. A summary of the principal items of intergovernmental and other receivables are as follows:

State aid	\$ 119,311
Federal aid	3,454,673
Other	1,921,706
Total receivables	\$ 5,495,690

16 Long Term Liabilities – LISC Loan Payable – Acquisition of 12th Street Properties

Prior to April 16, 2021

During the prior fiscal year ended June 30, 2020, the Charter School acquired land and other properties located at 422-430 South 12th Street and 413-427 South 11th Street in Newark, New Jersey (collectively known as the 12th Street Properties). The acquisition was financed partly with a long-term loan granted by Local Initiatives Support Corporation (a New York State not-for-profit corporation) (“LISC”). The loan amount was a maximum of \$2,200,000. As of April 16, 2021, the Charter School had utilized a total \$1,515,652 (including principal and accrued interest) of the available loan amount.

The loan agreement provided for an interest reserve in the amount of \$210,000 which the Charter School “may request as advances to pay monthly interest due under the Note.” It was scheduled to mature on July 1, 2023 (approximately three years from the funding date). Advances under the loan agreement attracted interest at the rate of 5.00%. This loan provided funding for the acquisition and predevelopment costs of the 12th Street Properties. The Charter School intends to obtain construction/permanent loans in the ensuing years to develop the properties into additional classrooms and administrative offices.

On April 16, 2021

On April 16, 2021, the Charter School transferred ownership of the land and other properties known as 12th Street Properties to Little Acorn Real Estate, Inc. (“Little Acorn”), (a non-profit organization). At closing Little Acorn secured financing in the amount of \$17,567,695, a portion of which was used to pay off the LISC loan and also reimburses the Charter School for accumulated expenditures incurred for the acquisition of 12th Street Properties.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

17 Land Acquisition/Construction-In-Progress – Transferred to Little Acorn Real Estate

As noted in Note 16 above, during the prior fiscal year ended June 30, 2020, the Charter School acquired land and other properties located at 422-430 South 12th Street and 413-427 South 11th Street in Newark, New Jersey (collectively known as the 12th Street Properties). The intent was to develop the properties into additional classrooms and administrative offices. As of the end of the prior year ended June 30, 2020, the Charter School had incurred acquisition and predevelopment costs totaling \$1,720,210. Additional \$426,617 in expenditures were incurred during the year ended June 30, 2021 with the period to date expenditures amounting to \$2,146,827.

As noted in Note 16 above, on April 16, 2021, the Charter School transferred ownership of the land and other properties known as 12th Street Properties to Little Acorn Real Estate, Inc. (“Little Acorn”), (a non-profit organization).

18 Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor’s report which is the date the financial statements were available to be issued. Based on this evaluation, the Charter School has determined that no subsequent events require disclosure in the financial statements.

19 Risk and Uncertainties – COVID-19 and Its Impact

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business.

The Charter School’s operations are heavily dependent on both federal and state grant revenues. Its physical locations were closed from March 2020 through September 2020. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such it is uncertain as to the full impact that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity and operations. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the COVID-19 pandemic. Nevertheless, the COVID-19 pandemic presents material uncertainty and risk with respect to the Charter School its performance, and its financial results.

However, it should be noted that as of the date of this report, the Charter School’s various federal and state grants have not been materially impacted.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

19 Risk and Uncertainties – COVID-19 and Its Impact - *continued*

Further, it should be noted that the United States government has expedited the process of vaccinating its people against the virus and it appears the restrictions on movement imposed earlier are gradually easing.

20 Fund Balance Appropriated – General Fund (Exhibit B- 1)

Of the \$13,534,807 General Fund balance at June 30, 2021, the entire \$13,534,807 is unreserved and undesignated.

21 Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds. The reconciliation is as follows:

Fund balance per B-1	\$ 13,534,807
Cost of capital assets net accumulated depreciation	5,232,314
Pension deferred outflows	9,481,642
Pension deferred inflows	(5,664,394)
Deferred pension liability as of June 30, 2021	<u>(13,414,918)</u>
Net position (per A-1) as of June 30, 2021	<u><u>\$ 9,169,451</u></u>

22 Related Party – Great Oaks Foundation

Great Oaks Foundation (the Foundation), a New York State non-profit organization is related to the Charter School. The Foundation was instrumental in the initial formation and establishment of the Charter School. The President of Great Oaks Foundation is a member of the Board of Trustees of the Charter School. The Foundation has entered into a service agreement with the Charter School. The agreement which is renewed annually provides recruitment-of-tutors services to the Charter School. The Foundation is compensated at market rates for the services as provided for under the agreement.

Required Supplementary Information

Part II

Budgetary Comparison

GREAT OAKS LEGACY CHARTER SCHOOL
General Fund

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Budget Comparison Schedule

Year ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Local Sources:					
Local tax levy	\$ 3,901,028	\$ -	\$ 3,901,028	\$ 3,901,028	\$ -
Miscellaneous	18,908	-	18,908	67,156	(48,248)
Total revenues -local sources	<u>3,919,936</u>	<u>-</u>	<u>3,919,936</u>	<u>3,968,184</u>	<u>(48,248)</u>
State sources:					
State aid	28,405,922	(1,074,207)	27,331,715	27,368,538	(36,823)
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	714,875	(714,875)
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	675,282	675,282
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	2,154,804	2,154,804
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	4,041	4,041
Total -state sources	<u>28,405,922</u>	<u>(1,074,207)</u>	<u>27,331,715</u>	<u>30,917,540</u>	<u>2,082,429</u>
Total revenues	<u>32,325,858</u>	<u>(1,074,207)</u>	<u>31,251,651</u>	<u>34,885,724</u>	<u>2,034,181</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	7,837,748	643,536	8,481,284	7,867,712	613,572
Other salaries for instruction	421,085	(93,053)	328,032	185,843	142,189
Purchased professional technical services	2,018,999	(476,782)	1,542,217	650,357	891,860
Other purchased services	312,500	223,640	536,140	536,140	-
General educational supplies	868,000	568,197	1,436,197	1,125,545	310,652
Textbooks	-	-	-	-	-
Miscellaneous expenses	616,250	(342,352)	273,898	236,937	36,961
	<u>12,074,582</u>	<u>523,186</u>	<u>12,597,768</u>	<u>10,602,534</u>	<u>1,995,234</u>

**GREAT OAKS LEGACY CHARTER SCHOOL
General Fund**

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Budget Comparison Schedule

Year ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Administrative cost:					
Salaries	1,037,046	(541,623)	495,423	303,865	191,558
Total benefit costs	2,971,033	689,899	3,660,932	1,956,663	1,704,269
Professional /Technical service	521,500	234,584	756,084	636,434	119,650
Other purchased services	433,602	105,106	538,708	358,163	180,545
Communications and Telephones	91,500	52,695	144,195	58,645	85,550
Supplies and materials	70,000	65,645	135,645	100,645	35,000
Miscellaneous expenses	71,773	16,180	87,953	57,284	30,669
	<u>5,196,454</u>	<u>622,486</u>	<u>5,818,940</u>	<u>3,471,699</u>	<u>2,347,241</u>
Support services:					
Salaries	6,352,554	(542,732)	5,809,822	4,826,633	983,189
Purchased prof/tech service	30,500	132,530	163,030	163,030	-
Other purchased services	1,150,150	(1,137)	1,149,013	991,438	157,575
Rent on land and buildings	3,571,000	(34,808)	3,536,192	3,425,527	110,665
Insurance-fidelity, liability property	104,076	-	104,076	-	104,076
Supplies and materials	462,000	660,634	1,122,634	822,749	299,885
Energy & Utilities	192,150	83,325	275,475	262,405	13,070
Miscellaneous expenses	-	22,623	22,623	3,099	19,524
Transportation other than to/from school	307,500	(304,800)	2,700	1,200	1,500
Total support services	<u>12,169,930</u>	<u>15,635</u>	<u>12,185,565</u>	<u>10,496,081</u>	<u>1,689,484</u>

