



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**PREPARED BY
COMMUNITY CHARTER SCHOOL OF PATERSON**

COMMUNITY CHARTER SCHOOL OF PATERSON

Table of Contents

Introductory Section

Letter of Transmittal	1-10
Organizational Chart.....	13
Roster of Officials.....	14
Consultants and Advisors	15

Financial Section

Report of Independent Auditors.....	17-19
-------------------------------------	-------

Required Supplementary Information – Part I

Management’s Discussion and Analysis	22-29
--	-------

Basic Financial Statements

A Charter School-wide Financial Statements:

A-1 Statement of Net Position	32
A-2 Statement of Activities	33

B Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet.....	36
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	37
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	38

Proprietary Funds:

B-4 Statement of Net Position	40
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position.....	41
B-6 Statement of Cash Flows	42

COMMUNITY CHARTER SCHOOL OF PATERSON

Table of Contents

Fiduciary Funds:

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

Notes to the Basic Financial Statements	45-89
---	-------

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:

C-1 Budgetary Comparison Schedule – General Fund	89b
C-2 Budgetary Comparison Schedule – Special Revenue Fund	90

Notes to the Required Supplementary Information

C-3 Budget-to-GAAP Reconciliation	92
---	----

Required Supplementary Information – Part III

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

L-1 Schedule of the Charter School Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System (PERS)	93
L-2 Schedule of Charter School Contributions – Public Employee’s Retirement System (PERS)	94
L-3 Schedule of the Charter School Proportionate Share of the Net Pension Liability – Teacher’s Pension and Annuity Fund (TPAF)	95

M. Schedule Related to Accounting and Reporting for OPEB (GASB 75)

M-1 Schedule of the State’s Proportionate Share of the Net OPEB Liability Associated with the Charter School and Changes in the Total OPEB Liability Related Ratios - (PERS and TPAF)	96
---	----

Notes to Required Supplementary Information – Pension Schedules	97
---	----

COMMUNITY CHARTER SCHOOL OF PATERSON

Table of Contents

Other Supplementary Information

D. Schedule of Charter School Contributions - PERS..... Not Applicable

E. Special Revenue Fund:

E-1 Combining Schedule of Program Revenues and Expenditures Budgetary Basis101

E-2 Schedule of Preschool Education Aid Budgetary BasisN/A

F. Capital Projects Fund..... Not Applicable

G. Proprietary Funds:

Enterprise Fund:

G-1 Combining Statement of Net Position104

G-2 Combining Statement of Revenues, Expenses and
Changes in Fund Net Position.....105

G-3 Combining Statement of Cash Flows106

H. Fiduciary Fund:

H-1 Combining Statement of Fiduciary Net Position..... **Not Applicable**

H-2 Combining Statement of Revenues, Expenses and
Combining Statement of Changes in Fiduciary Net Position **Not Applicable**

I. Long - Term Debt:

I-1 Schedule of Mortgage Obligations..... **Not Applicable**

I-2 Schedule of Obligations Under Capital Leases..... **Not Applicable**

I-3 Debt Service Fund Budgetary Comparison Schedule..... **Not Applicable**

Introduction to the Statistical Section (Unaudited)

Financial Trends

J-1 Net Position by Component112

J-2 Changes in Net Position.....113

J-3 Fund Balances – Governmental Funds114

J-4 Changes in Fund Balances – Governmental Funds115

J-5 General Fund Other Local Revenue by Source116

COMMUNITY CHARTER SCHOOL OF PATERSON

Table of Contents

Revenue Capacity

J-6 to J-9.....**Not Applicable**

Debt Capacity

J-10 Ratios of Outstanding Debts by Type.....117

J-11 to J-13.....**Not Applicable**

Demographic and Economic Information

J-14 Demographics and Economic Statistics.....118

J-15 Principal Employers.....119

Operating Information

J-16 Full-time Equivalent Charter School Employees by Function/Program120

J-17 Operating Statistics121

J-18 School Building Information122

J-19 Schedule of Required Maintenance Expenditures by School Facility.....123

J-20 Insurance Schedule124

Charter School Performance Framework Financial Indicators

J-21 Near Term Indicators125

J-22 Sustainability Indicators.....126

Single Audit Section

K-1 Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*..... 128-129

K-2 Independent Auditor's Report on Compliance for Each Major Federal and State Program; Required by the Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08..... 130-132

K-3 Schedule of Expenditures of Federal Awards, Schedule A.....133a

K-4 Schedule of Expenditures of State Financial Assistance, Schedule B.....134

K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance..... 135-136

K-6 Schedule of Findings and Questioned Costs 137-139

K-7 Summary Schedule of Prior Audit Findings.....140



75 Spruce Street, Paterson, New Jersey 07501 * 973-413-2057

April 24, 2023

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

Dear Acting Commissioner Allen-McMillan:

We hereby submit the Annual Comprehensive Financial Report of the Community Charter School of Paterson (the “Charter School” or “CCSP”) for the fiscal year ended June 30, 2022.

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

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

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

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

1) Reporting Entity and Its Services

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

The overarching mission of the Community Charter School of Paterson is together with families and community partners, we cultivate inclusive, high performing schools that prepare scholars to succeed in college, career, and beyond.

