

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
OF NEW JERSEY
FOR THE FISCAL PERIOD ENDED JUNE 30, 2021**

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
JUNE 30, 2021
TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	1
Roster of Trustees and Officers.....	5
Consultants and Advisors.....	6

FINANCIAL SECTION

Independent Auditor's Report on General Purpose Financial Statements and Supplementary Schedule of Expenditures of Federal Awards and State Financial Assistance	7
Required Supplementary Information - Part I Management's Discussion and Analysis	10

Basic Financial Statements:

A. School-wide Financial Statements

A-1 Statement of Net Position	20
A-2 Statement of Activities	21

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet.....	22
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances.....	23
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	24

Proprietary Funds:

B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	26
B-6 Statement of Cash Flows	27

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position – Not Applicable	28
B-8 Statement of Changes in Fiduciary Net Position – Not Applicable	29

Notes to Financial Statements	30
--	-----------

Required Supplementary Information - Part II

C. Budgetary Comparison Schedules:

C-1 Budgetary Comparison Schedule General Fund	67
C-2 Budgetary Comparison Schedule Special Revenue Fund	70

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
JUNE 30, 2021
TABLE OF CONTENTS

Notes to Required Supplementary Information:

C-3 Budget to GAAP Reconciliation.....	72
--	----

Required Supplementary Information - Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):

L-1 Schedule of the Charter School’s Proportionate Share of the Net Pension Liability-PERS	73
L-2 Schedule of Charter School Contributions – PERS	74
L-3 Schedule of the Charter School Proportionate Share of the Net Pension Liability-TPAF – Not Applicable	75
L-4 Notes to Required Supplementary Information Pension Schedules	76
M-1 Schedule of Changes in the State’s Total OPEB Liability and Related Ratios	77

Other Supplementary Information

E. Special Revenue Fund:

E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund - Budgetary Basis	78
E-2 Schedule of Preschool Education aid Budgetary Basis – Not Applicable	78

G. Proprietary Funds:

Enterprise Fund:

G-1 Combining Statement of Net Position.....	79
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	80
G-3 Combining Statement of Cash Flows.....	81

Fiduciary Funds:

H-1 Combining Statement of Fiduciary Net Position – Not Applicable	82
H-2 Combining Statement of Changes in Fiduciary Net Position – Not Applicable	83
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements – Not Applicable	84
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements – Not Applicable	85
H-5 Unemployment Compensation Insurance Trust Fund – Not Applicable	86

J. Financial Trends:

J-1 Net Position by Component.....	87
J-2 Changes in Net Position	88
J-3 Fund Balances – Governmental Funds	89
J-4 Changes in Fund Balances – Governmental funds.....	90

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
JUNE 30, 2021
TABLE OF CONTENTS

J. Revenue Capacity:

J-5	General Fund - Other Local Revenue by Source	91
J-6	Assessed Value and Actual Value of Taxable Property – Not Applicable	92
J-7	Direct and Overlapping Properties – Not Applicable	93
J-8	Principal Property Taxpayers – Not Applicable	94

J. Debt Capacity:

J-9	Property Tax Levies and Collections – Not Applicable	95
J-10	Ratios of Outstanding Debt by Type – Not Applicable	96
J-11	Ratios of Net General Bonded Debt Outstanding – Not Applicable	97
J-12	Direct and Overlapping Governmental Activities Debt – Not Applicable	98

J. Demographic and Economic Information:

J-13	Legal Debt Margin Information – Not Applicable	99
J-14	Demographic and Economic Statistics – Not Applicable	100

J. Operating Information:

J-15	Principal Employers – Not Applicable	101
J-16	Full Time Equivalent Charter School Employees by Function/Program	102
J-17	Operating Statistics	103
J-18	School Building Information	104
J-19	General Fund-Schedule of Required Maintenance – Not Applicable	105
J-20	Insurance Schedule	106

J. Charter School Performance Framework Financial Indicators:

J-21	Near Term Indicators	107
------	----------------------------	-----

SINGLE AUDIT SECTION K.

K-1	Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	108
K-2	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with The Uniform Guidance and New Jersey OMB Circular letter 15-08	110
K-3	Schedule of Expenditures of Federal Awards, Schedule A	113
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	114
K-5	Notes to the Schedule of Awards and Financial Assistance	115
K-6	Schedule of Finding and Questioned Costs Section I – Summary of Auditor’s Results	117
	Section II – Financial Statement Findings	119
	Section III – Federal Awards and State Financial Findings and Questioned Costs	120
K-7	Summary Schedule of Prior Audit Findings.....	121



March 8, 2022

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN 500
Trenton, NJ 08625

Dear Commissioner:

The Annual Comprehensive Financial Report of the College Achieve Paterson Charter School for the fiscal period ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES** The College Achieve Paterson Charter School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

2) **ENROLLMENT OUTLOOK:** College Achieve Paterson Charter School opened in 2017 serving 276 scholars grades K, 1st, 5th. College Achieve has grown since then to 1277 scholars and now serves grades K - 10 and plans to grow one grade per year until fully enrolled as a K-12 school with 1,450 scholars.

3) **MAJOR ACCOMPLISHMENTS**

College Achieve Paterson Charter School opened in 2017. Since then we have grown significantly and are most proud about the following accomplishments:

- In 2017, 2018, and 2019 our school-wide attendance rate exceeded 92%, which is above the state average.
- In 2019 our school earned the distinction of a “Tier 1 School” status, which is the highest-ranking a charter school can receive from New Jersey DOE for strong academic outcomes.
- In 2019 our school improved its state ranking from the 6th percentile to the 59th percentile of schools in the state.
- In 2021 our school was awarded the Charter School Program (CSP) grant. The CSP grant is from the US Department of Education to catalyze the growth of high-quality public charter schools across the state of New Jersey.

4) **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the 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 internal control structure 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 to be derived: and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the school also is responsible for ensuring that an adequate control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the school management.

As part of the school’s single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the school has complied with applicable laws and regulations.

5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the school maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the school and the State of New Jersey. Annual appropriated budgets are adopted for the general fund

and the special revenue fund. The final budget amount as amended for the fiscal period reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2021.

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The Charter Schools’ accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the school is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements,” Note 1.
- 7) **FINANCIAL INFORMATION AT FISCAL PERIOD–END:** As demonstrated by the various statements and schedules included in the financial section of report, the school has met its responsibility for sound financial management. The following schedule presents a summary of the General, Special Revenue and Proprietary Funds for the fiscal period ended June 30, 2021.

Revenue	Amount	Percent of Total
Local and State Aid	\$14,942,781	90%
Special Revenue Fund	963,030	5%
Misc. (Includes \$629,353 in PPP Loan Forgiveness)	646,042	4%
Proprietary Fund	100,854	1%
Total	\$16,652,707	100%

The following schedule presents a summary of the General, Special Revenue and Proprietary Funds expenditures for the fiscal period ended June 30, 2021.

Expenditures	Amount	Percent of Total
General Fund	\$13,877,244	93%
Special Revenue Fund	963,030	6%
Proprietary Fund	89,508	1%
Total	\$14,929,782	100%

- 8) **CASH MANAGEMENT:** The investment policy of the school is guided in large part by the state Statute as detailed in “Notes to the Financial Statements,” Note 2. The school had adopted a cash management plan, which requires it to deposit public funds 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 a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) **RISK MANAGEMENT:** The school carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and contents.

10) **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by an Independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Gerald D. Longo, CPA was selected by the Charter School.

In addition to meeting the requirements set forth in the state statutes, 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.

The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,



Dr. Brian Falkowski
School Business Administrator

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL

**ROSTER OF TRUSTEES
JUNE 30, 2021**

<u>BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Dr. Samuel Johnson, President	6/2024
Roger Grutzmacher	5/2022
Kenyatta Stewart	4/2022
Jerry Walker	6/2022
Kyona Best	8/2023

CONSULTANTS AND ADVISORS
June 30, 2021

AUDIT FIRM

Gerald D. Longo, CPA
62 Old Queens Blvd.
Manalapan, NJ 07726-3648

ATTORNEYS

Thomas O. Johnston, Esq.
Johnston Law Firm LLC
151 Forest Street, Suite A
Montclair, New Jersey 07042

OFFICIAL DEPOSITORY

PNC Bank
Pittsburgh, PA 15230

FINANCIAL SECTION

GERALD D. LONGO
CERTIFIED PUBLIC ACCOUNTANT
62 OLD QUEENS BLVD.
MANALAPAN, NEW JERSEY 07726-3648

TELEPHONE
732 446-4768

FAX
732 792-0868

Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
College Achieve Paterson Charter School
County of Passaic
Paterson, New Jersey

Report on the Financial Statements

I 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 of the College Achieve Paterson Charter School, County of Passaic, 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 College Achieve Paterson 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my 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, each major fund, and the aggregate remaining fund information of the College Achieve Paterson Charter School as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

I 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. My 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, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School basic financial statements, The accompanying supplementary information such as the combining and individual fund financial statements and the schedules of expenditures of

federal and state awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and New Jersey's OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate 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 my opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 8, 2022 on my consideration of the College Achieve Paterson Charter School's internal control over financial reporting and on my 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 my 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 College Achieve Paterson Charter School's internal control over financial reporting and compliance.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
March 8, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

This section of College Achieve Paterson Charter School's annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal period that ended on June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-21 fiscal period include the following:

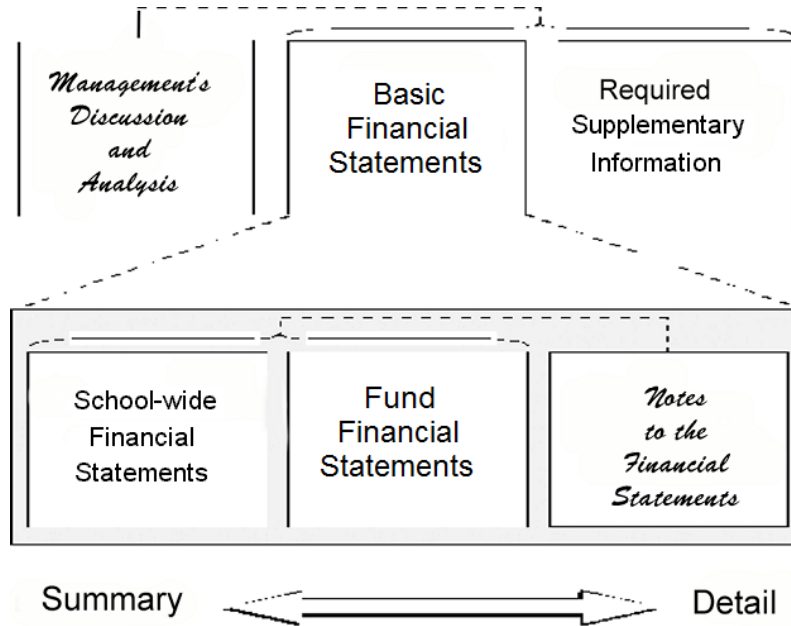
- Total Net Position School Wide was \$3,542,800.
- The unassigned General Fund balance at June 30, 2021 is \$3,705,354 and Enterprise Fund balance is \$100,862.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the College Achieve Paterson Charter School.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the College Achieve Paterson Charter School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the College Achieve Paterson Charter School, reporting the College Achieve Paterson Charter School's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities. College Achieve Paterson Charter School does not operate a food service.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the College Achieve Paterson Charter School’s financial statements, including the portion of the College Achieve Paterson Charter School’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the School-wide and Financial Statements