**GREAT OAKS LEGACY CHARTER SCHOOL
General Fund**

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Budget Comparison Schedule

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital outlay:					
Instructional equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Purchase land/improvements	650,000	2,058,001	2,708,001	26,228	2,681,773
Miscellaneous expenses	-	-	-	-	-
Total capital outlay	<u>650,000</u>	<u>2,058,001</u>	<u>2,708,001</u>	<u>26,228</u>	<u>2,681,773</u>
TPAF-Social Security					
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	714,875	(714,875)
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)				675,282	(675,282)
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)				2,154,804	(2,154,804)
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	4,041	(4,041)
Total TPAF-Social Security	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,549,002</u>	<u>(3,549,002)</u>
Total expenditures	<u>30,090,966</u>	<u>3,219,308</u>	<u>33,310,274</u>	<u>28,145,544</u>	<u>8,713,732</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources/(uses)	2,234,892	(4,293,515)	(2,058,623)	6,740,180	(6,679,551)
Other Financing Sources (Uses):					
Operating Transfer Out:					
Repayment of long term loan	-	-	-	(1,515,652)	1,515,652
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,515,652)</u>	<u>1,515,652</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,234,892	(4,293,515)	(2,058,623)	5,224,528	(5,163,899)
Fund balances, beginning of year	<u>9,268,219</u>	<u>-</u>	<u>9,268,219</u>	<u>8,310,279</u>	<u>-</u>
Fund balances, end of year	<u>\$ 11,503,111</u>	<u>\$ (4,293,515)</u>	<u>\$ 7,209,596</u>	<u>\$ 13,534,807</u>	<u>\$ (5,163,899)</u>

**GREAT OAKS LEGACY CHARTER SCHOOL
Special Revenue Fund**

C-2

**Budget Comparison Schedule
Budgetary Basis
Year ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$ 9,111,308	\$ -	\$ 9,111,308	\$ 7,131,342	\$ 1,979,966
State sources	684,850	-	684,850	684,850	-
Local sources	1,209,038	-	1,209,038	1,209,038	-
Total revenues -all sources	<u>11,005,196</u>	<u>-</u>	<u>11,005,196</u>	<u>9,025,230</u>	<u>1,979,966</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	2,576,527	-	2,576,527	2,509,649	66,878
Purchased Prof. and technical services	845,958	-	845,958	842,607	3,351
Other purchased services	-	-	-	-	-
General supplies	471,964	-	471,964	446,964	25,000
Miscellaneous expenditures	-	-	-	-	-
Total instruction	<u>3,894,449</u>	<u>-</u>	<u>3,894,449</u>	<u>3,799,220</u>	<u>95,229</u>
Support services					
Support services salaries	2,196,741	-	2,196,741	2,211,502	(14,761)
Employee benefits	336,414	-	336,414	256,245	80,169
Purchased professional services	681,981	-	681,981	660,681	21,300
Other purchased services	131,934	-	131,934	131,171	763
Supplies	263,677	-	263,677	236,081	27,596
Miscellaneous expenditures	-	-	-	-	-
Total support services	<u>3,610,747</u>	<u>-</u>	<u>3,610,747</u>	<u>3,495,680</u>	<u>115,067</u>
Capital Outlay:					
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	3,500,000	-	3,500,000	1,730,330	1,769,670
Total facilities acquisition and construction services	<u>3,500,000</u>	<u>-</u>	<u>3,500,000</u>	<u>1,730,330</u>	<u>1,769,670</u>
Total expenditures	<u>\$ 11,005,196</u>	<u>\$ -</u>	<u>\$ 11,005,196</u>	<u>\$ 9,025,230</u>	<u>\$ 1,979,966</u>

Notes to Required Supplementary Information

GREAT OAKS LEGACY CHARTER SCHOOL
Note to Required Supplementary Information
Budget to GAAP Reconciliation

C-3

Year ended June 30, 2021

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1]	\$ 34,885,724	
	[C-2]		\$ 8,340,380
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$ 34,885,724	\$ 8,340,380
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 28,145,544	
	[C-2]		\$ 8,340,380
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfer (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 28,145,544	\$ 8,340,380

Note 1) The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

GREAT OAKS LEGACY CHARTER SCHOOL

L-1

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS
Last Eight Fiscal Years

	2020		2019		2018		2017		Fiscal Year Ended June 30,		2014		2013	
									2016	2015				
Charter School's proportion of the net pension liability (assets)	0.0822628419%	0.0759380973%	0.0600860429%	0.0146407594%	0.0120306977%	0.0099905575%	0.0067022036%	0.0050885255%						
Charter School's proportionate share of the net pension liability (assets)	\$ 13,414,918	\$ 13,682,893	\$ 11,830,642	\$ 3,408,135	\$ 3,563,148	\$ 2,242,680	\$ 1,254,836	\$ 972,518						
Charter School's covered employee payroll	\$ 5,561,623	\$ 5,561,623	\$ 5,033,388	\$ 3,313,762	\$ 959,614	\$ 799,678	\$ 588,790	\$ 407,500						
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	241.21%	246.02%	235.04%	102.85%	371.31%	280.45%	213.12%	238.65%						
Plan fiduciary net position as a percentage of the total pension liability - local	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%						

Note

Until a full ten year trend is compiled, information will be presented for those years for which information is available.

GREAT OAKS LEGACY CHARTER SCHOOL

L-2

Schedule of the Charter School's Contributions - PERS
Last Eight Fiscal Years

	Fiscal Year Ended June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 900,374	\$ 754,744	\$ 597,662	\$ 135,631	\$ 130,373	\$ 85,892	\$ 55,252	\$ 38,341
Contribution in relation to the contractually required contribution	(900,374)	(754,744)	(597,662)	(135,631)	(130,373)	(85,892)	(55,252)	(38,341)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered employee payroll	\$ 5,561,623	\$ 5,561,623	\$ 5,033,388	\$ 3,313,762	\$ 959,614	\$ 799,678	\$ 588,790	\$ 407,500
Contributions as a percentage of covered employee payroll	16.19%	13.57%	11.87%	4.09%	13.59%	10.74%	9.38%	9.41%

Note

Until a full ten year trend is compiled, information will be presented for those years for which information is available.

GREAT OAKS LEGACY CHARTER SCHOOL

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF
Last Eight Fiscal Years

	Fiscal Year Ended June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 33,807,945	\$ 29,921,311	\$ 7,783,272	\$ 8,673,160	\$ 7,546,510	\$ 3,429,237	\$ 1,582,685	\$ -
Total	\$ 33,807,945	\$ 29,921,311	\$ 7,783,272	\$ 8,673,160	\$ 7,546,510	\$ 3,429,237	\$ 1,582,685	\$ -
Charter School's covered employee payroll	\$ 6,483,085	\$ 6,483,085	\$ 5,250,935	\$ 4,382,982	\$ 1,151,767	\$ 1,151,767	\$ 768,840	\$ 519,600
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

**Note

TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the Charter School (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the Charter School.