CCSP was founded by New Jersey Community Development Corporation (NJCDC), a non-profit community development and social service agency based in Paterson, along with a group of committed parents and community members. CCSP's charter school application was approved in 2007 and the School opened in September of 2008. The Charter School's original maximum enrollment was 500 students, with 100 students each in grades K-4. Starting from the school year 2012-2013, CCSP was approved to expand enrollment by 400 students to a total of 900 students through eighth grade. During the 2015-2016 school year, the Charter School reached the maximum capacity of 900 students. The Charter School currently operates in three locations; elementary grades K-4 (500 students) are based in a 34,000 square-foot former industrial building at 75 Spruce Street in Paterson's Great Falls Historic District. The Charter School's business office is housed on the second floor of a neighboring building at 32 Spruce Street constituting 12,000 square feet. As of June 2020, the Charter School occupied a new leased facility at 8-14 Morris Street in Paterson. It is a 60,000 square foot facility (with an ultra-modern kitchen and a brand new gymnasium) that now houses 400 students in grades 5 to 8.

The location of the Charter School within Paterson's Great Falls Historic District is of special note. Foremost, the area surrounding the Great Falls, located just one block from the School, was established as a National Park in 2011, which will, over time, bring substantial new resources to the area that will benefit our academic program. Already, there has been new open space created, with more underway, and a new educational-oriented Visitor's Center is in the planning stages.

The Charter School has completed its fourteenth year of service to the children and families of Paterson. By the end of this past school year, CCSP had a student enrollment of 893.

2) Charter Renewal and Enrollment Outlook

During the prior year ended June 30, 2022, the Charter School successfully went through the New Jersey Department of Education charter renewal process. This culminated in the Commissioner of Education granting CCSP a new charter for another five years through the 2027 school year. The renewal granted CCSP a total of 900 students Kindergarten through eighth grade.

In addition to the enrolled students, the number of students on CCSP's waiting lists (as of June 30th) for the 2022-2023 school-year was 703.

The School has a diverse population reflective of the community at-large. The following is the racial demographic breakdown:

Caucasian Students– 1.5%
African American Students – 36.6%
Hispanic Students – 60.7%
Asian Students – 1.2%

3) Economic Condition and Outlook

The Charter School is located in the City of Paterson in the County of Passaic, within the State of New Jersey. Paterson's population stands at 159,732 (2020 census) and is 32% African American; 58% Hispanic/Latino and 10% other races. Paterson is known as the "Silk City" for its dominant role in silk production during the latter half of the 19th century. The city is served by the New Jersey Transit Main Line commuter rail service, with the station located in Downtown Paterson. Bus service to locations in Passaic, Bergen, Essex and Hudson counties is provided by New Jersey Transit, making the city a regional transit hub.

The Paterson Public Schools serve students in kindergarten through twelfth grade. Paterson at present has six operating charter schools, one of which is CCSP. The district is one of former 31 Abbott districts statewide. The school system has over 25,000 students who speak over 50 different languages.

Paterson boasts numerous locations on the National Register of Historic Places, including museums, schools, public buildings, and churches. Paterson's rich history is best represented through the designation by President Obama in 2009 of the area surrounding the majestic Great Falls as a new national park, the Paterson Great Falls National Historical Park. The Park is located two blocks from our school, providing CCSP with an invaluable educational resource.

3) Economic Condition and Outlook - *continued*

In 2021-2022 the City of Paterson continued to experience financial hardships common to urban municipalities in New Jersey including high unemployment, violence and high rates of poverty. However, the new national park holds great promise to serve as a catalyst for significant economic development and tourism, enabling Paterson to dramatically improve both its financial condition and the opportunities it is able to offer its residents and visitors alike.

4) Major Initiatives

The Community Charter School of Paterson has achieved great successes for its students and their families. CCSP has made strategic decisions to ensure academic success across all grade levels. CCSP has remained true to its original mission while making dramatic changes to the core instructional program to ensure rigor, high student engagement and community based efforts. In spite of the challenges that COVID-19 has brought to our organization, CCSP continues to work hard and push forward to provide a high quality instruction for all students. Over the last five years, CCSP has also experienced significant growth and adapted its facilities and programs to meet that challenge. CCSP has developed, implemented, and aligned systems, programs, and strategies that are demonstrating real promise in improving student achievement. The school has adapted nationally-renowned, evidence-based programs and supported them with robust professional development to ensure their implementation with fidelity. CCSP has expanded and improved offerings to its struggling students. The school has implemented innovations like the development of a comprehensive Intervention Program. This program includes after school and Saturday tutoring which are dedicated to providing targeted instruction to students' individual needs and supplements its core programs with high-quality Wilson Reading and Into Math programming that are aligned with the school goals. The school's faculty is supported by an outstanding array of professional development opportunities, coaching, resources, technology and other support.

Our elementary and middle school campuses have a Principal and Dean of Students. CCSP also has a CEO, Director of Curriculum and Instruction, Humanities, Special Education, and STEM Supervisors that provide extensive instructional support for leaders, teachers, and support staff at each campus. In addition to this, the school used ESSER funding to add literacy and math coaches to both elementary and middle school campuses to provide direct instructional coaching support for staff. CCSP's data systems provide real-time, nationally-normed, valid data which is fully integrated into the instructional model. Teachers meet with leaders at Professional Learning Community (PLCs) meetings weekly to review and analyze our academic data to measure growth and formulate action plans for our instructional gaps.