	<u>School-wide Statements</u>	<u>Fund Financial Statements</u>	
		Governmental Funds	Proprietary Funds
Scope	Entire school (except fiduciary funds)	The activities of the College Achieve Paterson Charter School that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the College Achieve Paterson Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statement of net position	Balance sheet	Statement of net position
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Statement of cash flows Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

School-wide Statements

The school-wide statements report information about the College Achieve Paterson Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the College Achieve Paterson Charter School's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the College Achieve Paterson Charter School's net position and how they have changed. Net position – the difference between the College Achieve Paterson Charter School's assets and liabilities – are one way to measure the College Achieve Paterson Charter School's financial health or position.

In the school-wide financial statements, the College Achieve Paterson Charter School's activities are shown in two categories:

- *Governmental activities*- Most of the College Achieve Paterson Charter School's basic services are included here, such as regular and special education, transportation, administration, and community education. Property taxes and state aid finance most of these activities.
- *Business-type activities*- This is not applicable to College Achieve Paterson Charter School.

Fund Financial Statements

The fund financial statements provide more detailed information about the College Achieve Paterson Charter School's funds – focusing on its most significant or "major" funds – not the College Achieve Paterson Charter School as a whole.

Funds are accounting devices the College Achieve Paterson Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

The College Achieve Paterson Charter School uses other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

The College Achieve Paterson Charter School has two kinds of funds:

- **Governmental funds-** Most of the College Achieve Paterson Charter School’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the College Achieve Paterson Charter School’s programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the College Achieve Paterson Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.

FINANCIAL ANALYSIS OF THE COLLEGE ACHIEVE PATERSON CHARTER SCHOOL AS A WHOLE

Net position. The College Achieve Paterson Charter School’s net position School Wide is \$3,542,800 as of June 30, 2021. (See Table A-1).

Governmental	\$3,441,940
Enterprise	100,860
Total	\$3,542,800

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

The College Achieve Paterson Charter School's financial position is the product of these factors:

- Special Revenue Fund - Federal Aid Revenues and Expenditures were \$963,030.
- General Fund Revenues were \$15,588,823.
- General Fund Expenditures were \$13,877,244.

**Table A-1
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Net Position - School Wide
As of June 30, 2021**

	<u>Total</u>
Current and Other Assets	\$5,098,508
Capital Assets, Net	134,860
Total Assets	<u>\$5,233,368</u>
Current and Other Liabilities	\$1,690,568
Total Liabilities	<u>\$1,690,568</u>
Net Assets:	
Invested In Capital Assets, Net	\$134,860
Unrestricted Net Position	3,407,940
Total Net Position	<u>\$3,542,800</u>
Total Liabilities and Net Position	<u>\$5,233,368</u>
Fund Balance - June 30, 2021	\$3,806,216
Invested In Capital Assets, Net	134,860
Net Position before Pension Adjustment	3,941,076
Less: Pension Adjustment	(398,276)
Net Position - June 30, 2021	<u>\$3,542,800</u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$3,542,800 as of June 30, 2021.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table A-2
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2021

Revenues	Total
Program revenues	
Charges for services	\$ -
Operating grants and contributions	-
General revenues	
Local Share	1,370,400
Federal and State Aid-Unrestricted	13,572,381
Federal Aid-Restricted	963,030
Other (Includes \$629,353 in PPP Loan Forgiveness)	646,042
Proprietary Fund	100,854
Increase in Capital Outlay	41,554
Total revenues	<u>\$ 16,694,261</u>
Expenses	
Regular Instruction	(7,161,200)
General Administrative	(3,678,664)
School Administrative	(3,005,633)
On-behalf TPAF/Social Security	(859,428)
Capital Outlay	(135,349)
Proprietary Fund	(89,508)
Total Expenses	<u>(14,929,782)</u>
Increase in net position before Pension Adjustment	1,764,479
Pension Adjustment	(296,473)
Net Position, Beginning of Year July 1, 2020	2,074,794
Net Position, End of Year, June 30, 2021	<u>3,542,800</u>
Increase in Fund Balance	\$ 1,722,925
Increase in Net Capital Outlay	41,554
Net Increase in Net Position	1,764,479
Net Position - Beginning July 1, 2020	2,074,794
Net Position - Before Pension Adjustment	3,839,273
Less Pension adjustment net	(296,473)
Net Position - End of Year June 30, 2021	<u>\$ 3,542,800</u>

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table A-3 (See Exhibit A-2)
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Total and Net Cost of Services - School Wide
For the Fiscal Year Ended June 30, 2021**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
School Wide			
Instruction			
Regular	B-2	\$ 7,161,200	\$ 7,161,200
Support Services			
General Administrative Services	B-2	3,678,664	3,678,664
School Administrative Services	B-2	3,005,633	3,005,633
On-behalf TPAF Social Security	B-2	859,428	859,428
Capital Outlay	B-2	135,349	135,349
Total School Wide Activities		<u>\$ 14,840,274</u>	<u>\$ 14,840,274</u>

FINANCIAL ANALYSIS OF THE COLLEGE ACHIEVE PATERSON CHARTER SCHOOL FUNDS

The financial performance of the College Achieve Paterson Charter School as a whole is reflected in its School Wide activities Exhibit A-2. As the College Achieve Paterson Charter School completed the year, its general fund reported an unassigned balance of \$3,705,354.

Revenues for the College Achieve Paterson Charter School’s governmental funds were \$16,551,853 while total expenses were \$14,840,274. (Table A-4) (Exhibit B-2)

GENERAL FUND

The General Fund includes the primary operations of the College Achieve Paterson Charter School in providing educational services to students for K-9.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The following schedule presents a summary of Revenues – School Wide.

Table A-4 (See Exhibit B-2)
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Changes in Revenues - School Wide
For the Fiscal Year Ended June 30

Revenues	Year Ended 06/30/2021	Year Ended 06/30/2020	Amount of Increase (Decrease)
Local Sources:			
Local Share	\$ 1,370,400	\$ 868,113	\$ 502,287
Other Local Revenue - Including PPP loan forgiveness of \$629,353	646,042	195,094	\$ 450,948
Total Local Sources	<u>\$ 2,016,442</u>	<u>\$ 1,063,207</u>	<u>\$ 953,235</u>
Other Sources			
State Sources	\$ 13,572,381	\$ 10,015,818	\$ 3,556,563
Proprietary Fund	100,854	286,122	\$ 281,321
Federal Sources	963,030	390,204	\$ 572,826
Total Intergovernmental Sources	<u>14,636,265</u>	<u>10,692,144</u>	<u>\$ 3,944,121</u>
Total Revenues	<u><u>\$ 16,652,707</u></u>	<u><u>\$ 11,755,351</u></u>	<u><u>\$ 4,897,356</u></u>

The following schedule presents a summary of Expenditures – School Wide.

Table A-5 (See Exhibit B-2)
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Changes in Expenditures - School Wide
For the Fiscal Year Ended June 30

Expenditures	Year Ended 06/30/2021	Year Ended 06/30/2020	Amount of Increase (Decrease)
Current:			
Regular Instruction	\$ 7,161,200	\$ 5,604,664	\$ 1,556,536
General Administrative Services	3,678,664	2,157,663	\$ 1,521,001
School Administration	3,005,633	2,115,406	\$ 890,227
On-behalf TPAF/Social Security	859,428	447,118	\$ 412,310
Capital outlay	135,349	-	\$ 135,349
Proprietary Fund	89,508	240,555	\$ (151,047)
Total Expenditures	<u><u>\$ 14,929,782</u></u>	<u><u>\$ 10,565,406</u></u>	<u><u>\$ 4,364,376</u></u>

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the unreserved unassigned fund balance.

**Table A-6
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Fund Balance - School Wide
For the Fiscal Years Ended June 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Unreserved Unassigned Fund Balance	\$3,806,216	\$2,083,289	\$893,344	\$13,172
Expenditures	\$14,929,782	\$10,565,406	\$6,696,488	\$3,628,871
Percentages	25.50%	19.70%	13.30%	0.40%

The College Achieve Paterson Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during the school year. The governmental fund balance designated to support the subsequent years budget is \$3,705,354 for the 2021-22 school year.

FACTORS BEARING ON THE SCHOOL’S FUTURE

While many factors influence the Charter School’s future, the availability of State funding and the economy will have the most impact on educational and fiscal decisions in the future.

These and many other factors were considered by the Charter School’s administration during the process of developing the fiscal year 2021-22 budget. The primary factors were the Charter School’s projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs. These indicators were considered when adopting the budget for fiscal year 2021-2022.

CONTACTING THE COLLEGE ACHIEVE PATERSON CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the College Achieve Paterson Charter School’s finances and to demonstrate the College Achieve Paterson Charter School’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, College Achieve Paterson Charter School, 21 Market Street, Paterson, NJ 07501.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the College Achieve Paterson Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2021.