GREAT OAKS LEGACY CHARTER SCHOOL

M-1

Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the Charter School
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Last Five Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Fiscal Year Ending</u> <u>2017</u>	<u>2016</u>
Total OPEB Liability					
Service cost	\$ 1,650,178	\$ 1,417,132	\$ 407,938	\$ 497,221	**
Interest cost	298,608	276,963	86,166	69,789	**
Difference between expected and actual experiences	4,292,971	(418,290)	4,096,556		
Changes of assumptions	2,902,671	104,586	(670,514)	(421,520)	**
Member contributions	8,385	6,383	5,400	1,769	**
Gross benefit payments	<u>(276,643)</u>	<u>(215,323)</u>	<u>(156,240)</u>	<u>(48,031)</u>	<u>**</u>
Net change in total OPEB liability	8,876,170	1,171,451	3,769,306	99,228	**
Total OPEB liability - beginning	<u>7,014,452</u>	<u>5,843,001</u>	<u>2,073,695</u>	<u>1,974,467</u>	<u>**</u>
Total OPEB liability, ending	<u>\$ 15,890,622</u>	<u>\$ 7,014,452</u>	<u>\$ 5,843,001</u>	<u>\$ 2,073,695</u>	<u>\$ 1,974,467</u>
Covered employee payroll - PERS and TPAF	\$ 3,343,509	\$ 2,341,410	\$ 1,728,447	\$ 521,649	**
Total OPEB liability as a percentage of covered employee payroll	475%	300%	338%	398%	0.00%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.02%	0.02%	0.01%	0.00%	0.00%
Charter School's contributions	\$ -	\$ -	\$ -	\$ -	\$ -

** Information not available.

Until a full ten year trend is compiled, information will be presented for those years for which information is available.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to Required Supplementary Information
Year Ended June 30, 2021

1. Pension – Public Employees’ Retirement System (PERS)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

2. Pension – Teachers’ Pension and Annuity Fund (TPAF)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

3. Other Post-Retirement Benefit Plan – Public Employees’ Retirement System (PERS) and Teachers’ Pension and Annuity Fund (TPAF)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

Other Supplementary Information

School Level Schedules

Special Revenue Fund

GREAT OAKS LEGACY CHARTER SCHOOL
Special Revenue Fund

E-1

Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis

Year ended June 30, 2021

	Title IA 2020-2021	Title IIA 2020-2021	Title IVA 2020-2021	L.D.E.A. 2020-2021	Charter School Grant	CARES Emergency Relief Grant	COVID Relief Grant	CRRSA ESSER II Grant	South Ward Children Alliance Neighborhood Promise	NJ Children's Ward	Greater Newark Healthcare Coalition	Charter Growth Fund	GEM Foundation	Arman Roy Foundation	Total
Revenues															
Federal sources	\$ 1,402,445	\$ 130,520	\$ 92,376	\$ 396,623	\$ 1,145,115	\$ 1,099,145	\$ 225,708	\$ 2,493,620	\$ 145,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,131,342
Local sources	-	-	-	-	-	-	-	-	-	238,884	45,354	660,000	250,000	14,800	1,209,038
Total revenues -all sources	\$ 1,402,445	\$ 130,520	\$ 92,376	\$ 396,623	\$ 1,145,115	\$ 1,099,145	\$ 225,708	\$ 2,493,620	\$ 145,790	\$ 238,884	\$ 45,354	\$ 660,000	\$ 250,000	\$ 14,800	\$ 8,340,380
Expenditures															
Instruction															
Salaries of teachers	\$ 1,402,445	\$ -	\$ -	\$ -	\$ 453,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ 2,106,276
Purchased Prof. and technical services	-	-	46,427	-	-	-	-	763,290	32,890	-	-	-	-	-	842,607
Other purchased services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General supplies	-	-	-	-	333,348	-	-	-	-	41,826	-	-	-	14,800	389,974
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total instruction	1,402,445	-	46,427	-	787,179	-	-	763,290	32,890	41,826	-	-	250,000	14,800	3,338,857
Support services															
Support services salaries	-	-	42,684	-	117,915	1,025,082	-	-	35,389	186,685	42,077	660,000	-	-	2,109,832
Employee benefits	-	-	3,265	-	66,483	74,063	-	-	12,632	-	3,277	-	-	-	159,720
Purchased professional services	-	90,520	-	396,623	173,538	-	-	-	-	-	-	-	-	-	660,681
Other purchased services	-	40,000	-	-	-	-	-	-	64,879	-	-	-	-	-	104,879
Supplies	-	-	-	-	-	-	225,708	-	-	10,373	-	-	-	-	236,081
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total support services	-	130,520	45,949	396,623	357,936	1,099,145	225,708	-	112,900	197,058	45,354	660,000	-	-	3,271,193
Facilities acquisition and construction services															
Instructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	1,730,330	-	-	-	-	-	-	1,730,330
Total facilities acquisition and construction services	-	-	-	-	-	-	-	1,730,330	-	-	-	-	-	-	1,730,330
Total expenditures	\$ 1,402,445	\$ 130,520	\$ 92,376	\$ 396,623	\$ 1,145,115	\$ 1,099,145	\$ 225,708	\$ 2,493,620	\$ 145,790	\$ 238,884	\$ 45,354	\$ 660,000	\$ 250,000	\$ 14,800	\$ 8,340,380

**GREAT OAKS LEGACY CHARTER SCHOOL
Special Revenue Fund**

E-2

**Schedule of Preschool Education
Aid Expenditures - Budgetary Basis**

Year ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures					
Instruction					
Salaries of teachers	\$ 236,583	\$ 14,187	\$ 250,770	\$ 250,770	\$ -
Other salaries for instruction	146,919	5,684	152,603	152,603	-
Purchased professional services	35,459	(35,459)	-	-	-
Other purchased services	-	-	-	-	-
General supplies	94,875	(37,885)	56,990	56,990	-
Other objects	4,200	(4,200)	-	-	-
Total instruction	<u>518,036</u>	<u>(57,673)</u>	<u>460,363</u>	<u>460,363</u>	<u>-</u>
Support services					
Salaries of Supervisor of Instruction	22,063	14,184	36,247	36,247	-
Salaries of Principals/Assistant Principals/Prog Directors	35,363	(35,363)	-	-	-
Salaries of Other Prof Staff	8,569	433	9,002	9,002	-
Salaries of Secretarial & Clerical Assistants	13,940	(13,940)	-	-	-
Other Salaries - Fiscal Specialist	16,856	650	17,506	17,506	-
Other Salaries - Custodian	20,090	3,749	23,839	23,839	-
Other Salaries - Security Guard	-	15,076	15,076	15,076	-
Family/Parent Liason	-	-	-	-	-
Facilitator/Coach	-	-	-	-	-
Personnel Services - Employee benefits	94,703	1,822	96,525	96,525	-
Other Purchased Prof - Education Services	35,000	(35,000)	-	-	-
Cleaning, Repairs and Maintenance Services	20,000	6,292	26,292	26,292	-
Rentals	-	-	-	-	-
Contracted Services - Field Trips	3,000	(3,000)	-	-	-
Supplies and materials	37,500	(37,500)	-	-	-
Other objects	-	-	-	-	-
Total support services	<u>307,084</u>	<u>(82,597)</u>	<u>224,487</u>	<u>224,487</u>	<u>-</u>
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 825,120</u>	<u>\$ (140,270)</u>	<u>\$ 684,850</u>	<u>\$ 684,850</u>	<u>-</u>

Calculation of Budget and Carryover

Total 2020-2021 preschool education aid allocation	\$ 684,850
Add: actual carryover June 30, 2020	-
Total preschool education aid funds available for 2020-2021 budget	<u>684,850</u>
Less: 2020-2021 budgeted preschool education aid	<u>(684,850)</u>
ailable and unbudgeted preschool education aid funds as of June 30, 2020	-
Add: June 30, 2021 unexpended preschool education aid	-
2020-2021 actual carryover - preschool education aid	<u>\$ -</u>
2020-2021 preschool education aid carryover budgeted in 2021-2022	<u>\$ -</u>

Capital Projects Fund

At June 30, 2021, there was no capital project fund.