CCSP's 2021-22 New Jersey Student Learning Assessment (NJSLA) scores reflected decreased from pre-pandemic levels, in both English Language Arts and Math. After a three year hiatus with testing and COVID-19 pandemic learning loss, CCSP students and students all across the state experienced significant losses in student performance levels. Significant efforts are in place to dramatically increase levels of student performance moving forward.

4) **Major Initiatives** - *continued*

Data-Driven Instruction – CCSP has systems in place to provide real-time, nationally-normed data to teachers and school administrators. CCSP has the people and systems in place to analyze and use that data to inform day-to-day classroom instruction. These systems and personnel also support the selection, revision and creation of a more effective, standards-aligned curriculum. The Fountas and Pinnell literacy assessment was adopted in the 2019-2020 school year at our elementary campus. This comprehensive assessment tool will provide our leaders and teachers with clear data points to support reading instruction at our elementary campus. Additionally, with the schedule in place to allow for intervention programming, block scheduling and increased levels of teaching experience with the new teaching staff, CCSP is poised to improve student outcomes. Lastly, in the 2021-2022 school year we adopted the national norm referenced NWEA/ MAP examination for grades 1st -8th grade as our district assessment for reading, math, and science.

Continuous Professional Development & Teacher Support – CCSP has a robust system of professional development that provides teachers with valuable tools to improve their instructional practices. In the current school year the CCSP Board of Trustees partnered with the professional learning organization Lavina. Lavina provides comprehensive teacher professional development including literacy and math coaches for both elementary and middle school campuses. In addition to this, curriculum materials from Lavina have been provided to CCSP including Math Story Problems, Literacy Close Reading, and RISE summer school curricula. Lavina is a national organization that has a proven track record of supporting schools to improve test score results on standardized exams. In 2021-2022 school year, the school revised its CCSP professional development to revolve around rigor, engagement and individualized instruction. CCSP realized its strongest gains in grades that were recently departmentalized, so an increased focus departmentalization is being implemented so that faculty can concentrate their professional development on specific content areas which will help students in their quest for content mastery. CCSP is providing training in several evidence-based literacy programs, in an effort to build a team of literacy specialists that will help drive growth in ELA. CCSP expanded its coaching of teachers by hiring experienced Humanities, Special Education, and STEM supervisors. These leaders are working directly with our Director of Curriculum and Instruction and campus leaders to provide high quality professional development and feedback to our teaching teams. This helps ensure that teachers continue to have the coaching, modeling and access to resources that they need to continue to improve. Lastly, in the 2021-2022 school year, CCSP has adopted new Social and Emotional Learning programs to ensure students are provided instruction and guidance in this important aspect of their learning.

4) **Major Initiatives** - *continued*

Instructional Rigor & Intensive Student Support – CCSP has added several high-quality evidence-based rigorous programs to its curriculum in Math, ELA and intervention programs. CCSP has also adopted high-quality standards-aligned programs in Social Studies and Science. Combined with PD efforts, strong professional development and increased teacher specialization, these programs promise to yield strong results.

Full-Service Community School – CCSP’s commitment to parent engagement will continue to drive parents to be more involved in their student’s education. These efforts are supplemented by the growing support of the Community Advisory Board, which is designed to help leverage more resources, information and relationships that will benefit and enrich CCSP’s academic program.

Signs of Academic Success – There are several signs that the changes and initiatives that CCSP has implemented are having an impact on student performance, particularly the introduction of Lavinia and its proven methods of academic improvement.

5) **Internal Accounting Controls**

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

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

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

6) Budgetary Controls

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. No reservation of fund balance was made at June 30, 2022.

During the 2021-2022 fiscal school, the Charter School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

7) Accounting System and Report

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

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

8) **Financial Statement Information at Fiscal Year-End**

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special revenue funds for the fiscal year ended June 30, 2022 fiscal year:

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

Revenue	2022	2021	Increase/ (decrease)	% Change
Local sources	\$ 1,504,336	\$ 1,274,213	\$ 230,123	18.06%
State sources	15,214,256	14,264,432	949,824	6.66%
Federal sources	3,207,404	2,325,593	881,811	37.92%
PPP loan forgiven	1,897,040	-	1,897,040	100%
	<u>\$ 21,823,036</u>	<u>\$ 17,864,238</u>	<u>\$ 3,958,798</u>	<u>22.16%</u>

The Charter School experienced a general increase in revenue of 22.16%. The significant increase was due to the forgiveness of Paycheck Protection Program loan during 2021-2022.

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2022:

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

Expenditures	2022	2021	Increase/ (decrease)	% Change
Instruction	\$ 5,505,771	\$ 5,059,221	\$ 446,550	8.83%
Administrative	7,694,071	6,008,658	1,685,413	28.05%
Support	5,500,037	4,917,889	582,148	11.84%
Capital outlay	537,459	375,111	162,348	43.28%
	<u>\$ 19,237,338</u>	<u>\$ 16,360,879</u>	<u>\$ 2,876,459</u>	<u>17.58%</u>

The Charter School experienced an increase in expenditures of 17.58% due to significant increase in COVID-19 related expenditures in 2021-2022.