SCHOOL-WIDE FINANCIAL STATEMENTS

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Net Position
As of June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,258,034	\$ 87,249	\$ 3,345,283
Receivables	491,693	13,613	505,306
Security Deposit - Rental	98,197		98,197
Capital assets, net	134,860	-	134,860
Total Assets	<u>3,982,784</u>	<u>100,862</u>	<u>4,083,646</u>
Deferred outflows of resources - Pension	1,149,722	-	1,149,722
Total assets and deferred outflows of resources	<u>\$ 5,132,506</u>	<u>\$ 100,862</u>	<u>\$ 5,233,368</u>
LIABILITIES			
Accounts payable	\$ 90,495	\$ -	\$ 90,495
Deferred Revenue	12,600		12,600
Due to State	39,475		39,475
Net Pension Liability - Long Term	1,070,434		1,070,434
Total liabilities	<u>1,213,004</u>	<u>-</u>	<u>1,213,004</u>
Deferred inflows of resources - Pension	<u>477,564</u>	<u>-</u>	<u>477,564</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,690,568</u>	<u>\$ -</u>	<u>\$ 1,690,568</u>
NET POSITION			
Invested in capital assets, net	134,860	-	134,860
Unrestricted	3,307,078	100,862	3,407,940
Total net position	<u>\$ 3,441,938</u>	<u>\$ 100,862</u>	<u>\$ 3,542,800</u>
Total liabilities, deferred inflows and net position	<u>\$ 5,132,506</u>	<u>\$ 100,862</u>	<u>\$ 5,233,368</u>
Fund Balance June 30, 2021 - B-1	\$ 3,705,354		
Cost of capital assets net accumulated depreciation	134,860		
Net Position before pension adjustments	<u>3,840,214</u>		
Less pension adjustments net (Note 14) (Deficit)	(398,276)		
Total Net Position June 30, 2021	<u>\$ 3,441,938</u>		

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
Instruction:						
Regular	\$ (7,161,200)		\$ (948,483)		\$ (6,212,717)	\$ (6,212,717)
Support services:						0
General administratration	(3,678,664)		(14,547)		(3,664,117)	(3,664,117)
School administrative services/ operations plant se	(3,005,633)				(3,005,633)	(3,005,633)
On - behalf TPAF/Social Security	(859,428)				(859,428)	(859,428)
Capital Outlay	(135,349)				(135,349)	(135,349)
Total governmental activities	<u>(14,840,274)</u>		<u>(963,030)</u>		<u>(13,877,244)</u>	<u>(13,877,244)</u>
Business-type activities:	<u>(89,508)</u>				<u>(89,508)</u>	<u>(89,508)</u>
Total business-type activities	<u>(89,508)</u>				<u>(89,508)</u>	<u>(89,508)</u>
Total primary government	<u>\$ (14,929,782)</u>	<u>\$ 0</u>	<u>\$ (963,030)</u>		<u>\$ (13,877,244)</u>	<u>\$ (13,966,752)</u>
General revenues:						
Local Share				\$ 1,370,400		\$ 1,370,400
State Share				11,702,494	4,071	11,706,565
State and Federal Aid				1,869,887	96,783	1,966,670
Miscellaneous Income				646,042		646,042
(Decrease) in capital assets				41,554		41,554
Total General Revenues, Special Items,				<u>15,630,377</u>	<u>100,854</u>	<u>15,731,231</u>
Change in Net Position - Increase				<u>1,753,133</u>	<u>11,346</u>	<u>1,764,479</u>
Net Increase in Pension Adjustment (Decrease)				<u>(296,473)</u>		<u>(296,473)</u>
Net Position - July 1, 2020				<u>1,985,280</u>	<u>89,514</u>	<u>2,074,794</u>
Net Position - June 30, 2021				<u>\$ 3,441,940</u>	<u>\$ 100,860</u>	<u>\$ 3,542,800</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this document.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Balance Sheet
Governmental Funds
As of June 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 3,258,034	\$ -	\$ 3,258,034
Interfund	408,909	(408,909)	
Receivables	40,924	450,769	491,693
Security Deposit - Rental	98,197	-	98,197
Total assets	<u>\$ 3,806,064</u>	<u>\$ 41,860</u>	<u>\$ 3,847,924</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 90,495	\$ -	\$ 90,495
Due To State	10,215	29,260	39,475
Deferred Revenue	0	12,600	12,600
Loan Payable PPP SBA (Note 15)	0		0
Total liabilities	<u>100,710</u>	<u>41,860</u>	<u>142,570</u>
Fund Balances:			
Unreserved:			
Unassigned	<u>3,705,354</u>	<u>0</u>	<u>3,705,354</u>
Total Fund balances	<u>3,705,354</u>	<u>0</u>	<u>3,705,354</u>
Total liabilities and fund balances	<u>\$ 3,806,064</u>	<u>\$ -</u>	<u>\$ 3,847,924</u>

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

Governmental Fund Balance June 30, 2021	\$ 3,705,354
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation	212,213 <u>(77,353)</u>
Net position before pension adjustments	<u>134,860</u> 3,840,214
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 5)	1,149,722
Deferred Inflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 6)	(477,564)
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 6)	<u>(1,070,434)</u>
Net position of governmental activities June 30, 2021	<u>\$ 3,441,938</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Local Share	\$ 1,370,400		\$ 1,370,400
State Share	11,702,494		11,702,494
Miscellaneous (Includes \$629,353 in PPP Loan Forgiveness) (Note 15)	646,042	-	646,042
Total - Local Sources	<u>13,718,936</u>		<u>13,718,936</u>
State Sources	1,869,887	-	1,869,887
Federal Sources		963,030	963,030
Total Revenues	<u>15,588,823</u>	<u>963,030</u>	<u>16,551,853</u>
EXPENDITURES			
Current:			
Regular instruction	\$ 6,212,717	\$ 948,483	\$ 7,161,200
Support services- General Administrative	3,664,117	14,547	3,678,664
Support Services- School Admin/ operations plant serv	3,005,633		3,005,633
On-behalf TPAF/Social Security (Non Budgeted)	859,428		859,428
Capital outlay	135,349		135,349
Total Expenditures	<u>13,877,244</u>	<u>963,030</u>	<u>14,840,274</u>
Excess (Deficiency) of revenues over expenditures	<u>1,711,579</u>		<u>1,711,579</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-		-
Transfers out	-		-
Total other financing sources and uses	<u>-</u>		<u>-</u>
Net change in fund balances - Increase	1,711,579		1,711,579
Fund balance - July 1, 2020	1,993,775		1,993,775
Fund balance - June 30, 2021	<u>\$ 3,705,354</u>		<u>\$ 3,705,354</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this document.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Total net change in fund balances - governmental funds (from B-2) \$ 1,711,579

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 in the period.

	Depreciation expense	\$ (25,523)	
	Capital outlays	<u>67,077</u>	
			\$ 41,554

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.

Change in net position of governmental activities (A-2) \$ 1,753,133

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

Exhibit B-4

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Net Position
Proprietary Fund
As of June 30, 2021

	Proprietary Fund Business-Type Activities Enterprise
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$87,249
Accounts Receivable	
Other	
Federal	12,966
State	647
Total Current Assets	<u>100,862</u>
Total Assets	<u><u>\$100,862</u></u>
LIABILITIES	
Total Current Liabilities	<u>\$</u>
Net Position	
Unrestricted	<u>100,862</u>
Total Net Position	<u><u>\$100,862</u></u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit B-5

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Proprietary Fund Business-Type Activities Enterprise
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Self Pay Revenue	
Total Operating Revenues	-
OPERATING EXPENSES	
Supplies, Materials & Other	(\$89,508)
Total Operating Expenses	(89,508)
Income (Loss) From Operations	(89,508)
Nonoperating Revenues	
State Sources	
State Sources	4,071
Federal Sources	
National Snack	
School Breakfast Program	32,232
National School Lunch Program	64,551
Total Nonoperating Revenues	100,854
Increase in Net Position	11,346
Total Net Position - July 1, 2020	89,514
Total Net Position - June 30, 2021	\$100,860

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statements of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Proprietary Fund Business-Type Activities
Cash flows from operating activities	
Cash Payments supplies, material and other	(\$89,508)
Net Cash (Used) by Operating Activities	(89,508)
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	87,241
Net Cash Provided by Noncapital Financing Activities	87,241
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	(2,267)
Cash and Cash Equivalents, Beginning of Year	89,514
Cash and Cash Equivalents, End of Year	\$87,247
Reconciliation of Operating Income to Net Cash Used by Operating Activities	
Operating Income	\$11,346
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	0
(Increase) Decrease in Accounts Receivable	(13,613)
Change in Assets and Liabilities	0
Total Adjustment	(13,613)
Net Cash Provided by (Used In) Operating Activities	(\$2,267)

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

Exhibit B-7

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2021**

NOT APPLICABLE

Exhibit B-8

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

NOTES TO THE BASIC FINANICAL STATEMENTS

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

College Achieve Paterson Charter School ("Charter School") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board of Trustees (the "Board") consists of appointed officials and are responsible for the fiscal control of the Charter School. A director is appointed by the Board and is the administrative control of the Charter School.

A reporting entity is comprised primary government, component units and other organizations that are included to insure 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 for 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, section of governing authority, designation of management, 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. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the 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 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.

A. Basis of Presentation

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 primary government, except for fiduciary funds.

Government-Wide Statements

The statement of net position presents the financial condition of the governmental activities of the Charter School at fiscal 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 activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, 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 expectations. 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.

Fund Financial Statements

During the fiscal year, 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 this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Charter School uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Government funds are those 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 may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter School's major governmental funds:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

As required by the New Jersey State 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, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings that 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 of the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Proprietary Funds

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that were financed and operated in a manner similar to private business enterprises - where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing education 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 appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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 noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into invested in capital assets net of related debt and unrestricted net position, if

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of fixed assets used by proprietary funds is charged as an expense against their operations.

Fiduciary Funds

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

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.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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 School Board resolution at any time during the fiscal year subject to the limitation of P.L 2004 c73 (S 1701).

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund 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 recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule -

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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 School Board resolution at any time during the fiscal year subject to the limitation of P.L 2004 c73 (S 1701).

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund 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 recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

F. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$0

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of encumbrances at June 30, 2021. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

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.

G. Cash, Cash Equivalents and Investments

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

New Jersey Charter Schools are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments 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 funds 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 a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes 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, banks (both state and national banks) and savings banks, 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 deposits 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.

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

I. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

J. Capital Assets

General Fund capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Charter School maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description of Capital Cost</u>	<u>Estimated Lives (Years)</u>
Leasehold improvements	N/A
Furniture and Equipment	7

K. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a 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 a 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. The entire sick leave and vacation liabilities are reported on the government-wide financial statements.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Charter School had a compensated absence liability of \$0 at June 30, 2021.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of compensated absences and mortgage payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

M. Net Position/Fund Balance

School-Wide Statements

In the school-wide statements, there are three classes of net position:

- Invested in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included. Also included in invested in capital assets are amounts the Charter School prepaid in advance of the work performed.
- Restricted Net Position - reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - any portion of net position not already classified as either net invested in capital assets or net position - restricted is classified as net position – unrestricted, which includes deferred inflows and outflows

Fund Balance and Equity

The Charter School follows GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54"), in establishing fund balance classifications that comprise a

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

N. Unearned/Deferred Revenue

Unearned/Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

O. Fund Equity

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. 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.