Enterprise Fund

GREAT OAKS LEGACY CHARTER SCHOOL
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2021

	Food Services	After Care Services	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 106,149	\$ 12,674	\$ 118,823
Accounts receivable:			
Federal	117,670	-	117,670
State	425	-	425
Other	-	-	-
Interfund receivable	-	-	-
Total current assets	224,244	12,674	236,918
Noncurrent assets:			
Machinery and equipment	47,900	-	47,900
Less: accumulated depreciation	(47,900)	-	(47,900)
Total noncurrent assets	-	-	-
Total assets	224,244	12,674	236,918
Liabilities			
Current liabilities:			
Accounts payable	-	-	-
Interfund payable	249,703	(52,140)	197,563
Total current liabilities	249,703	(52,140)	197,563
Net position			
Unrestricted	(25,459)	64,814	39,355
Total net position	\$ (25,459)	\$ 64,814	\$ 39,355

GREAT OAKS LEGACY CHARTER SCHOOL
Enterprise Fund

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2021

	Food Services	After Care Services	Total
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ -	\$ -	\$ -
Daily sales - nonreimbursable programs	-	-	-
Miscellaneous revenue	-	27	27
Total operating revenues	-	27	27
Operating expenses:			
Cost of sales - reimbursable programs	300,396	-	300,396
Cost of sales - nonreimbursable programs	-	-	-
Salaries	-	-	-
Purchased services	-	-	-
Other purchased services	-	-	-
Supplies and materials	-	-	-
Contracted services - transportation	-	-	-
Cleaning, repairs and maintenance	-	-	-
Rental of land and building	-	-	-
Depreciation expense	-	-	-
Miscellaneous expenses	-	-	-
Total operating expenses	300,396	-	300,396
Operating income (loss)	(300,396)	27	(300,369)
Nonoperating revenues:			
State sources:			
State School Lunch Program	6,868	-	6,868
Extra State School Lunch Program	-	-	-
Federal sources:			
National School Lunch Program	242,750	-	242,750
National School Breakfast Program	87,252	-	87,252
Healthy, Hunger-Free Kids Act	2,693	-	2,693
After School Snacks	-	-	-
Fresh Fruits and Vegetable Program	-	-	-
Total nonoperating revenues	339,563	-	339,563
Net income/(loss) before contributions & transfers	39,167	27	39,194
Other financing sources:			
Transfer in/(out) - board contribution	-	-	-
	-	-	-
Change in net position	39,167	27	39,194
Total net position-beginning of year	(64,626)	64,787	161
Total net position-end of year	\$ (25,459)	\$ 64,814	\$ 39,355

GREAT OAKS LEGACY CHARTER SCHOOL
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2021

	Food Services	After Care Services	Total
Cash flows from operating activities			
Operating loss	\$ (300,396)	\$ 27	\$ (300,369)
Adjustment to reconcile operating loss to net cash provided by operating activities:			-
Depreciation expense	-	-	-
Changes in assets and liabilities:			-
Accounts receivable	(106,205)	-	(106,205)
Accounts payable	(8,316)	-	(8,316)
Due to/from general fund	(1)	(27)	(28)
Net cash provided by operating activities	(114,522)	(27)	(114,549)
Cash flows from noncapital financing activities			
Cash received from state reimbursements	6,868	-	6,868
Cash received from federal reimbursements	332,695	-	332,695
Operating subsidies and transfers from other funds	-	-	-
Net cash provided by noncapital financing activities	339,563	-	339,563
Cash flows from investing activities			
Net change in cash and cash equivalents	(75,355)	-	(75,355)
Cash and cash equivalents, beginning	181,504	12,674	194,178
Cash and cash equivalents, ending	\$ 106,149	\$ 12,674	\$ 118,823

Fiduciary Fund
Not Applicable

Long Term Debt

At June 30, 2021, there was no long-term debt.

GREAT OAKS LEGACY CHARTER SCHOOL
Long-Term Debt
Schedule of Obligations Under Renovation Loan

I-2

Year ended June 30, 2021

	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2020</u>	<u>Acquired Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2021</u>
LISC loan payable - 12th Street Properties	5.00%	\$2,200,000	\$ 1,382,950	\$ 132,702	\$(1,515,652)	\$ -
			<u>\$ 1,382,950</u>	<u>\$ 132,702</u>	<u>\$(1,515,652)</u>	<u>\$ -</u>

Statistical Section

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-1

Net Assets By Component
Last Ten Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,500
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,937,137	1,951,073	4,488,656	7,108,840	7,476,082	(210,431)	169,677	901,998	1,033,216	503,406
Total governmental activities net assets	<u>\$ 3,937,137</u>	<u>\$ 1,951,073</u>	<u>\$ 4,488,656</u>	<u>\$ 7,108,840</u>	<u>\$ 7,476,082</u>	<u>\$ (210,431)</u>	<u>\$ 169,677</u>	<u>\$ 901,998</u>	<u>\$ 1,033,216</u>	<u>\$ 514,906</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	39,355	161	(580)	(40,470)	30,671	-	-	-	-	(1,639)
Total business-type activities	<u>\$ 39,355</u>	<u>\$ 161</u>	<u>\$ (580)</u>	<u>\$ (40,470)</u>	<u>\$ 30,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,639)</u>
School-wide										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,500
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,976,492	1,951,234	4,488,076	7,068,370	7,506,753	(210,431)	169,677	901,998	1,033,216	501,767
Total charter school net assets	<u>\$ 3,976,492</u>	<u>\$ 1,951,234</u>	<u>\$ 4,488,076</u>	<u>\$ 7,068,370</u>	<u>\$ 7,506,753</u>	<u>\$ (210,431)</u>	<u>\$ 169,677</u>	<u>\$ 901,998</u>	<u>\$ 1,033,216</u>	<u>\$ 513,267</u>

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-2

Changes In Net Assets
Last Ten Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
Instruction										
Regular	\$ 14,401,754	\$ 12,214,620	\$ 11,700,628	\$ 10,309,843	\$ 8,964,781	\$ 3,121,205	\$ 2,383,521	\$ 1,990,593	\$ 1,377,177	\$ 1,021,626
Support Services:										
General administration	7,020,701	11,322,944	9,169,171	4,982,460	2,487,151	2,970,788	1,469,994	1,502,688	967,159	698,894
School administrative services	17,543,185	12,568,619	12,221,227	10,576,678	7,323,920	2,856,371	1,718,368	1,380,773	632,528	94,575
On-behalf TPAF/FICA Reimbursements	-	-	-	-	-	-	-	-	47,634	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	761,245	546,178	632,119	452,394	363,785	96,498	11,576	8,439	11,500	11,500
Total governmental activities expenses	<u>39,726,885</u>	<u>36,652,361</u>	<u>33,723,145</u>	<u>26,321,375</u>	<u>19,139,637</u>	<u>9,044,862</u>	<u>5,583,459</u>	<u>4,882,493</u>	<u>3,035,998</u>	<u>1,826,595</u>
Business-type activities:										
Food service	300,396	957,040	1,083,422	890,241	1,022,043	296,917	242,780	191,014	139,090	111,842
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>300,396</u>	<u>957,040</u>	<u>1,083,422</u>	<u>890,241</u>	<u>1,022,043</u>	<u>296,917</u>	<u>242,780</u>	<u>191,014</u>	<u>139,090</u>	<u>111,842</u>
Total charter school expenses	<u>\$ 40,027,281</u>	<u>\$ 37,609,401</u>	<u>\$ 34,806,567</u>	<u>\$ 27,211,616</u>	<u>\$ 20,161,680</u>	<u>\$ 9,341,779</u>	<u>\$ 5,826,239</u>	<u>\$ 5,073,507</u>	<u>\$ 3,175,088</u>	<u>\$ 1,938,437</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 9,025,230	\$ 3,574,310	\$ 3,309,522	\$ 2,877,864	\$ 1,977,469	\$ 1,069,135	\$ 447,551	\$ 602,482	\$ 402,259	\$ 484,008
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>9,025,230</u>	<u>3,574,310</u>	<u>3,309,522</u>	<u>2,877,864</u>	<u>1,977,469</u>	<u>1,069,135</u>	<u>447,551</u>	<u>602,482</u>	<u>402,259</u>	<u>484,008</u>
Business-type activities:										
Charges for services:										
Food service	27	64,787	-	12,387	4,860	-	-	-	-	-
Operating grants and contributions	339,563	892,414	998,713	816,873	963,394	248,753	216,372	149,455	122,303	80,007
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>339,590</u>	<u>957,201</u>	<u>998,713</u>	<u>829,260</u>	<u>968,254</u>	<u>248,753</u>	<u>216,372</u>	<u>149,455</u>	<u>122,303</u>	<u>80,007</u>
Total charter school program revenues	<u>\$ 9,364,820</u>	<u>\$ 4,531,511</u>	<u>\$ 4,308,235</u>	<u>\$ 3,707,124</u>	<u>\$ 2,945,723</u>	<u>\$ 1,317,888</u>	<u>\$ 663,923</u>	<u>\$ 751,937</u>	<u>\$ 524,562</u>	<u>\$ 564,015</u>