9) Cash Management

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

10) Risk Management

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

11) Other Information

Independent Audit

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

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

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

The school year 2021-2022 was marked by increased levels of parental and community involvement as the Charter School moved further towards its objective of becoming a true Community School. Lastly, the Charter School continues to enjoy a strong financial position through careful stewardship of its resources. The next school year promises to be one that builds upon these successes with additional progress in all areas of the School’s operations, and particularly in the area of student achievement.

12) Anti-Bullying

On January 5, 2010, the former Governor Chris Christie signed into law P.L. 2010, Chapter 122 known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act (“Act”) requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board Members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. During 2021-2022, on-going training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

13) COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business. The Charter School had to close its physical locations and has since been coping with the challenges posed by COVID-19. For the 2022-2023 school year academic instructions are being planned and executed with flexibilities around virtual learning. Future potential impacts may include continued disruptions or restrictions on instructional and administrative staffs’ ability to work. The Board of the Charter School continues to monitor the challenges and plans to adapt and make changes as they become necessary.

14) Acknowledgments

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

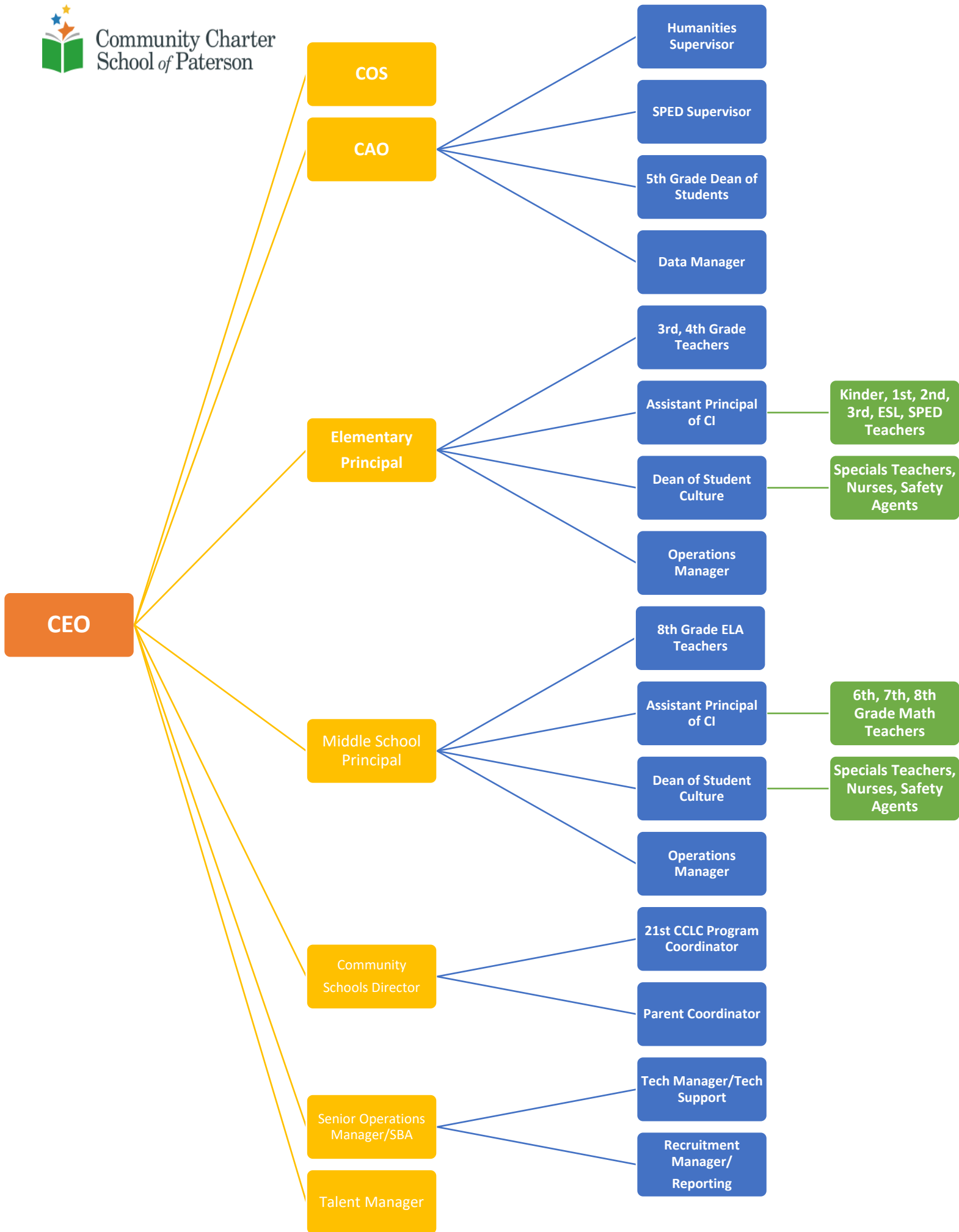
A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of the Charter School are truly noteworthy. The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