R. Deferred Outflows/Inflows

Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has one type which arise only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability.

Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

S. 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. 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.

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Fair Value of Financial Instruments

The Charter School follows the accounting and disclosure standards pertaining to GASB No. 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 includes 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 instrument, 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 are 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 judgment or estimation.

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

U. Adoption of New Accounting Standard

During fiscal year 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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

longer presents a Statement of Fiduciary Net Position, and records payroll deductions and withholdings payable, unemployment activities in the General Fund in the Governmental Fund financial statements.

Student activities are recorded in the Special Revenue Fund in the Governmental Fund financial statements. Special Revenue Fund balance as of June 30, 2020, was restated by \$0 to meet requirements of the new standard. There were no student activities accounts or unemployment trust fund accounts noted during the year end June 30, 2021.

V. 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.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. As of June 30, 2021, the charter schools case balance was insured for \$250,000 by the FDIC and the remaining balance was subject to provisions of GUDPA.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market. Mutual Funds, bonds or other obligations of the Charter School or bonds or other obligations of the local unit or units within which the Charter School is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

As of June 30, 2021, the Charter School had no investments.

4. RELATED PARTY TRANSACTIONS COLLEGE ACHIEVE PUBLIC CHARTER SCHOOLS, INC.

Operating Leases

The Charter School has entered into three sublease agreements with College Achieve Public Charter Schools, Inc. in effect for school facilities on Oliver Street, 21 Market Street and 5 Colt Street in Paterson, New Jersey. Under these agreements, the Charter School paid \$1,708,358 per year in rent for the fiscal year ending June 30, 2021. This amounts to 10% above the amount paid by the sublandlord to the landlord. Total rental payments under this sublease for the fiscal year ended June 30, 2021. (See Note 16 – Rental Commitments)

Management Agreement

In June 2017, the Charter School entered into an educational management agreement with College Achieve Public Schools, Inc., (CAPS) a 501(c)(3) Non Profit Organization to manage the operation of the school for the period July 1, 2017 to June 30, 2018 (Initial Term) 2 years. The agreement can be extended for 5 additional terms of two years. The current term is effective through June 30, 2023. The Charter School will pay a management fee equal to 15% of the Charter's School total of Core State/Local Revenue plus Core Federal Revenue. The annual fee percentage is not applied to the revenues received from special programs such as the school lunch program funding. during the contract term. The management fee for year ending June 30, 2021 amounted to \$2,180,663.

Issuance of Series 2022 Bonds by CAPS 21 Market LLC

College Achieve Paterson Charter School is managed by College Achieve Public Charter Schools, Inc. ("CAPS" or the "Manager"), a 501(c)(3) nonprofit charter management organization. CAPS is not an affiliate of the School and there is no overlap in board governance between CAPS and the School.

CAPS is the sole member of CAPS 21 Market LLC (the "Borrower"), a New Jersey limited liability company created in June 2021. The Borrower will use the proceeds in the approximate amount of \$15,900,000 of the Series 2022 Bonds to acquire the existing CAPS Paterson school facility located at 21 Market Street, Paterson, New Jersey (Block 4609, Lots 11 and 11.01) (the "Market Street Campus") and will lease the Market Street Campus to the School for continued operation as a charter public school.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

4. RELATED PARTY TRANSACTIONS COLLEGE ACHIEVE PUBLIC CHARTER SCHOOLS, INC. (continued)

The Borrower is the obligee of the Series 2022 Bonds and is the only entity directly obligated to make payments with respect to the Series 2022 Bonds. The Series 2022 Bonds are payable solely from payments to be made by the Borrower pursuant to the Loan Agreement, which payments, in turn, are to be derived from Lease Payments required to be made by the School pursuant to the Lease Agreement. CAPS Paterson is managed by CAPS and CAPS is the sole member of the Borrower. However, CAPS is not obligated to make payments with respect to the Series 2022 Bonds, is not required to pledge any revenues for the payment of the Series 2022 Bonds and is not an obligated party under the Master Trust Indenture. However, CAPS is subordinating its management fee payable by CAPS Paterson to payment of debt service on the Series 2022 Bonds by directing CAPS Paterson to pay the management fee to the Master Trustee for release to CAPS only after payment in full of debt service on the Series 2022 Bonds.

5 PENSION PLANS

Description of Plans - Substantially all of the employees of the 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 Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State.

The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School and the systems other related non-contributing employers.

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5 **PENSION PLANS (continued)**

including post-retirement health care to substantially all full time employees of the State or any county municipality, School, or public agency provided the employee is not a member of another state-administered retirement system.

The public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State of New Jersey or any county, municipality, School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

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.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 43:03B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirements benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined.

Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the member's accounts.

Significant Legislation - Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5 PENSION PLANS (continued)

Pension Plan Design Changes - Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes - Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF.

The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2019 for PERS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2001, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. Under current statute the School is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and Schools).

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5 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 School's contribution to PERS for the year ended June 30, 2020 was \$71,808.

In accordance with N.J.S.A 18A:66-66 the School recorded as revenue for the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries in the amount of \$241,888. Also the State paid \$617,540 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 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.

6 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.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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 \$5,981,109 as measured on June 30, 2020 and \$569,245 as measured on June 30, 2019.

For the year ended June 30, 2021, the Charter School recognized pension expense of \$371,931 and revenue of \$371,931 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, 2020 through June 30, 2019. 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.

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.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
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	\$ 61,519,112,443
State’s portion of the net pension liability that was associated with the Charter School	\$5,981,109	\$569,245
State’s portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	.009083%	.00316%

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 (Price):	2.75%
Inflation (Wage):	3.25%
Salary Increases: 2011-2026	1.55 - 4.55% based on years of service
Salary Increases: Thereafter	2.75 - 5.65% based on years of service
Investment Rate of Return:	7%

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. Postretirement 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. 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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Division of Investments and Division of Pensions and Benefits 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Risk mitigation strategies	27.00%	7.71%
Cash equivalents	13.50%	8.57%
U.S. Treasuries	5.50%	10.23%
Investment grade credit	13.00%	11.42%
High yield	3.00%	9.73%
Private credit	8.00%	9.56%
Real assets	2.00%	5.95%
Real estate	8.00%	7.59%
US equity	8.00%	2.67%
Non-U.S. developed markets equity	4.00%	0.50%
Emerging markets equity	5.00%	1.94%
Private equity	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 Twenty-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 contributions 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 municipal bond rate was applied to project benefit payments after that date in determining the total pension liability.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 PENSION PLANS – GASB 68 DISCLOSURES (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: <http://www.nj.gov/treasury/pensions/documents/financial/gasb68-tpaf20.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: <http://www.nj.gov/treasury/pensions/gasb-notices.shtml>.

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 \$1,070,434 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 was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020.

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. At June 30, 2020, the Charter School's proportion was .006564%.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

For the year ended June 30, 2021, the Charter School recognized pension expense of \$311,491. At June 30, 2021, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,491	\$ 3,786
Changes of assumptions	34,726	
Net difference between projected and actual earnings on pension plan investments	36,588	473,778
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	987,109	-0-
Charter School contributions subsequent to the measurement date.	71,808	-0-
Total	\$1,149,722	\$477,564

The Charter School reported \$71,808 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 ended June 30, 2021, the plan measurement date was June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021.

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

	Year Ended June 30:
2021	(\$134,320)
2022	(122,459)
2023	(69,982)
2024	(28,300)
2025	(6,121)
Total:	(\$361,152)

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$2,347,583,337	\$3,419,522,616
Collective deferred inflows of resources	\$7,849,949,467	\$7,645,087,574
Collective net pension liability (Non-State-Local Group)	\$16,435,616,426	\$18,143,832,135
Charter School's proportion of net pension liability	1,070,434	569,245
Charter School's proportion percentage	.006564%	.003159%

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%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% – 6.00% - based on years of service
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-2019.

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

The following presents the Charter School's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate of 7.00%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

a discount rate that is one-percentage-point lower or one-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 net pension liability	\$1,248,840	\$1,070,434	\$917,515

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/gasb-notices.shtml>.

Long-Term Expected Rate of Return

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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 PERS’s target asset allocation as of June 30, 2020, are summarized in the following table:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Risk mitigation strategies	27.00%	7.71%
Cash equivalents	13.50%	8.57%
U.S. Treasuries	5.50%	10.23%
Investment grade credit	13.00%	11.42%
High yield	3.00%	9.73%
Private credit	8.00%	9.56%
Real assets	2.00%	5.95%
Real estate	8.00%	7.59%
US equity	8.00%	2.67%
Non-U.S. developed markets equity	4.00%	0.50%
Emerging markets equity	5.00%	1.94%
Private equity	3.00%	3.40%

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 is assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

7 POST RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for charter schools.

As a result of implementing GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension (GASB No. 75), the plan is classified as a multiple employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

7 POST RETIREMENT MEDICAL BENEFITS (continued)

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local charter school employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund — Local Education Retired Employees Plan (including Prescription Drug Program Fund) — N.J.S.A. 52: 14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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 or more years 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 State of New Jersey, Department of the Treasury, Division Pensions Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	\$216,804
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>149,304</u>
Total	<u>\$217,257</u>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

7 POST RETIREMENT MEDICAL BENEFITS (continued)

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB). The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a nonemployer contributing entity, under a special funding

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

7 POST RETIREMENT MEDICAL BENEFITS (continued)

situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of

GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund — Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the charter school for the fiscal years ended June 30, 2021 and 2020 were \$310,643, and \$75,234, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund — Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the charter school was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund — Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2019 through June 30, 2020. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the charter school is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the charter school. Accordingly, the charter school's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the charter school. Therefore, in addition, the charter school does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

7 POST RETIREMENT MEDICAL BENEFITS (continued)

For the fiscal year ended June 30, 2021, the charter school recognized in the charter school-wide statement of activities (accrual basis) OPEB expense of \$348,423. This amount has been included in the charter school-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the OPEB liability attributable to the charter school is \$292,400. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the charter school at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund — Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the charter school was 0.0% percent, which was unchanged from its proportionate share measured as of June 30, 2019 of 0.0% percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 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	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.45%
Rate Thereafter	1.55% to 4.45%
Mortality:	Pre-retirement and Post-retirement based on Pub-2010 Healthy
PERS	"General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

7 POST RETIREMENT MEDICAL BENEFITS (continued)

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend 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 rates for fiscal year 2021 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%. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	2.21 %
2020	June 30, 2019	3.50%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20Bond 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.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the charter school for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

7 POST RETIREMENT MEDICAL BENEFITS (continued)

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2019 Measurement Date	
Changes Recognized for the Fiscal Year:	
Service Cost	
Interest on the Total OPEB Liability	(\$856)
Differences Between Expected and Actual Experience	2,440,107
Changes of Assumptions	534,115
Gross Benefit Payments	(\$50,905)
Contributions from the Member	1,543
Net Changes	2,924,004
Balance, June 30, 2020 Measurement Date	\$2,924,004

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020. The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the charter school at June 30, 2020.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the charter school calculated using the discount rate of 2.21%, as well as what the State's proportionate share of the OPEB liability attributable to the charter school that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
State's Proportionate Share of the OPEB Liability Attributable to the charter school	2,360,355	2,294,004	3,595,185

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the charter school calculated using healthcare cost trend rates that are 1percentage-point lower or 1 -percentage-point higher than the current healthcare cost trend rates:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

7 POST RETIREMENT MEDICAL BENEFITS (continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$4,664,503	\$3,869,186	\$3,247,324

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the charter school at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the charter school at June 30, 2020 were not provided by the pension system.