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-2

Changes In Net Assets
Last Ten Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (Expense)/Revenue										
Governmental activities	\$ (30,701,655)	\$ (33,078,051)	\$ (30,413,623)	\$ (23,443,511)	\$ (17,162,168)	\$ (7,975,727)	\$ (5,135,908)	\$ (4,280,011)	\$ (2,633,739)	\$ (1,342,587)
Business-type activities	39,194	161	(84,709)	(60,981)	(53,789)	(48,164)	(26,408)	(41,559)	(16,787)	(31,835)
Total charter school-wide net expense	<u>\$ (30,662,461)</u>	<u>\$ (33,077,890)</u>	<u>\$ (30,498,332)</u>	<u>\$ (23,504,492)</u>	<u>\$ (17,215,957)</u>	<u>\$ (8,023,891)</u>	<u>\$ (5,162,316)</u>	<u>\$ (4,321,570)</u>	<u>\$ (2,650,526)</u>	<u>\$ (1,374,422)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,901,028	\$ 3,535,151	\$ 3,298,664	\$ 3,078,706	\$ 2,770,799	\$ 1,113,041	\$ 817,356	\$ 642,352	\$ 464,168	\$ 232,623
Grants and contributions	30,917,540	27,071,519	24,734,332	20,044,526	18,807,393	6,937,893	4,814,812	3,560,063	2,700,172	1,512,178
Miscellaneous income	67,156	48,379	193,082	172,142	23,102	12,697	56,772	21,692	6,135	142,888
Transfers	(1,515,652)	1,382,950	(115,019)	-	-	(48,164)	(26,408)	(41,559)	(18,426)	(30,195)
Total governmental activities	<u>33,370,072</u>	<u>32,037,999</u>	<u>28,111,059</u>	<u>23,295,374</u>	<u>21,601,294</u>	<u>8,015,467</u>	<u>5,662,532</u>	<u>4,182,548</u>	<u>3,152,049</u>	<u>1,857,494</u>
Business-type activities:										
Transfers	-	-	115,019	-	-	48,164	26,408	41,559	18,426	30,195
Total business-type activities	<u>-</u>	<u>-</u>	<u>115,019</u>	<u>-</u>	<u>-</u>	<u>48,164</u>	<u>26,408</u>	<u>41,559</u>	<u>18,426</u>	<u>30,195</u>
Total charter school-wide	<u>\$ 33,370,072</u>	<u>\$ 32,037,999</u>	<u>\$ 28,226,078</u>	<u>\$ 23,295,374</u>	<u>\$ 21,601,294</u>	<u>\$ 8,063,631</u>	<u>\$ 5,688,940</u>	<u>\$ 4,224,107</u>	<u>\$ 3,170,475</u>	<u>\$ 1,887,689</u>
Change in Net Assets										
Governmental activities	\$ 2,668,417	\$ (1,040,052)	\$ (2,187,545)	\$ (148,137)	\$ 4,439,126	\$ 87,904	\$ 553,032	\$ (55,904)	\$ 518,310	\$ 514,907
Business-type activities	39,194	161	(84,709)	(60,981)	(53,789)	(48,164)	(26,408)	(41,559)	1,639	(1,640)
Total charter school	<u>\$ 2,707,611</u>	<u>\$ (1,039,891)</u>	<u>\$ (2,272,254)</u>	<u>\$ (209,118)</u>	<u>\$ 4,385,337</u>	<u>\$ 39,740</u>	<u>\$ 526,624</u>	<u>\$ (97,463)</u>	<u>\$ 519,949</u>	<u>\$ 513,267</u>

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund										
Unreserved	\$ 13,534,807	\$ 8,310,279	\$ 8,861,954	\$ 9,268,219	\$ 9,190,123	\$ 1,038,996	\$ 1,144,066	\$ 901,998	\$ 1,033,216	\$ 503,406
Total general fund	<u>\$ 13,534,807</u>	<u>\$ 8,310,279</u>	<u>\$ 8,861,954</u>	<u>\$ 9,268,219</u>	<u>\$ 9,190,123</u>	<u>\$ 1,038,996</u>	<u>\$ 1,144,066</u>	<u>\$ 901,998</u>	<u>\$ 1,033,216</u>	<u>\$ 503,406</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

Changes in Fund Balances - Governmental Funds
Last Ten Years
(Unaudited)

Function	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Local tax levy	\$ 3,901,028	\$ 3,535,151	\$ 3,298,664	\$ 3,078,706	\$ 2,770,799	\$ 1,113,041	\$ 817,356	\$ 642,352	\$ 464,168	\$ 232,623
Miscellaneous	1,276,194	626,735	217,900	305,948	305,280	143,027	61,772	63,362	6,135	566,144
State sources	31,602,390	27,867,965	25,466,547	20,676,281	19,312,471	6,937,893	4,985,233	3,668,357	2,700,172	1,537,897
Federal sources	7,131,342	2,199,508	2,552,489	2,112,303	1,190,213	938,805	442,551	560,812	378,015	35,034
Total revenue	43,910,954	34,229,359	31,535,600	26,173,238	23,578,763	9,132,766	6,306,912	4,934,883	3,548,490	2,371,698
Expenditures										
Instruction	14,401,754	12,214,620	11,700,628	10,309,843	8,964,781	3,121,205	2,383,521	1,990,593	1,377,177	945,065
Administration	7,020,701	7,965,086	6,803,743	4,537,122	3,480,465	2,922,624	1,920,862	1,610,982	967,159	500,891
Support Services	13,991,761	12,568,619	12,336,246	10,576,678	7,087,216	2,667,831	1,744,776	1,422,332	680,162	399,335
Capital Outlay	1,756,558	3,415,659	986,229	671,499	938,283	516,344	15,685	42,194	-	23,000
Debt service	-	-	-	-	-	-	-	-	-	-
Total expenditures	37,170,774	36,163,984	31,826,846	26,095,142	20,470,745	9,228,004	6,064,844	5,066,101	3,024,498	1,868,291
Excess (deficiency) of revenues										
over (under) expenditures before other financing sources	6,740,180	(1,934,625)	(291,246)	78,096	3,108,018	(95,238)	242,068	(131,218)	523,992	503,407
Other financing sources/(uses)										
Transfer to cover food deficit	-	-	(115,019)	-	-	-	-	-	-	-
LISC long term loan proceeds/(repayment)	(1,515,652)	1,382,950	-	-	-	-	-	-	-	-
Total other financing sources/(uses)	(1,515,652)	1,382,950	(115,019)	-	-	-	-	-	-	-
Net change in fund balance	5,224,528	(551,675)	(406,265)	78,096	3,108,018	(95,238)	242,068	(131,218)	523,992	503,407
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Charter School's Records

GREAT OAKS LEGACY CHARTER SCHOOL
 County of Essex, New Jersey

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General Fund Other Local Revenue by Source
 Last Ten Years
 (Unaudited)

<u>Function</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Fiscal Year Ended June 30,</u>		<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
					<u>2017</u>	<u>2016</u>				
Other local revenues										
Miscellaneous	\$ 67,156	\$ 48,379	\$ 193,082	\$ 172,142	\$ 23,102	\$ 12,697	\$ 56,772	\$ 21,692	\$ 6,135	\$ 142,888
Total other local revenue	<u>\$ 67,156</u>	<u>\$ 48,379</u>	<u>\$ 193,082</u>	<u>\$ 172,142</u>	<u>\$ 23,102</u>	<u>\$ 12,697</u>	<u>\$ 56,772</u>	<u>\$ 21,692</u>	<u>\$ 6,135</u>	<u>\$ 142,888</u>