Respectfully submitted,



Curtis Palmore
Chief Executive Officer/Chief Advocate

Pages 11 and 12 Intentionally Left Blank



COMMUNITY CHARTER SCHOOL OF PATERSON
ROSTER OF TRUSTEES AND OFFICERS

June 30, 2022

Members of Board of Trustees

Michael De Blasio, Board President

Tiffany McBride, Vice President

Tamour Kousha, Board Member

Sophia Sample, Board Member

Boris Zaydell, Board Member

Tamara Lugo, Board Member

Marqweesha Guthrie, Board Member

Administration

Curtis Palmore, Chief Executive Officer/Chief Advocate

Dr. Makeba McCray, Director of Instructional Technology and Assessment – Starting January 2022

Dr. Lisa Schneider, Director of Curriculum Instructions – through January 2022

Olugbenga Olabintan, CPA – School Business Administrator/Fiscal Consultant

Craig Smith, School Business Administrator/Chief Operations Officer

Flavio Rivera, Treasurer of School Monies

COMMUNITY CHARTER SCHOOL OF PATERSON

Consultants and Advisors

Independent Auditors

Gerald D. Longo
Certified Public Accountant/Consultant
62 Old Queens Boulevard
Manalapan, NJ 07726-3648

Attorney

Johnston Law Firm LLC
75 Midland Avenue Suite 1
Montclair, NJ 07042

Official Depository

TD Bank
100 Hamilton Plaza
Paterson, NJ 07501

Architect

Ben Horten Architecture & Design
312 NJ-10
Randolph, NJ 07869
(973) 442-5880

Financial Section

GERALD D. LONGO

CERTIFIED PUBLIC ACCOUNTANT

62 OLD QUEENS BOULEVARD, MANALAPAN, NEW JERSEY 07726-3648

Phone: (732) 446-4768 • Fax: (732) 792-3648 • e-mail: glongcpa@gmail.com

Independent Auditor's Report

The Honorable President and
Members of the Board of Trustees
Community Charter School of Paterson
Paterson, New Jersey
County of Passaic

Report on the Audit of Financial Statements

Opinion

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Board of Trustees of the Community Charter School of Paterson, (the "Charter School") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Charter School as of June 30, 2022, and the respective changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the *Office of School Finance, Department of Education, State of New Jersey*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Charter School and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Emphasis of Matter

During the fiscal year ended June 30, 2022, the Charter School adopted Governmental Accounting Standards Board (GASB) Statement No 87, *Leases*, which modifies the accounting treatment of leases. My opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards (GAAS), *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Charter School, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards as required by 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 schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Charter School. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 24, 2023 on my consideration of the 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 solely 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 effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Charter School's internal control over financial reporting and compliance.

Gerald D. Longo, CPA

April 24, 2023
Manalapan, New Jersey

GERALD D. LONGO, CPA



Gerald D. Longo, CPA
Licensed Public School Accountant
No. 20CS00206400

Required Supplementary Information

Part I

Management's Discussion and Analysis

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

Introduction

This section of the Community Charter School of Paterson's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

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

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- Net position of governmental activities ended the fiscal year with \$5,519,127. Net position of business-type activities, which represent food service operations/after care and summer instructional programs, ended the fiscal year with \$383,446.
- General revenues accounted for \$18,506,861 in revenue or 82 percent of total revenues of \$22,598,550. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$4,091,689 or 18 percent of total revenues.
- The Charter School had \$20,180,591 in expenses related to governmental activities; \$3,311,727 of these expenses is offset by operating grants and contributions. General revenues (primarily state aid) of \$18,506,861 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2022, of \$8,207,445 of which \$4,000,000 was designated by a June 30, 2022 board resolution for future capital expenditures.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

Using the Basic Financial Statements

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

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

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

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

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

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

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the fund used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2022?" The statements of Net Position and the Statement of Activities answer this question. These Statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

Statement of Net Position and Statement of Activities-continued

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

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

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The food service operation is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, assets exceeded liabilities by \$5,902,573 at the close of 2022. The following table provides a summary of net position relating to the Charter School's governmental and business type activities:

	Governmental Activities		Business Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current assets	\$ 9,470,897	\$ 9,232,398	\$ 263,211	\$ 298,445	\$ 9,734,108	\$ 9,530,843
Capital assets, net	23,945,984	3,010,365	159,624	179,177	24,105,608	3,189,542
Deferred outflows of resources	1,592,965	2,779,473	-	-	1,592,965	2,779,473
Total Assets	35,009,846	15,022,236	422,835	477,622	35,432,681	15,499,858
Liabilities						
Current liabilities	1,181,087	3,528,286	39,389	77,992	1,220,476	3,606,278
Long term liabilities	25,377,370	4,768,177	-	-	25,377,370	4,768,177
Deferred inflows of resources	2,932,262	2,106,886	-	-	2,932,262	2,106,886
Total Liabilities	29,490,719	10,403,349	39,389	77,992	29,530,108	10,481,341
Net position						
Invested in						
Capital assets			-	-		
(net of related debt)	1,141,993	3,010,365	159,624	179,177	1,301,617	3,189,542
Restricted - student activity	82,365	77,917	-	-	82,365	77,917
Restricted - board designated	4,000,000	-	-	-	4,000,000	-
Unrestricted	294,769	1,530,605	223,822	220,453	518,591	1,751,058
Total net position	\$ 5,519,127	\$ 4,618,887	\$ 383,446	\$ 399,630	\$ 5,902,573	\$ 5,018,517

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

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

The total net position of the Charter School increased by \$1,621,813 during the current fiscal year ended June 30, 2022. The majority of the increase is attributable to an increase of \$1,637,997 in the Governmental Activities net position.