8. ECONOMIC DEPENDENCY

The Charter School receives a substantial amount of its support from federal and state governments and College Achieve Public Charter Schools, Inc. 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.

9. 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 attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Charter School and which might materially affect the Charter School's financial position.

10. 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 Annual Comprehensive Financial Report.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

10. RISK MANAGEMENT (continued)

New Jersey Unemployment Compensation - The Charter School has elected to fund its New Jersey Unemployment Compensation under the "Contributory Method". Under this plan, the Charter School is required to remit employee withholdings to the State on a quarterly basis. All of the Charter School's claims are paid by the State.

11. RECEIVABLES

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

	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Total</u>
Receivables:				
Accounts	<u>\$40,924</u>	<u>\$450,769</u>	<u>\$13,613</u>	<u>\$505,306</u>
Gross Receivables	<u>\$40,924</u>	<u>\$450,769</u>	<u>\$13,613</u>	<u>\$505,306</u>

12. CAPITAL ASSETS

The school has Capital Assets recorded; such as furniture and equipment and are summarized as follows:

Furniture and equipment	\$212,213
Less: accumulated depreciation	<u>(77,353)</u>
Total	<u>\$134,860</u>

Depreciation expense of \$20,732 was charged to an unallocated function.

13. SUBSEQUENT EVENTS

The Charter School has evaluated subsequent events occurring after the financial statement date through March 8, 2022 which is the date the financial statements were available to be issued. Based upon this evaluation, the Charter School has determined that the following subsequent events needed to be disclosed:

During fiscal year 2021, COVID-19 continued to be recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there is

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

13. SUBSEQUENT EVENTS (continued)

considerable uncertainty around the duration and the impact it will have on the Charter School's operations and financial position. As a result, the adverse impact COVID-19 will have on the Charter School's businesses, operating results, cash flows, and financial condition is uncertain. It is management's opinion that the adverse impact would not be material.

14. 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 (Governmental)	\$ 3,705,354
Cost of capital assets net as of June 30, 2021 accumulated depreciation	134,860
Pension deferred outflows	1,149,722
Pension deferred inflows	(477,564)
Deferred pension liability as of June 30, 2021	(1,070,434)
Net position (per A-1) as of June 30, 2021 - (Governmental)	<u>3,441,938</u>

15. LOAN PAYABLE PPP - SBA

The Company received a loan from Kabbage, Inc. in the amount of \$629,353 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated June 16, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The loan may be repaid at any time with no prepayment penalty.

The Charter School applied for and has been notified that \$629,353 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven. Loan forgiveness is reflected as miscellaneous revenue in the accompanying state of Revenues and Expenditures in the General Fund.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

16. RENTAL COMMITMENTS

The school has entered into several non-cancellable lease agreements. The lease with CAPS for Westervelt location was in effect through January 2022.

A lease was entered into with 21 Market Street LLC January 2022, for the property at 21 Market Street, Paterson, NJ. The term of the lease is through June 30, 2026 with automatic renewals equal to each charter renewal until June 30, 2057.

A lease was entered into with College Achieve Public Schools in June 2021 for the property at 5 Paterson, New Jersey. The term of the lease is through May 31, 2026 with 4 automatic renewals every 5 years.

An agreement was signed with Dawn Trader for gym use through June 30, 2024, 10 payments each year (Sept-June)

The lease with CAPS ended July 2021, moved from this location to Colt St.

In addition the charter school is required to maintain the following covenants under this lease as follows:

	FUTURE MINIMUM LEASE PAYMENTS YEARS ENDING JUNE 30					Total
	2022	2023	2024	2025	2026	
College Achieve Public Schools, Inc.						
190 Oliver Street	\$ 39,600	\$ -	\$ -	\$ -	\$ -	\$ 39,600
21 Market Street	693,483	-	-	-	-	693,483
5 Colt St	570,311	583,113	595,970	609,673	570,372	2,929,439
CAPS 21 Market LLC						
21 Market Street	425,000	1,020,000	1,044,000	1,067,490	1,091,509	4,647,999
Dawn Trader						
1 Market St, gym use	58,000	58,000	58,000	-	-	174,000
Future Commitments	\$ 1,786,394	\$ 1,661,113	\$ 1,697,970	\$ 1,677,163	\$ 1,661,881	\$ 8,484,521

Financial Covenants - Tenant agrees to maintain the following financial covenants applicable to it as a member of the defined term Covenant Group:

(a) *Debt Service Coverage Ratio* - The Tenant covenants that the Covenant Group shall maintain in each Fiscal Year a Debt Service Coverage Ratio of at least 110%, subject to statutory, governmental, judicial and/or administrative limitations on the ability of members of the Covenant Group to collect revenues.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

16. RENTAL COMMITMENTS (continued)

(b) *Cash on Hand Ratio* - The Tenant covenants that the Covenant Group shall maintain in each Fiscal Year the ratio obtained by dividing (i) Cash on Hand for such Fiscal Year by (ii) Cash Operating Expenses for such Fiscal Year, calculated as of the last day of such Fiscal Year at least 15%.

Operations and Maintenance Covenant - In addition to Rent due herein, the Tenant shall make a monthly payment directly to the Master Trustee for deposit into the Series 2021 O&M Account, in an amount calculated based on the projected 5-year cost set forth in the Capital Needs Assessment, divided by 60 (the "O&M Requirement"). The O&M Requirement shall be adjusted downwards by the amount of any included capital outlay improvements which are completed by the School or Landlord (the "Modified O&M Requirement"). The monthly payment amount shall be sufficient to grow the balance of the 2021 O&M Account to equal the Modified O&M Requirement as of the fifth anniversary of the Capital Needs Assessment, with a minimum of \$5,000 per month and maximum of \$50,000 per month.

17. OPERATING LEASES

The school leases various office and instructional equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2021 were \$47,970. The future minimum lease payments for these operating leases are summarized below.

Fiscal Year Ending	Governmental Activities
2022	\$58,656
2023	\$34,526
2024	\$26,210
2025	\$22,052
2026	\$8,538

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Share	\$ -	\$ -	\$ -	\$ 1,370,400	\$ (1,370,400)
State Share	12,958,691	114,203	13,072,894	11,702,494	1,370,400
PPP Loan Forgiveness				629,353	(629,353)
Miscellaneous	-	-	0	16,689	(16,689)
Total - Local Sources	<u>12,958,691</u>	<u>114,203</u>	<u>13,072,894</u>	<u>13,718,936</u>	<u>(646,042)</u>
Special Education	541,679	(142,737)	398,942	398,942	-
Security Aid	497,362	33,448	530,810	530,810	-
Adjustment Aid	88,412	(7,705)	80,707	80,707	
TPAF Long Term Disb (On-Behalf - Non-Budgeted)				833	(833)
TPAF Medical (On-Behalf - Non-Budgeted)				147,151	(147,151)
TPAF Pension (On-Behalf - Non-Budgeted)	-		-	469,556	(469,556)
TPAF Social Security (Reimbursed - Non-Budgeted)				241,888	(241,888)
Total State Sources	<u>1,127,453</u>	<u>(116,994)</u>	<u>1,010,459</u>	<u>1,869,887</u>	<u>(859,428)</u>
Federal Sources:					
Total - Federal Sources					
Total Revenues	<u>14,086,144</u>	<u>(2,791)</u>	<u>14,083,353</u>	<u>15,588,823</u>	<u>(1,505,470)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	4,236,385	73,321	4,309,706	3,604,468	\$ 705,238
Other Salaries	20,000	143,527	163,527	163,527	-
Prof/Tech Services	1,555,463	95,501	1,650,964	1,650,964	-
Other Purchased Services (400-500 series)	999,000	(453,024)	545,976	541,237	4,739
General Supplies	480,500	(389,041)	91,459	58,312	33,147
Textbooks	122,000	51,081	173,081	157,276	15,805
Other Objects	2	36,931	36,933	36,933	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>7,413,350</u>	<u>(441,704)</u>	<u>6,971,646</u>	<u>6,212,717</u>	<u>758,929</u>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administrative Salaries	687,601	281,338	968,939	968,939	-
Salaries of Secretarial and Clerical Assistants	217,400	169,241	386,641	383,381	3,260
Cost of Benefits	1,478,408	(355,555)	1,122,853	1,122,853	-
Consultants	55,000	34,645	89,645	69,446	20,199
Purchased Professional Services (400-500 series)	375,000	(272,845)	102,155	99,684	2,471
Other Purchased Services (400-500 series)	1,126,335	(303,534)	822,801	817,522	5,279
Communications/Telephone	66,000	113,482	179,482	149,815	29,667
Supplies and Materials	33,000	12,704	45,704	40,768	4,936
Other Objects	15,000	2,000	17,000	11,709	5,291
	<u>4,053,744</u>	<u>(318,524)</u>	<u>3,735,220</u>	<u>3,664,117</u>	<u>71,103</u>
Support Services - School Admin/Operation Plant Services					
Salaries	486,000	(79,262)	406,738	400,264	6,474
Purchased Professional and Technical Services	175,500	31,518	207,018	195,739	11,279
Other Purchased Services	150,000	135,996	285,996	285,996	-
Rental of Land and Building- other than Lease Purchase Agreements	1,177,750	609,808	1,787,558	1,708,358	79,200
Insurance	132,100	38,976	171,076	171,076	-
General Supplies	20,000	48,361	68,361	68,361	-
Transportation- Trips	15,000	(6,630)	8,370	8,370	-
Energy (Energy and Electricity)	85,000	79,958	164,958	153,437	11,521
Other Objects	78,000	(33,525)	44,475	14,032	30,443
	<u>2,319,350</u>	<u>825,200</u>	<u>3,144,550</u>	<u>3,005,633</u>	<u>138,917</u>
Total Undist. Expend. - Other Oper. & Maint. Of Plant					
Food Service and After Care Program					
Other Purchased Services	-	-	-	-	-
Total Food Services	-	-	-	-	-
TPAF Long Term Disb (On-Behalf - Non-Budgeted)				833	(833)
TPAF Medical (On-Behalf - Non-Budgeted)				147,151	(147,151)
TPAF Pension (On-Behalf - Non-Budgeted)	-		-	469,556	(469,556)
TPAF Social Security (Reimbursed - Non-Budgeted)				241,888	(241,888)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	<u>859,428</u>	<u>(859,428)</u>
TOTAL UNDISTRIBUTED EXPENDITURES					
	6,373,094	506,676	6,879,770	7,529,178	(649,408)
TOTAL GENERAL CURRENT EXPENSE	<u>13,786,444</u>	<u>64,972</u>	<u>13,851,416</u>	<u>13,741,895</u>	<u>109,521</u>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Non-Instructional Equipment	22,000	98,489	120,489	23,901	96,588
Instructional Equipment	277,700	(166,252)	111,448	111,448	-
Interest Expense- - Current Loans	-	-	-	-	-
Interest Expense- Mortgages	-	-	-	-	-
Building Improvements	-	-	-	-	-
Lease paymernts	-	-	-	-	-
Total Equipment	<u>299,700</u>	<u>(67,763)</u>	<u>231,937</u>	<u>135,349</u>	<u>96,588</u>
TOTAL EXPENDITURES- GENERAL FUND	14,086,144	(2,791)	14,083,353	13,877,244	206,109
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1,711,579	(1,711,579)
Other Financing Sources:					
Operating Transfer In:	-	-	-	-	-
Total Other Financing Sources:	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	1,711,579	(1,711,579)
Fund Balance, July 1, 2020	-	-	1,993,775	1,993,775	
Fund Balance, June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,993,775</u>	<u>\$ 3,705,354</u>	<u>\$ (1,711,579)</u>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2021