Source: Charter School's Records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-10

Ratio of Outstanding Debt By Type
Last Ten Years

Fiscal Year Ended June 30,	Governmental Activities				Type	Total Charter School	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2013	-	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	-	0.00%	-
2016	-	-	-	-	-	-	0.00%	-
2017	-	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	-	0.00%	-
2019	-	-	-	-	-	-	0.00%	-
2020	-	-	-	1,382,950	-	1,382,950	0.00%	-
2021	-	-	-	-	-	-	0.00%	-

Note: Details regarding the Charter School's outstanding debt can be found in the notes to the financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

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Demographic and Economic Statistics
Last Ten Years
(Unaudited)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	278,414	\$ 15,425,249,256	\$ 55,404	15.00%
2013	279,499	15,565,858,308	55,692	15.00%
2014	280,980	16,386,472,620	58,319	15.00%
2015	281,944	16,925,098,320	60,030	15.00%
2016	281,764	16,914,292,920	60,030	7.90%
2017	281,764	16,914,292,920	60,030	7.90%
2018	281,764	16,914,292,920	60,030	7.90%
2019	281,764	16,914,292,920	60,030	7.90%
2020	281,764	16,914,292,920	60,030	7.90%
2021	281,764	16,914,292,920	60,030	7.90%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Personal capital income by municipality estimated based upon the 2000 Cesus published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

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Principal Employers
Current Year
(Unaudited)

	2021		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u> <u>[Optional]</u>	<u>Percentage of</u> <u>Total Municipal</u> <u>Employment</u>
Newark Liberty International Airport	24,000	1	17.14%
Verizon Communications	17,100	2	12.21%
Prudential Financial, Inc.	16,850	3	12.04%
Continental Airlines	11,000	4	7.86%
University of Medicines/Dentistry	11,000	5	7.86%
Public Service Enterprise Group	10,800	6	7.71%
Prudential Insurance	4,492	7	3.21%
City of Newark	3,984	8	2.85%
Horizon Blue Cross & Blue Shield	3,900	9	2.79%
	103,126		73.66%

Source: Web Site: <http://www.city-data.com/us-cities/The-Northeast/Newark-Economy.html>

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

Full-Time Equivalent Charter School Employees by Function/Program
Last Ten Years
(Unaudited)

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Instruction										
Regular	126	126	126	103	100	20	20	13	8	5
Special education	19	19	19	11	12	1	1	1	1	1
Other instruction	-	-	-	-	-	58	58	58	46	24
Support Services:										
General administration	58	58	58	38	29	13	13	12	7	3
Other support services	32	32	32	18	27	3	3	2	1	1
Total	<u>235</u>	<u>235</u>	<u>235</u>	<u>170</u>	<u>168</u>	<u>95</u>	<u>95</u>	<u>86</u>	<u>63</u>	<u>34</u>

Source: Charter School Personnel Records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

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Operating Statistics

**Last Ten Years
(Unaudited)**

Fiscal Year	Enrollment	Operating Expenditures^a	Cost Per Pupil	Percentage Change	Teaching Staff^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)^c	Average Daily Attendance (ADA)^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	127	\$ 1,404,265	\$ 11,057	N/A	30	1:4	127.0	120	N/A	94.49%
2013	196	3,024,498	15,431	39.56%	55	1:4	196.0	186	54.33%	94.90%
2014	260	5,023,907	19,323	25.22%	72	1:4	260.0	247	32.65%	95.00%
2015	331	6,049,159	18,275	-5.42%	79	1:4	331.0	314	27.31%	94.86%
2016	460	8,711,660	18,938	3.63%	79	1:4	461.0	437	39.27%	94.79%
2017	1,309	19,532,462	14,922	-21.21%	112	1:4	1309.0	1,323	183.95%	101.07%
2018	1,350	25,423,643	18,832	26.21%	114	1:4	1350.0	1,323	3.13%	98.00%
2019	1,562	30,955,636	19,818	5.23%	114	1:4	1350.0	1,323	0.00%	98.00%
2020	1,718	32,748,325	19,062	-3.82%	145	1:4	1562.0	1,531	15.70%	98.00%
2021	1,875	35,414,216	18,888	-0.91%	145	1:4	1859.0	1,698	19.01%	91.34%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance.

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

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School Building Information
Last Ten Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Square Feet	167,000	167,000	167,000	167,000	60,800	46,000	29,000	24,000	15,000	10,000
Capacity (students)	1,700	1,700	1,700	1,700	1,300	500	400	300	200	150
Enrollment	1,875	1,718	1,562	1,350	1,309	460	331	260	196	127

Source: School Records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-19

Schedule of Required Maintenance Expenditures
By School Facility*
Last Ten Years
(Unaudited)

2012	\$ 306,369
2013	565,294
2014	1,107,338
2015	1,447,264
2016	2,008,540
2017	3,284,892
2018	4,766,549
2019	5,229,263
2020	5,341,211
2021	5,668,248
	-
Total	<u><u>\$ 29,724,968</u></u>

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Charter School records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

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Insurance Schedule

June 30, 2021
(Unaudited)

	Coverage
Commercial General Liability:	
Each Occurrence	\$ 1,000,000
Medical Expense Limit Per Person	10,000
Personal and Adv Injury	1,000,000
General Aggregate	3,000,000
Products - Comp/Op Agg	3,000,000
Abuse and Molestation, Aggregate	3,000,000
Abuse and Molestation	1,000,000
Fire Legal Liability	1,000,000
Educators Legal Liability:	
Each Occurrence	1,000,000
Aggregate	2,000,000
Deductible	5,000
Automobile:	
Combined Single Limit	1,000,000
Bodily Injury (Per Person)	1,000,000
Bodily Injury (Per Accident)	1,000,000
Crime:	
Blanket Employee Dishonesty	100,000
Deductible	1,000
Umbrella Liability:	
Each Occurrence	5,000,000
Aggregate	5,000,000
Deductible	10,000
Property:	
Building	9,100,000
Business Personal Property	1,750,000
EDP Equipment and Media	1,500,000
Business Income	3,000,000
Student Accident:	
Aggregate Limit of Indemnity	250,000
Accident Medical Expense Benefit	10,000
Accident Death and Dismemberment	10,000
Workers Compention and Employers Liability:	
Bodily Injury By Accident	1,000,000
Bodily Injury By Disease-Policy	1,000,000
Bodily Injury By Disease	1,000,000

Source: Charter School Records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-21

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2021
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 8,303,080	\$ 8,203,823	\$ 4,300,026
Current assets	7,410,083	2,073,584	5,016,379
Capital assets, net	5,232,314	5,932,911	3,053,010
Total assets	<u>20,945,477</u>	<u>16,210,318</u>	<u>12,369,415</u>
Current liabilities	15,628,919	17,032,810	12,285,673
Long term liabilities	-	-	-
Total liabilities	<u>15,628,919</u>	<u>17,032,810</u>	<u>12,285,673</u>
Net position	<u>\$ 5,316,558</u>	<u>\$ (822,492)</u>	<u>\$ 83,742</u>
Total revenue	\$ 42,734,865	\$ 36,504,723	\$ 32,534,313
Total expenses	<u>(40,027,281)</u>	<u>(37,609,401)</u>	<u>(34,806,567)</u>
Change in net position	<u>\$ 2,707,584</u>	<u>\$ (1,104,678)</u>	<u>\$ (2,272,254)</u>
Depreciation expense	\$ 761,245	\$ 546,178	\$ 632,119
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	1,875	1,718	1,562
March 30th budgeted enrollment	1,800	1,800	1,562