The table that follows reflects the change in net position for fiscal year 2022.

	Governmental Activities		Business Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charge for services			\$0	\$0	\$0	\$0
Operating grants and contributions	\$3,311,727	\$2,344,883	779,962	264,484	4,091,689	2,609,367
Total program revenues	<u>3,311,727</u>	<u>2,344,883</u>	<u>779,962</u>	<u>264,484</u>	<u>4,091,689</u>	<u>2,609,367</u>
General revenues:						
Local aid	1,437,612	1,238,968	-	-	1,437,612	1,238,968
Federal and state aid	15,139,932	14,264,432	-	-	15,139,932	14,264,432
Miscellaneous	32,277	33,523	-	-	32,277	33,523
Transfers	-	-	-	-	-	-
Special items	1,897,040	-	-	-	1,897,040	-
Total general revenues	<u>18,506,861</u>	<u>15,536,923</u>	<u>-</u>	<u>-</u>	<u>18,506,861</u>	<u>15,536,923</u>
Total revenues	<u>21,818,588</u>	<u>17,881,806</u>	<u>779,962</u>	<u>264,484</u>	<u>22,598,550</u>	<u>18,146,290</u>
Expenses:						
Instructions	5,505,771	5,059,221	-	-	5,505,771	5,059,221
Administrative & support services	14,252,433	11,698,272	-	-	14,252,433	11,698,272
Unallocated depreciation	422,387	386,556	-	-	422,387	386,556
Food service	-	-	796,146	232,521	796,146	232,521
Total expenses	<u>20,180,591</u>	<u>17,144,049</u>	<u>796,146</u>	<u>232,521</u>	<u>20,976,737</u>	<u>17,376,570</u>
Change in net position	<u>\$ 1,637,997</u>	<u>\$ 737,757</u>	<u>\$ (16,184)</u>	<u>\$ 31,963</u>	<u>\$ 1,621,813</u>	<u>\$ 769,720</u>

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2022.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

Governmental Activities - *continued*

	Total Cost of Services	Net Cost of Services
Instruction	\$ 5,505,771	\$ 3,177,366
Administrative & support services	14,252,433	13,343,435
Capital outlay	-	(74,324)
Unallocated depreciation	422,387	422,387
Total expenses	\$ 20,180,591	\$ 16,868,864

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation. This program had revenues of \$779,962, operating expenses of \$796,146 and a current year deficit of \$16,164 for fiscal year 2022. The current year's deficit was adequately covered by the prior years' accumulated fund balance of \$399,630. The Charter School intended to have food services be self-operating without assistance from the General Fund.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$19,925,996 and expenditures of \$19,237,338, with a positive change in fund balance of \$684,658. The positive change in fund balance was due to significant increase in federal grants. The Charter School also received forgiveness of the Paycheck Protection Program loan amount of \$1,897,040 during the fiscal year ended June 30, 2022. The forgiven loan increased the surplus for 2022 to \$2,585,698.

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

During the course of fiscal 2022, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management team.

For the General Fund, final budgeted revenues were \$14,210,817, which included a local tax levy of \$1,437,612. Expenditures and other financing uses were budgeted at \$13,903,049. The Charter School anticipated budgeted fund balance of \$5,933,963 in its 2021-2022 budget year. Actual revenues and other financing sources were \$16,609,821 and expenditures were \$15,925,611, respectively.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

The State of New Jersey reimbursed the Charter School \$384,095 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members. The State also paid \$2,332,632 into the TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions. These unbudgeted amounts were included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2022, the Charter School had \$3,165,307 invested in capital assets in its governmental activities.

The Charter School's 2022-2023 budget projects spending approximately \$200,000 for capital projects.

Long-term Liabilities

The Charter School had \$2,573,379 and \$4,768,177 at June 30, 2022 and 2021, respectively, in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long term obligations is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2022-2023. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

COVID-19 and Paycheck Protection Program Loan

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business for what may be an extended period of time. The Charter School had to close its physical locations. Future potential impacts may include continued disruptions or restrictions on its employees’ ability to work and impairment of its ability to obtain grants and contributions. Though the impact on the Charter School’s operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund and other state aid and the local tax levy. There have been additional operating expenses (related to COVID-19) in the General Fund not planned for or expected at the time of the adoption of the Charter School’s fiscal year 2022-2023 budget.

During the prior fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$1,897,040 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for ten months after the expiration of the covered period which is a maximum of 24 weeks from the funding date. The Charter School was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government.

The loan was funded on April 20, 2020. The Charter School applied for the loan forgiveness during the year ended June 30, 2022 which was approved by the SBA on January 20, 2022. The entire loan amount is being recognized as revenue during the current fiscal year ended June 30, 2022.