Exhibit C-2
Page 1

	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources	\$ -		\$ -	\$ -	
State Sources	-		-	-	
Federal Sources	963,030		963,030	963,030	
Total Revenues	<u>963,030</u>		<u>963,030</u>	<u>963,030</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	222,866		222,866	222,866	
Other Salaries for Instruction	-		-	-	
Purchased Professional -Educational Services	-		-	-	
Purchased Professional and Technical Services	258,622		258,622	258,622	
Food Service Subsidy	-		-	-	
Other Purchased Services (400-500 series)	-		-	-	
Textbooks	-		-	-	
General Supplies	356,995		356,995	356,995	
Personal Services- Employee Benefits	110,000		110,000	110,000	
Instructional services	-		-	-	
Equipment- instructional	-		-	-	
Equipment- Non-instructional	-		-	-	
Total Instruction	<u>948,483</u>	<u>-</u>	<u>948,483</u>	<u>948,483</u>	
Support Services					
Salaries of Supervisor of Instruction	-		-	-	
Salaries of Program Directors	-		-	-	
Salaries of Other Professional Staff	-		-	-	
Salaries of Secretaries & Clerical Assistants	-		-	-	
Other Salaries	-		-	-	
Personal Services - Employee Benefits	-		-	-	
Purchased Professional - Educational Services	-		-	-	
Other Purchased Professional Services	-		-	-	
Supplies	14,547		14,547	14,547	
Field Trips	-		-	-	
Scholarships	-		-	-	
Tuition	-		-	-	
Travel	-		-	-	
Other purchased Services (400-500 series)	-		-	-	
Building Improvements	-		-	-	
Total Support Services	<u>14,547</u>		<u>14,547</u>	<u>14,547</u>	

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal 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>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	963,030		963,030	963,030	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI**

For the Fiscal Year Ended June 30, 2021

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues
and Expenditures**

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
 FOR THE FISCAL YEAR ENDED JUNE 30*
 (UNAUDITED)**

Public Employees' Retirement System (PERS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Charter School Proportion of the net pension liability (asset)	\$1,070,434	\$569,245	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)	0.00656%	0.00316%	N/A	N/A
Charter School Covered employee payroll	\$589,076	\$274,890	N/A	N/A
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	181.7%	207.1%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	N/A	N/A

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

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEAR ENDED JUNE 30*
(UNAUDITED)**

Public Employees' Retirement System (PERS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$71,808	\$30,730	N/A	N/A
Contributions in relation to the contractually required contribution	(\$71,808)	(\$30,730)	N/A	N/A
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	N/A	N/A
Charter School Covered employee payroll	\$589,706	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	12.20%	N/A	N/A	N/A

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

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
SCHEDULE OF THE CHARTER SCHOOL PROPORTIONATE SHARE
OF NET PENSION LIABILITY - TPAF
FOR THE FISCAL YEAR ENDED JUNE 30
(UNAUDITED)**

Teachers' Pension and Annuity Fund (TPAF)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Charter School Proportion of the net pension liability (asset)**	N/A	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the Charter School	<u>\$5,981,109</u>	N/A	N/A	N/A
Total	<u>\$5,981,109</u>	N/A	N/A	N/A
Charter School Covered employee payroll	\$2,335,246	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	24.60%	N/A	N/A	N/A

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

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (TPAF AND PERS)
(UNAUDITED)
Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>The State of New Jersey's Total OPEB Liability</u>				
Service Cost	\$1,790,973,822	\$1,734,404,850	\$1,984,642,729	\$2,391,878,884
Interest	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736
Change in Benefit Terms				
Difference Between Expected and Actual Experience	11,544,750,637	(7,323,140,818)	(5,002,065,740)	
Benefit Payment	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)
Contributions from Members	35,781,384	37,971,171	42,614,005	45,748,749
Changes of Assumptions or other inputs	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)
Net change in total OPEB liability	\$26,080,881,563	(\$4,381,751,937)	(\$7,529,008,876)	(\$4,191,942,326)
Total OPEB Liability - Beginning	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858	\$57,831,784,184
Total OPEB Liability - Ending	\$67,809,962,608	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858
The State of New Jersey's total OPEB liability**	\$67,809,962,608	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858
The State of New Jersey's OPEB liability attributable to the Charter School	\$0	\$0	\$0	\$0
The Charter School's proportionate share of the total OPEB liability	2,924,004	0	0	0
Charter School's covered employee payroll	2,924,322	0	0	0
Total Charter School's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Charter School's contribution	None	None	None	None
State's covered employee payroll	\$14,267,738,657	\$13,929,083,479	\$13,640,275,833	\$13,493,400,208
Total State's OPEB liability as a percentage of its covered-employee payroll	475.00%	300.00%	338.05%	397.53%

**Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

***Based on payroll on the June 30, 2016 and June 30, 2017 census data

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

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for the proceeds of special revenue resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures- Budgetary Basis
 For the Fiscal Year Ended June 30, 2021

	TOTAL	TITLE I PART A	IDEA PART B REGULAR	IDEA PRESCHOOL	CARES ACT	DIGITAL DIVIDE	COVID RELIEF FUND
REVENUES							
Intergovernmental							
State							
Federal	\$963,030	\$332,866	\$118,696	\$2,842	\$390,280	\$13,762	\$104,584
Other Sources							
Miscellaneous							
Total Revenues	963,030	332,866	118,696	2,842	390,280	13,762	104,584
EXPENDITURES							
Instruction							
Salaries	222,866	222,866					
Salaries -Other Instruction							
Other Purchased Services	0						
Purchased Prof. and Tech.and Edu Services	258,622		118,696	2,842	32,500		104,584
General Supplies	356,995				343,233	13,762	
Recruitment							
Personal Services - Employee Benefits	110,000	110,000					
Textbooks							
Instructional Services							
Equipment - Instructional							
Total Instruction	948,483	332,866	118,696	2,842	375,733	13,762	104,584
Support Services							
Salaries of Supervisors of Instruction							
Salaries of Program Directors							
Salaries of Other Prof. Staff							
Salaries of Secretarial and Clerical Ass't							
Personal Services - Employee Benefits							
Supplies and Materials	14,547				14,547		
Other Purchased Services							
Purchased Professional/Educational Services							
Class- room Improvements							
Building Improvements							
Non instructional Equipment							
Total Support Services	14,547				14,547		
TOTAL EXPENDITURES	\$963,030	\$332,866	\$118,696	\$2,842	\$390,280	\$13,762	\$104,584

PROPRIETARY FUNDS

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service Fund - The fund provides for the operation of food services in all schools.

Exhibit G-1

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Net Position
Proprietary Fund
As of June 30, 2021

	Proprietary Fund Business-Type Activities Enterprise
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$87,249
Federal	12,966
State	647
Total Current Assets	<u>100,862</u>
Total Assets	<u><u>\$100,862</u></u>
LIABILITIES	
Total Current Liabilities	<u> </u>
Net Position	
Unrestricted	100,862
Invested in capital assets - net	
Total Net Position	<u><u>\$100,862</u></u>

Exhibit G-2

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Proprietary Fund Business-Type Activities Enterprise
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Self Pay Revenue	
Total Operating Revenues	-
OPERATING EXPENSES	
Supplies, Materials & Other	(\$89,508)
Total Operating Expenses	(89,508)
Income (Loss) From Operations	(89,508)
Nonoperating Revenues	
State Sources	
State Sources	4,071
Federal Sources	
National Snack	
School Breakfast Program	32,232
National School Lunch Program	64,551
Total Nonoperating Revenues	100,854
Increase in Net Position	11,346
Total Net Position - July 1, 2020	89,514
Total Net Position - June 30, 2021	\$100,860

COLLGE ACHIEVE PATERSON CHARTER SCHOOL
Statements of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Proprietary Fund Business-Type Activities
Cash flows from operating activities	
Cash Payments supplies, material and other	(89,508)
Net Cash (Used) by Operating Activities	(89,508)
 Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursen	87,241
Net Cash Provided by Noncapital Financing Activities	87,241
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalentents	(2,267)
Cash and Cash Equivalentents, Beginning of Year	89,514
Cash and Cash Equivalentents, End of Year	\$87,247
 Reconcillation of Operating Income to Net Cash Used by Operating Activities	
Operating Income	\$11,346
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
(Increase) Decrease in Accounts Receivable	(13,613)
Change in Assets and Liabilities	0
Total Adjustment	(13,613)
 Net Cash Provided by (Used In) Operating Activities	(\$2,267)

FIDUCIARY FUNDS

(NOT APPLICABLE)

Exhibit H-1

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Fiduciary Funds
Combining Statement of Agency Fund Net Position
As of June 30, 2021**

NOT APPLICABLE

Exhibit H-2

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2021**

NOT APPLICABLE

Exhibit H-3

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit H-4

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit H-5

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

STATISTICAL SECTION

This part of the College Achieve Paterson Charter School annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the school's overall financial health.