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Three Year Cumulative</u>
NEAR TERM INDICATORS:				
Current ratio	1.01	0.60	0.76	2.37
Unrestricted days cash	75.71	79.62	45.09	200.42
Enrollment variance	104%	95%	100%	1.00
Default	N/A	N/A	N/A	N/A

Source: Charter School Records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-22

Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2021
(Unaudited)

	2021	2020	2019
Cash	\$ 8,303,080	\$ 8,203,823	\$ 4,300,026
Current assets	7,410,083	2,073,584	5,016,379
Capital assets, net	5,232,314	5,932,911	3,053,010
Total assets	<u>20,945,477</u>	<u>16,210,318</u>	<u>12,369,415</u>
Current liabilities	15,628,919	17,032,810	12,285,673
Long term liabilities	-	-	-
Total liabilities	<u>15,628,919</u>	<u>17,032,810</u>	<u>12,285,673</u>
Net position	<u>\$ 5,316,558</u>	<u>\$ (822,492)</u>	<u>\$ 83,742</u>
Total revenue	\$ 42,734,865	\$ 36,504,723	\$ 32,534,313
Total expenses	(40,027,281)	(37,609,401)	(34,806,567)
Change in net position	<u>\$ 2,707,584</u>	<u>\$ (1,104,678)</u>	<u>\$ (2,272,254)</u>

Depreciation expense	\$ 761,245	\$ 546,178	\$ 632,119
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	1,875	1,718	1,562
March 30th budgeted enrollment	1,800	1,800	1,562

	2021	2020	2019	Three Year Cumulative
SUSTAINABILITY INDICATORS:				
Total margin	6%	-3%	-7%	-1%
Debt to asset	N/A	N/A	N/A	N/A
Cash flow	\$ 99,257	\$ 3,903,797	\$ (3,804,010)	\$ 199,044
Debt service coverage ratio	N/A	N/A	N/A	N/A

Source: Charter School Records

Single Audit Section



K-1

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Chairperson and
Members of the Board of Trustees
Great Oaks Legacy Charter School
County of Essex
Newark, New Jersey

We have audited, 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 and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Great Oaks Legacy Charter School ("the Charter School"), in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon, dated February 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter 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 Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

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 Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ilori CPA LLC

February 28, 2022
Newark, New Jersey

Ilori CPA LLC
Certified Public Accountant

KunleIlori

Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100



K-2

Independent Auditors' Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance and State of New Jersey Department of Treasury Circular 15-08-OMB

The Honorable Chairperson and
Members of the Board of Trustees
Great Oaks Legacy Charter School
County of Essex,
Newark, New Jersey

Compliance

We have audited the Great Oaks Legacy Charter School (“the Charter School”), in the County of Essex, State of New Jersey (“the Charter School”) compliance with the types of requirements described in the OMB Compliance Supplements and *State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement* that could have a direct and material effect on each of the Charter School’s major federal and state programs for the year ended June 30, 2021. The Charter School’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, the Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter 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 of the Charter School's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control over Compliance

Management of the Charter 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 Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Department of Treasury Circular 15-08-OMB, 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 Charter School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 federal or 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 federal or 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. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Accordingly, this report is not suitable for any other purpose.

Ilori CPA LLC

February 28, 2022
Newark, New Jersey

Ilori CPA LLC
Certified Public Accountant

KunleIlori

Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100

GREAT OAKS LEGACY CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal Grant/ Pass-Through Grantor/ Program Title	Federal C.F.D.A No.	Federal Award Identification No.	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2020	Deferred Revenue at June 30, 2020	Due to Grantor at June 30, 2020	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2021	Deferred Revenue at June 30, 2021	Due to Grantor at June 30, 2021
Special Revenue Fund:															
U.S. Department of Education, Pass-Through Programs:															
Passed-Through New Jersey State Department of Education															
Title I Part A - FY 2020-2021	84.010A	S010A200030	7/1/20-9/30/21	\$ 1,587,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,147,782	\$ (1,402,445)	\$ -	\$ (254,663)	\$ -	\$ -
Title II A - FY 2020-2021	84.367A	S367A200029	7/1/20-9/30/21	152,583	-	-	-	-	-	69,811	(130,520)	-	(60,709)	-	-
Title IV A - FY 2020-2021	84.424	S424A200031	7/1/20-9/30/21	95,727	-	-	-	-	-	68,081	(92,376)	-	(24,295)	-	-
IDEA Part B - FY 2020-2021	84.027	H027A200100	7/1/20-9/30/21	396,623	-	-	-	-	-	396,623	(396,623)	-	-	-	-
IDEA Preschool - FY 2020-2021	84.173	H173A200114	7/1/20-9/30/21	11,729	-	-	-	-	-	-	-	-	-	-	-
CARES Emergency Relief Grant	84.425D	S425D200027	3/13/20-9/30/22	1,099,145	-	-	-	-	-	1,099,145	(1,099,145)	-	-	-	-
CRRSA-ESSER II	84.425D	S425D200027	3/13/20-9/30/23	4,263,290	-	-	-	-	-	-	(2,493,620)	-	(2,493,620)	-	-
<hr/>															
Title I Part A - FY 2019-2020	84.010A	S010A190030	7/1/19-9/30/2020	1,555,762	(158,303)	-	-	-	-	158,303	-	-	-	-	-
Title II A - FY 2019-2020	84.367A	S367A190029	7/1/19-9/30/2020	121,343	(20,833)	-	-	-	-	20,833	-	-	-	-	-
Title IV A - FY 2019-2020	84.424	S424A190031	7/1/19-9/30/2020	80,826	(48,496)	-	-	-	-	48,496	-	-	-	-	-
IDEA Part B - FY 2019-2020	84.027	H027A190100	7/1/19-9/30/2020	361,594	(66,030)	-	-	-	-	-	-	-	(66,030)	-	-
IDEA Preschool - FY 2019-2020	84.173	H173A190114	7/1/19-9/30/2020	5,781	-	-	-	-	-	-	-	-	-	-	-
<hr/>															
Total U.S. Department of Education, Passed-Through NJDOE					(293,662)	-	-	-	-	3,009,074	(5,614,729)	-	(2,899,317)	-	-
<hr/>															
Passed-Through South Ward Children's Alliance Promise Neighborhood															
Promise Neighborhood Grant-Expansion of Tutors Corps	85.215N	Not Available	7/1/20-6/30/21	145,790	-	-	-	-	-	159,307	(145,790)	-	-	13,517	-
<hr/>															
Total U.S. Department of Education, Passed-Through South Ward Children's Alliance Promise Neighborhood					-	-	-	-	-	159,307	(145,790)	-	-	13,517	-
<hr/>															
Total U.S. Department of Education, Passed-Through Programs					(293,662)	-	-	-	-	3,168,381	(5,760,519)	-	(2,899,317)	13,517	-
<hr/>															
U.S. Department of Education, Direct Program:															
Charter Schools Grant - Replication and Expansion of High-Quality															
Charter Schools - 2020-2021	84.282M	S282M200004	4/1/20-3/31/21	1,145,115	(107,923)	-	-	-	-	815,352	(1,145,115)	-	(437,686)	-	-
<hr/>															
Total U.S. Department of Education, Direct Programs					(107,923)	-	-	-	-	815,352	(1,145,115)	-	(437,686)	-	-
<hr/>															
Total for U.S. Department of Education					(401,585)	-	-	-	-	3,983,733	(6,905,634)	-	(3,337,003)	13,517	-
<hr/>															
U.S. Department of Treasury, Pass-Through Program:															
Passed-Through State of New Jersey Department of Education															
Coronavirus Relief Fund Grant	21.019	SLT0228	9/1/20-12/31/20	225,708	-	-	-	-	-	225,708	(225,708)	-	-	-	-
<hr/>															
Total for U.S. Department of Treasury, Pass-Through Program					-	-	-	-	-	225,708	(225,708)	-	-	-	-
<hr/>															
Total Special Revenue					(401,585)	-	-	-	-	4,209,441	(7,131,342)	-	(3,337,003)	13,517	-
<hr/>															
Enterprise Fund:															
U.S. Department of Agriculture															
Passed-Through New Jersey Dept of Agriculture															
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	242,750	-	-	-	-	-	235,664	(242,750)	-	(7,086)	-	-
National School Lunch Program	10.555	201NJ304N1099	7/1/19-6/30/20	576,798	(7,086)	-	-	-	-	7,086	-	-	-	-	-
National School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	87,252	-	-	-	-	-	82,707	(87,252)	-	(4,545)	-	-
National School Breakfast Program	10.553	201NJ304N1099	7/1/19-6/30/20	279,956	(4,545)	-	-	-	-	4,545	-	-	-	-	-
After School Snacks	10.555	201NJ304N1099	7/1/19-6/30/20	12,541	(145)	-	-	-	-	145	-	-	-	-	-
Healthy, Hunger-Free Kids Act	10.555	211NJ304N1099	7/1/20-6/30/21	2,693	-	-	-	-	-	2,693	(2,693)	-	-	-	-
Healthy, Hunger-Free Kids Act	10.555	201NJ304N1099	7/1/19-6/30/20	12,998	-	-	-	-	-	-	-	-	-	-	-
<hr/>															
Total Enterprise Fund/Total U.S. Department of Agriculture					(11,776)	-	-	-	-	332,840	(332,695)	-	(11,631)	-	-
<hr/>															
Total Expenditures of Federal Awards					\$ (413,361)	\$ -	\$ -	\$ -	\$ -	\$ 4,542,281	\$ (7,464,037)	\$ -	\$ (3,348,634)	\$ 13,517	\$ -