Contacting the Charter School’s Financial Management

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Business Office
75 Spruce Street
Paterson, New Jersey 07501
Tel: (973) 413-2057

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Charter School's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the Year Ended June 30, 2022.

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,552,080	\$ 158,847	\$ 8,710,927
Restricted cash - escrow	76,893		76,893
Accounts receivable	751,924	79,833	831,757
Other current assets	90,000	-	90,000
Interfund receivables	-	24,531	24,531
Capital assets (net of accumulated depreciation of \$3,163,630)	3,165,307	159,624	3,324,931
Right-to-use lease asset, net of accumulated amortization of \$6,356,061)	20,780,677	-	20,780,677
Total assets	<u>33,416,881</u>	<u>422,835</u>	<u>33,839,716</u>
Deferred outflows of resources			
Pension deferred outflows	<u>1,592,965</u>	<u>-</u>	<u>1,592,965</u>
Total assets and deferred outflows of resources	<u>\$ 35,009,846</u>	<u>\$ 422,835</u>	<u>\$ 35,432,681</u>
Liabilities			
Accounts payable	\$ 858,802	\$ 39,389	\$ 898,191
Intergovernmental payables - state and federal	66,893	-	66,893
Deferred revenue	-	-	-
Interfunds payables	24,531	-	24,531
Payroll deductions and withholdings payable	230,861	-	230,861
Paycheck Protection Program (PPP) loan	-	-	-
Net pension liability	2,573,379	-	2,573,379
Lease liabilities	22,803,991	-	22,803,991
Total liabilities	<u>26,558,457</u>	<u>39,389</u>	<u>26,597,846</u>
Deferred inflows of resources			
Pension deferred inflows	<u>2,932,262</u>	<u>-</u>	<u>2,932,262</u>
Total liabilities and deferred inflows of resources	<u>29,490,719</u>	<u>39,389</u>	<u>29,530,108</u>
Net position			
Invested in capital assets	1,141,993	159,624	1,301,617
Restricted - student activity	82,365	-	82,365
Restricted - board designated for future capital expenditures	4,000,000	-	4,000,000
Unrestricted, undesignated	294,769	223,822	518,591
Total net position (Note 18)	<u>5,519,127</u>	<u>383,446</u>	<u>5,902,573</u>
Total liabilities, deferred inflows & net position	<u>\$ 35,009,846</u>	<u>\$ 422,835</u>	<u>\$ 35,432,681</u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON

A-2

Statement of Activities

Year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 5,505,771	\$ -	\$ 2,328,405	\$ (3,177,366)	\$ -	\$ (3,177,366)
Administrative & support services:						
General administration	8,752,396	-	-	(8,752,396)	-	(8,752,396)
Support services	5,500,037	-	908,998	(4,591,039)	-	(4,591,039)
Capital outlay	-	-	74,324	74,324	-	74,324
Unallocated depreciation	422,387	-	-	(422,387)	-	(422,387)
Total governmental activities	<u>20,180,591</u>	<u>-</u>	<u>3,311,727</u>	<u>(16,868,864)</u>	<u>-</u>	<u>(16,868,864)</u>
Business-type activities:						
Food service	796,146	-	779,962	-	(16,184)	(16,184)
After care/summer programs	-	-	-	-	-	-
Total business-type activities	<u>796,146</u>	<u>-</u>	<u>779,962</u>	<u>-</u>	<u>(16,184)</u>	<u>(16,184)</u>
Total primary government	<u>\$ 20,976,737</u>	<u>\$ -</u>	<u>\$ 4,091,689</u>	<u>(16,868,864)</u>	<u>(16,184)</u>	<u>(16,885,048)</u>
General revenues, transfers and special items:						
Local sources				1,437,612	-	1,437,612
State sources				15,139,932	-	15,139,932
Federal sources				-	-	-
Miscellaneous				32,277	-	32,277
Special item - Paycheck Protection Program loan forgiven				1,897,040	-	1,897,040
Total general revenues, transfers and special items				<u>18,506,861</u>	<u>-</u>	<u>18,506,861</u>
Change in net position				1,637,997	(16,184)	1,621,813
Net position - beginning				3,881,130	367,667	4,248,797
Net position - ending				<u>\$ 5,519,127</u>	<u>\$ 351,483</u>	<u>\$ 5,870,610</u>