Contents

Exhibits

Financial Trends

J- 1 to J-5

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

J-6 to J-9

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

J-10 to J-13

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

J-14 and J-15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

J-16 to J-20

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

FINANCIAL TRENDS

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NET POSITION (DEFICIT) BY COMPONENT
FOR THE FISCAL YEAR ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	2021	2020	2019	2018
Governmental activities				
Invested in capital assets, net	\$ 134,860	\$ 93,306	\$ 114,038	\$ 134,770
Unrestricted Net Position	3,307,078	1,891,974	849,397	13,172
Total governmental activities net position	<u>\$ 3,441,938</u>	<u>\$ 1,985,280</u>	<u>\$ 963,435</u>	<u>\$ 147,942</u>
Business-type activities				
Invested in capital assets, net				
Unrestricted Net Position	100,862	89,514	-	-
Total business-type activities net position	<u>\$ 100,862</u>	<u>\$ 89,514</u>	<u>\$ 43,947</u>	<u>\$ -</u>
School-wide				
Invested in capital assets, net	\$134,860	\$93,306	\$114,038	\$134,770
Unrestricted Net Position	3,407,940	1,981,488	893,344	13,172
Total school net position	<u>\$ 3,542,800</u>	<u>\$ 2,074,794</u>	<u>\$ 1,007,382</u>	<u>\$ 147,942</u>

Source: School Financial Statements

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
CHANGES IN NET POSITION (DEFICIT)
FOR THE FISCAL YEAR ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Expenses				
Governmental activities				
Instruction				
Regular	\$7,161,200	\$5,604,664	\$2,804,504	\$1,594,528
Support Services:				
General administration	3,678,664	2,157,663	2,228,063	1,004,996
School Administrative Services	3,005,633	2,115,403	1,330,158	771,857
On-behalf TPAF Social Security	859,428	447,118	96,389	85,399
Capital outlay	135,349	0	0	171,791
Unallocated depreciation	(41,554)	20,732	20,732	10,366
Total governmental activities expenses	<u>14,798,720</u>	<u>10,345,580</u>	<u>6,479,846</u>	<u>3,638,937</u>
Business-type activities:				
Food service	89,508	240,555	237,374	0
Total business-type activities expense	<u>89,508</u>	<u>240,555</u>	<u>237,374</u>	<u>0</u>
Total school expenses	<u>\$14,888,228</u>	<u>\$10,586,135</u>	<u>\$6,717,220</u>	<u>\$3,638,937</u>
Program Revenues				
Governmental activities:				
Operating grants and contributions	\$963,030	\$486,204	\$345,389	\$245,567
Capital grants and contributions				
Total governmental activities program revenues	<u>963,030</u>	<u>486,204</u>	<u>345,389</u>	<u>245,567</u>
Business-type activities:				
Charges for services				
Food service	0	0	0	0
Operating grants and contributions	100,854	286,122	0	0
Capital grants and contributions				
Total business type activities program revenues	<u>100,854</u>	<u>286,122</u>	<u>0</u>	<u>0</u>
Total school program revenues	<u>\$1,063,884</u>	<u>\$772,326</u>	<u>\$345,389</u>	<u>\$245,567</u>
Net (Expense)/Revenue				
Governmental activities	(\$13,835,690)	(\$9,859,376)	(\$6,134,457)	(\$3,393,370)
Business-type activities	\$11,346	\$45,567	\$43,947	\$0
Total school-wide net expense	<u>(\$13,824,344)</u>	<u>(\$9,813,809)</u>	<u>(\$6,090,510)</u>	<u>(\$3,393,370)</u>
Governmental activities:				
Local share	\$1,370,400	\$868,113	\$607,945	\$296,933
State Share	11,702,494	8,625,758	5,768,606	2,767,847
State and Federal Aid aid	1,869,887	1,390,060	549,363	246,321
Miscellaneous income	646,042	99,094	24,036	85,075
Increase (Decrease) in Net Capital Outlay	0	0	0	145,136
Transfers				
Total governmental activities	<u>\$15,588,823</u>	<u>\$10,983,025</u>	<u>\$6,949,950</u>	<u>\$3,541,312</u>
Business-type activities:				
Investment earnings				
Transfers	0	0	0	0
Total business-type activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total school-wide	<u>\$15,588,823</u>	<u>\$10,983,025</u>	<u>\$6,949,950</u>	<u>\$3,541,312</u>
Change in Net Position				
Governmental activities	\$1,753,133	\$1,123,649	\$815,493	\$147,942
Business-type activities		\$43,947	\$43,947	\$0
Total school	<u>\$1,753,133</u>	<u>\$1,167,596</u>	<u>\$859,440</u>	<u>\$147,942</u>

Source: School Financial Statements

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>
General Fund							
Unreserved Fund Balance	\$ 3,705,354	\$	1,993,778	\$	849,397	\$	13,172
Total general fund	<u>\$ 3,705,354</u>	<u>\$</u>	<u>1,993,778</u>	<u>\$</u>	<u>849,397</u>	<u>\$</u>	<u>13,172</u>
All Other Governmental Funds	\$ -	\$	-	\$	-	\$	-
Reserved							
Unreserved	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>
Total all other governmental funds							

Source: School Financial Statements

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
GOVERNMENTAL REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues				
Local tax Levy	\$1,370,400	\$868,113	\$607,945	\$296,933
Other local revenue	646,042	195,094	24,036	85,075
State sources	13,572,381	10,015,818	6,317,969	3,014,168
Propriety	100,854	286,122	281,321	
Federal sources	963,030	390,204	345,389	245,657
Total revenue	<u>16,652,707</u>	<u>11,755,351</u>	<u>7,576,660</u>	<u>3,641,833</u>
Expenditures				
Instruction				
Regular Instruction	6,212,717	5,242,058	2,459,115	1,348,961
Support Services:				
General administration	3,664,117	2,034,065	2,228,063	1,004,996
School administrative services/Plant	3,005,633	2,115,403	1,330,158	771,857
TPAF Social Security	859,428	447,118	96,389	85,399
Capital outlay	135,349		0	171,791
Propriety	89,508	240,555	237,374	171,791
Special Revenue	963,030	486,204	345,389	245,657
Total expenditures	<u>14,929,782</u>	<u>10,565,403</u>	<u>6,696,488</u>	<u>3,800,452</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>1,722,925</u>	<u>118,948</u>	<u>880,172</u>	<u>(158,619)</u>
Other Financing sources (uses)				
Transfers in				
Transfers out				
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>\$ 1,722,925</u>	<u>\$ 1,189,948</u>	<u>\$ 880,172</u>	<u>\$ (158,619)</u>

Source: School Financial Statements

REVENUE CAPACITY

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 General Fund - Other Local Revenue By Source
 For the Fiscal Year Ended June 30
 (UNAUDITED)**

	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Loan Forgiveness PPP / SBA</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Misc.</u>	<u>Totals</u>
2018						\$85,075	\$85,075
2019						24,036	24,036
2020						99,094	99,094
2021			629,353			16,689	646,042

Source: School Financial Statements

Exhibit J-6

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit J-7

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit J-8

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Property Tax Levies and Collections
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit J-10

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit J-11

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit J-12

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Legal Debt Margin Information
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Demographic and Economic Statistics
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

Exhibit J-15

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Principal Employers
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Full-time Equivalent School Employees by Function/Program
For the Fiscal Year Ended June 30
(UNAUDITED)

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Teachers	69	54	36	19
Support Services	19	11	8	7
Administration	10	6	4	3
Total	<u>98</u>	<u>71</u>	<u>48</u>	<u>29</u>

Source: School Personnel Records

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Operating Statistics
For the Fiscal Year Ended June 30
(UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	(Initial Year)	
						Elementary				% Change in Average Daily Enrollment	Student Attendance Percentage
2018	288	1,739,827	6,041	N/A	10	10		276	262.2	N/A	96.00%
2019	505	6,696,488	13,260	1.95%	33	11:1		490	475	78%	97.00%
2020	737	10,565,406	14,336	8%	54	13:1		712	696	45%	95.00%
2021	1,012	14,840,274	14,664	2%	67	14:1		961	906	35%	94.30%

Sources: School records

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
School Building Information
For the Fiscal Year Ended June 30
(UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>School Building</u>				
Main Campus				
Square Feet	90,840	53,200	37,640	28,250
Capacity (students)	1,240	840	400	400
Enrollment	1,012	737	505	288
ADE	961	712	490	276
Number of Schools at June 30				
Elementary	2	1	1	1

Source: School Office

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
General Fund - Schedule of Required Maintenance
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Insurance Schedule
For the Fiscal Year Ended June 30, 2021
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property		
Each Occurrence	\$ 1,000,000	\$ 5,000
Damages/Rented Premises	500,000	0
Medical	5,000	0
Personal & Adv Injury	1,000,000	5,000
General Aggregate	3,000,000	5,000
Products -Comp/OP/AGG	3,000,000	5,000
Automobile	-	-
Umbrella	1,000,000	-
Workers' Compensation		
Each Accident	500,000	-
Disease - Each Employee	500,000	-
Disease - Policy Limiy	500,000	-
Property	-	-