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

GREAT OAKS LEGACY CHARTER SCHOOL

Schedule of Expenditures of State Awards

Year ended June 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2020	Deferred Revenue at June 30, 2020	Due to Grantor at June 30, 2020	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 20+19	Deferred Revenue at June 30, 20+19	Due to Grantor at June 30, 20+19
State Department of Education														
General Fund:														
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	\$25,514,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,451,128	\$ (25,514,513)	\$ -	\$ (1,919,368)	\$ -	\$ 17,247
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	23,598,045	(316,803)	-	238,595	-	-	316,803	-	(238,595)	-	-	-
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	1,271,203	-	-	-	-	-	1,271,203	(1,271,203)	-	-	-	-
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	958,086	-	-	-	-	-	958,086	(958,086)	-	-	-	-
State Adjustment Aid	21-495-034-5120-085	7/1/20-6/30/21	3,525,764	-	-	-	-	-	3,525,764	(3,525,764)	-	-	-	-
TPAF/FICA Reimbursements	21-495-034-5095-002	7/1/20-6/30/21	714,875	-	-	-	-	-	655,121	(714,875)	-	(59,754)	-	-
TPAF/FICA Reimbursements	20-495-034-5095-002	7/1/19-6/30/20	590,815	(27,778)	-	-	-	-	27,778	-	-	-	-	-
TPAF Post Retirement Medical Contribution	21-495-034-5094-001	7/1/20-6/30/21	675,282	-	-	-	-	-	675,282	(675,282)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	21-495-034-5094-002	7/1/20-6/30/21	2,154,804	-	-	-	-	-	2,154,804	(2,154,804)	-	-	-	-
TPAF Pension Contribution - Long-Term Disability Insuranc	21-495-034-5094-004	7/1/20-6/30/21	4,041	-	-	-	-	-	4,041	(4,041)	-	-	-	-
Total General Fund				<u>(344,581)</u>	<u>-</u>	<u>238,595</u>	<u>-</u>	<u>-</u>	<u>37,040,010</u>	<u>(34,818,568)</u>	<u>(238,595)</u>	<u>(1,979,122)</u>	<u>-</u>	<u>17,247</u>
Special Revenue Fund:														
Preschool Education Aid	21-495-034-5121-086	7/1/20-6/30/21	684,850	-	-	-	-	-	625,718	(684,850)	-	(59,132)	-	-
Total Special Revenue Fund				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>625,718</u>	<u>(684,850)</u>	<u>-</u>	<u>(59,132)</u>	<u>-</u>	<u>-</u>
Total State Department of Education				<u>(344,581)</u>	<u>-</u>	<u>238,595</u>	<u>-</u>	<u>-</u>	<u>37,665,728</u>	<u>(35,503,418)</u>	<u>(238,595)</u>	<u>(2,038,254)</u>	<u>-</u>	<u>17,247</u>
State Department of Agriculture														
Enterprise Fund:														
State School lunch program	21-100-010-3350-023	7/1/20-6/30/21	6,868	-	-	-	-	-	6,754	(6,868)	-	(114)	-	-
State School lunch program	20-100-010-3350-023	7/1/19-6/30/20	10,121	(114)	-	-	-	-	114	-	-	-	-	-
Total Enterprise Fund				<u>(114)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,868</u>	<u>(6,868)</u>	<u>-</u>	<u>(114)</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance				<u>\$ (344,695)</u>	<u>\$ -</u>	<u>\$ 238,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,672,596</u>	<u>(35,510,286)</u>	<u>\$(238,595)</u>	<u>\$ (2,038,368)</u>	<u>\$ -</u>	<u>\$ 17,247</u>
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution										675,282				
TPAF Pension Contribution - Normal & NCGI										2,154,804				
TPAF Pension Contribution - Long-Term Disability Insurance										4,041				
Total Expenditures of State Financial Assistance Subject to Single Audit										<u>\$ (32,676,159)</u>				

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance of the Charter School. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Charter School's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made. The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0- for the general fund and \$-0- for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3).

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

3. Relationship to Basic Financial Statements - *continued*

Federal awards and state financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 34,818,568	\$ 34,818,568
Special Revenue Fund	7,131,342	684,850	7,816,192
Enterprise Fund	332,695	6,868	339,563
Total	<u>\$ 7,464,037</u>	<u>\$ 35,510,286</u>	<u>\$ 42,974,323</u>

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. Other Information

TPAF Social Security contribution in the amount of \$714,875 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. The amount reported as TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions in the amount of \$2,834,127 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2021.

6. On Behalf Programs Not Subject to State Single Audit

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's financial statements and the amount subject to State single audit and major program determination.

7. De Minimis Indirect Cost

The Charter School has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part I Summary of Auditors' Results

Financial Statements Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Noncompliance material to basic financial statements noted? _____ Yes No

Federal Awards:

Type of auditor's report on compliance for major programs: Unmodified

Internal control over major programs:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes No

Identification of major programs:

CFDA Number(s)	FAIN Numbers	Name of Federal Program or Cluster
84.010A	S010A190030	Title I, Part A
84.282M	S282M200004	Charter Schools Grant
84.425D	S425D200027	CARES Emergency Relief Act
84.425D	S425D200027	CRRSA-ESSER-II
21.019	SLT0228	Coronavirus Relief Fund Grant

Dollar threshold used to distinguish between Type A and B programs: \$750,000

Auditee qualifies as low-risk auditee? Yes _____ No

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part I Summary of Auditors' Results

State Financial Assistance Section

Dollar threshold used to distinguish between Type A and B programs: \$750,000

Auditee qualifies as low-risk auditee? Yes No

Type of auditor's report on compliance for major programs: Unmodified

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

Any audit findings disclosed that are required to be reported
in accordance with NJ OMB Circulars 15-08 as applicable? Yes No

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
21-495-034-5120-078	Equalization Aid
21-495-034-5120-089	Special Education Aid
21-495-034-5120-084	Security Aid
21-495-034-5120-085	State Adjustment Aid

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part II – Schedule of Financial Statement Findings

NONE

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part III – Schedule of Federal Awards and State Financial Assistance

NONE

**GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2021**

There were no prior year's audit findings.