**CHARTER SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30
(UNAUDITED)**

**Charter School Performance Framework Financial Indicators
Near Term Indicators**

	2021	2020	2019	2018
Cash and Cash Equivalents	3,345,283	2,741,996	667,587	23,430
Current Assets	3,948,786	3,006,000	930,560	289,151
Capital Assets-Net	134,860	93,306	114,038	134,770
Total Assets	4,083,646	3,099,306	1,044,598	423,921
Current Liabilities	142,570	923,031	37,216	275,979
Long Term Liabilities	0	0	0	0
Total Liabilities	142,570	923,031	37,216	275,979
Net Position	3,941,076	2,176,275	1,007,382	147,942
Total Revenue	16,652,707	11,755,351	7,576,660	3,641,743
Total Expenses	14,929,782	10,565,406	6,696,488	3,628,571
Change in Net Position	1,722,925	1,189,945	880,172	13,172
Depreciation	25,523	20,732	20,732	10,366
Principal Payments	0	0	0	0
Interest payments	0	0	0	0
Final average daily enrollment	961	712	212	75
March 30th budgeted Enrollment	961	712	212	75
Near term indicators	2021	2020	2019	2018
CURRENT RATIO				
Unrestricted days cash	52	98	36	2.35
Enrollment variance	0%	0%	0%	0%
Default	N/A	N/A	N/A	N/A
Total Margin	10.3	10.1	11.6	.3
Debt to Asset	N//A	N//A	N//A	N//A
Cash Flow	603,287	2,074,409	643,857	23,430
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A

SINGLE AUDIT SECTION K

GERALD D. LONGO
CERTIFIED PUBLIC ACCOUNTANT
62 OLD QUEENS BLVD.
MANALAPAN, NEW JERSEY 07726-3648

TELEPHONE
732 446-4768

FAX
732 792-0868

EXHIBIT K-1

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

The Honorable Chairman and
Members of the Board of Trustees
College Achieve Paterson Charter School
County of Passaic
Paterson, New Jersey

I 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, each major fund, and the aggregate remaining fund information of the College Achieve Paterson Charter School ("the Charter School"), in the County of Passaic, 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 my report thereon, dated March 8, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my 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, I 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
March 8, 2022

GERALD D. LONGO
CERTIFIED PUBLIC ACCOUNTANT
62 OLD QUEENS BLVD.
MANALAPAN, NEW JERSEY 07726-3648

TELEPHONE
732 446-4768

FAX
732 792-0868

EXHIBIT K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
INDEPENDENT AUDITORS' REPORT**

The Honorable Chairman and
Members of the Board of Trustees
College Achieve Paterson Charter School
County of Passaic
Paterson, New Jersey

Compliance

I have audited the College Achieve Paterson Charter School, in the County of Essex, State of New Jersey's ("the Charter School") with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2021. The Charter School's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

My responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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, 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's OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that I 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 I considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In my 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 fiscal 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 my audit of compliance, I 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 NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Licensed Public School Accountant No. 20CS00206400

A handwritten signature in black ink, appearing to read "Gerald D. Longo". The signature is written in a cursive style with a large initial "G".

Gerald D. Longo
Certified Public Accountant
March 8, 2022

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Federal/Grantor Program Title	Federal CFDA Number	Federal Award Identification Number	Grant Period	Award Amount	Balance July 1, 2020	Prior Carry-over	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjust	Deferred Revenue/ (Accounts Receivable) June 30, 2021	Due to State June 30, 2021
Enterprise Fund:												
U.S. Department of Agriculture												
Pass-Through Programs:												
Passed-Through New Jersey												
State Department of Agriculture												
National School Breakfast	10.553	211NJ304N1099	07/01/20-06/30/21	\$ 32,232	0		\$ 28,399	\$ 32,232			\$ (3,833)	
National School Lunch	10.555	211NJ304N1099	07/01/20-06/30/21	64,551	0		55,418	64,551			(9,133)	
Total Enterprise Fund/Total US Dept. of Agriculture Pass Through Programs					0		\$ 83,817	\$ 96,783			(\$12,966)	
Special Revenue Fund:												
US DEPARTMENT OF TREASURY												
SPECIAL REVENUE FUND												
Corona Relief Fund	21.019	SLT0228	03/01/20-12/31/20	104,584	0		104,584	104,584			0	
Total - US Dept. of Treasury							104,584	104,584			0	
U.S. Department of Education												
Pass-Through Programs:												
Passed-Through New Jersey												
State Department of Education												
Title I PART A	84.010	S010A200030	07/01/20-09/30/21	965,369	0		244,781	332,866			(88,085)	
Title III PART A	84.365	S365A190030	07/01/19-09/30/20	29,260	0	29,260		0				29,260
Total ESEA						29,260	244,781	332,866			(88,085)	29,260
Special Education Cluster												
IDEA Preschool	84.173	H173A200114	07/01/20-09/30/21	2,842	0		2,842	2,842				
IDEA Part B	84.027	H027A200100	07/01/20-09/30/21	175,470	0		66,570	118,696			(52,126)	0
Total Special Education Cluster							69,412	121,538			(52,126)	0
Subtotal					0		314,193	558,988			(140,211)	0
Education Stabilization Fund												
Digital Divide	84.425D	S425D200027	07/16/20-10/31/20	13,762	0		13,762	13,762			0	
Cares Act	84.425D	S425D200027	03/13/20-09/30/22	390,280	0		79,722	390,280			(310,558)	
Total Education Stabilization Fund					0		93,484	404,042			(310,558)	
Total Special Revenue/NJ Dept. of Education, Pass Through Programs					0	29,260	512,261	963,030			(450,769)	29,260
Total Expenditures of Federal Awards					0	\$29,260	\$596,078	\$1,059,813			(\$463,735)	\$29,260

See accompanying notes to schedules of expenditures of Federal and State award programs.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2021

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2020</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Prior Years' Balances</u>	<u>Adjustments</u>	<u>(Accts Rec) June 30, 2021</u>
NJ DEPT. OF EDUCATION									
GENERAL FUND									
Equalization Aid - Local	21-495-034-5120-078	7/1/20-06/30/21	1,370,400		1,370,400	1,370,400			
Equalization Aid - State	21-495-034-5120-078	7/1/20-06/30/21	11,702,494		11,702,494	11,702,494			
Adjustment Aid	21-495-034-5120-085	7/1/20-06/30/21	80,707		80,707	80,707			
Special Education Aid	21-495-034-5120-089	7/1/20-06/30/21	398,942		398,942	398,942			
Security Aid	21-495-034-5120-084	7/1/20-06/30/21	530,810		530,810	530,810			
Reimbursed Social Security Tax	21-495-034-5094-003	7/1/20-06/30/21	241,888		241,888	241,888			
On-Behalf-Teachers' Pension and Annuity Fund LT Disability	21-495-034-5094-004	7/1/20-06/30/21	833		833	833			
On-Behalf-Teachers' Pension and Annuity Pension	21-495-034-5094-002	7/1/20-06/30/21	469,556		469,556	469,556			
On-Behalf-Teachers' Pension Medical	21-495-034-5094-001	7/1/20-06/30/21	147,151		147,151	147,151			
Total General Fund/ Total State Department of Education				--	14,942,781	14,942,781			
SPECIAL REVENUE FUND									
Total Special Revenue Fund				--	--	--			
NJ STATE DEPT OF AGRICULTURE - DIRECT PROGRAMS									
ENTERPRISE FUND									
State School Lunch	21-100-010-3350-023	7/1/20-06/30/21	3,275	0	2,628	3,275			(647)
Total State Financial Assistance					\$14,945,409	\$14,946,056			(647)
On-Behalf-Teachers' Pension and Annuity Fund LT Disability	21-495-034-5094-004	7/1/20-06/30/21	(833)		(833)	(833)			
On-Behalf-Teachers' Pension and Annuity Pension	21-495-034-5094-002	7/1/20-06/30/21	(469,556)		(469,556)	(469,556)			
On-Behalf-Teachers' Pension Medical	21-495-034-5094-001	7/1/20-06/30/21	(147,151)		(147,151)	(147,151)			
Less Amounts Not Subject to Single Audit On Behalf payments					(617,540)	(617,540)			
Total State Financial Assistance Subject to State Single Audit					\$14,327,869	14,328,516			(647)
See accompanying notes to schedules of expenditures of Federal and State award programs.									

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1. GENERAL

The accompanying schedules present the activity of all federal and state assistance programs of the College Achieve Paterson Charter School. The Board of Trustees is defined in the Notes to the school's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal assistance and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules 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 basis 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 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.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or 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 audit 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 account 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-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Federal	State	Total
General Fund	\$ -0-	\$14,942,781	\$14,942,781
Special Revenue Fund	963,030	0	963,030
Enterprise Fund	96,783	3,275	100,058
Total Awards and Financial Assistance	<u>\$1,059,813</u>	<u>\$14,946,056</u>	<u>\$16,005,869</u>

NOTE 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.

NOTE 5. OTHER INFORMATION

The TPAF Social Security Contributions of \$241,888 represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

The amount reported as TPAF Pension contributions of \$469,556, Post Retirement Medical Contributions of \$147,151 and \$833 LTD represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2021.

NOTE 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 schools basic financial statements and the amount subject to State single audit and major program determination.

NOTE 7. DE MINIMIS INDIRECT COST RATE

The School has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PART 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statement Section

Type of auditor’s report issued:	Unmodified	
	<u>YES</u>	<u>NO</u>
Internal control over financial reporting:		
Material weakness(es) identified:		X
Significant deficiencies identified not considered to be material weakness(es)?	X	None Reported
Noncompliance material to financial statements noted?		X

Federal Awards

Internal control over compliance:		
Material weakness(es) identified?		X
Significant deficiencies identified not considered to be material weakness(es)?	X	

Type of auditor’s report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with 2CFR 200.156(A)?		X

Identification of major programs:

<u>CDFA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Cares Act

Dollar threshold used to distinguish between type A and type B programs (.520)	\$750,000
Auditee qualified as low risk auditee:	X

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PART 1 – SUMMARY OF AUDITOR’S RESULTS (continued)

State Awards	<u>YES</u>	<u>NO</u>
Dollar threshold used to distinguish between type A and type B programs (.520)	\$750,000	
Auditee qualified as low risk auditee:	X	
Type of auditor’s report issued:	Unmodified	
Internal control over major programs:		
Material weakness(es) identified:		X
Significant deficiencies identified not considered to be material weakness(es)?	X	None Reported
Type of auditor’s report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08?		X
Identification of major programs:		

<u>CDFA 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	Adjustment Aid

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by The Uniform Guidance and New Jersey OMB's Circular 15-08.

No federal and state award findings and questioned costs noted that are required to be reported in accordance of The Uniform Guidance or with NJOMB Circular 15-08.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Status of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year findings.