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

Funds Financial Statements

Governmental Funds

COMMUNITY CHARTER SCHOOL OF PATERSON
Governmental Funds

B-1

Balance Sheet

June 30, 2022

	General Fund	Special Revenue Fund	Totals Governmental Funds
Assets			
Cash and cash equivalents	\$ 8,108,641	\$ 443,439	\$ 8,552,080
Restricted cash in escrow	76,893		76,893
Accounts receivable:			
State	42,090		42,090
Federal	-	627,128	627,128
Other	82,706		82,706
Other current assets	90,000		90,000
Interfund receivable	895,803		895,803
Total assets	<u>\$ 9,296,133</u>	<u>\$ 1,070,567</u>	<u>\$ 10,366,700</u>
Liabilities and Fund Balances			
Interfund payables	\$ -	\$ 920,334	\$ 920,334
Accounts payables	790,934	67,868	858,802
Intergovernmental payables - federal	-		-
Intergovernmental payables - state	-		-
Intergovernmental payables - other	66,893		66,893
Paycheck Protection Program (PPP) loan	-		-
Payroll deductions and withholdings payable	230,861		230,861
Deferred revenue	-		-
Total liabilities	<u>1,088,688</u>	<u>988,202</u>	<u>2,076,890</u>
Fund balances:			
Restricted:			
Board designated/Student activities	4,000,000	82,365	4,082,365
Unreserved:			
Undesignated	4,207,445	-	4,207,445
Total fund balances	<u>8,207,445</u>	<u>82,365</u>	<u>8,289,810</u>
Total liabilities and fund balances	<u>\$ 9,296,133</u>	<u>\$ 1,070,567</u>	

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

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

Cost of capital assets	\$ 6,289,031	
Accumulated depreciation	(3,123,724)	
Cost of capital assets, net of accumulated depreciation	<u>\$ 3,165,307</u>	3,165,307

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)

1,592,965

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)

(2,932,262)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)

(2,573,379)

Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 4):

Cost of right-to-use assets	\$ 27,136,738	
Accumulated amortization	(6,356,061)	
Cost of right-to-use assets, net of accumulated amortization	<u>\$ 20,780,677</u>	20,780,677

Lease liabilities used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 5).

(22,803,991)

Net position of governmental activities - A-1

\$ 5,519,127

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Governmental Funds

B-2

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2022

	General Fund	Special Revenue Fund	Total
Revenues:			
Local sources:			
Local tax levy	\$ 1,437,612	\$ -	\$ 1,437,612
Miscellaneous	32,277	34,447	66,724
Total revenues - local sources	1,469,889	34,447	1,504,336
Federal sources	-	3,207,404	3,207,404
State sources	12,423,205	74,324	12,497,529
Reimbursed TPAF-Social Security (non-budgeted)	384,095	-	384,095
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	2,332,632	-	2,332,632
Total revenues	16,609,821	3,316,175	19,925,996
Current expense:			
Instruction	3,177,366	2,328,405	5,505,771
Administrative	4,977,344	-	4,977,344
Support services	4,591,039	908,998	5,500,037
Capital outlay	463,135	74,324	537,459
Reimbursed and on-behalf payments:	-	-	-
Reimbursed TPAF-Social Security (non-budgeted)	384,095	-	384,095
TPAF pension and post retirement medical benefits on-behalf payments (non-budgeted)	2,332,632	-	2,332,632
Total expenditures	15,925,611	3,311,727	19,237,338
Excess (deficiency) of revenues over (under) expenditures before special item	684,210	4,448	688,658
Special item:			
Forgiveness of Paycheck Protection Program (PPP) loan	1,897,040	-	1,897,040
Excess (deficiency) of revenues over (under) expenditures after special item	2,581,250	4,448	2,585,698
Fund balances, beginning of year	5,626,195	77,917	5,704,112
Fund balances, end of year	\$ 8,207,445	\$ 82,365	\$ 8,289,810

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2022

B-3

Total net change in fund balances - governmental funds (B-2) \$ 688,658

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

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

	Depreciation expense	\$ (422,387)	
	Capital outlays	<u>537,459</u>	
			115,072

Adoption of GASB 87 resulted in an increase in right-to-use lease assets offset by the current year amortization of the right-to-use assets, allocated over the term of the leases

	Amortization expense	(1,388,661)
--	----------------------	-------------

Adoption of GASB 87 resulted in an increase in lease liabilities offset by the current year principal payments on lease liabilities. Principal payments on lease liabilities decrease liabilities in the statement of net position, but are included in the governmental funds as expenses

	Principal payments	1,016,186
--	--------------------	-----------

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

		1,206,742
--	--	-----------

Change in net position of governmental activities (A-2)

		<u>\$ 1,637,997</u>
--	--	---------------------

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

Proprietary Funds

**COMMUNITY CHARTER SCHOOL OF PATERSON
Proprietary Funds**

B-4

Statement of Net Position

June 30, 2022

Assets	
Current assets:	
Cash and cash equivalents	\$ 158,847
Accounts receivable:	-
Federal	78,525
State	1,308
Interfund receivable - general fund	24,531
Total current assets	<u>\$ 263,211</u>
Noncurrent assets:	
Machinery and equipment	199,530
Less: accumulated depreciation	<u>(39,906)</u>
Total noncurrent assets	<u>159,624</u>
Total assets	<u><u>422,835</u></u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	\$ -
Accounts payable	39,389
Total current liabilities	<u>\$ 39,389</u>
Net position	
Unrestricted	383,446
Total net position	<u><u>\$ 383,446</u></u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Proprietary Funds

B-5

Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2022

Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Daily sales - nonreimbursable programs	-
Miscellaneous revenue	-
Total operating revenues	<u>-</u>
Operating expenses:	
Cost of sales - reimbursable programs	604,741
Cost of sales - nonreimbursable programs	-
Salaries	152,208
Employee benefits	19,244
Professional /technical service	-
Supplies and materials	-
Depreciation	19,953
Miscellaneous	-
Total operating expenses	<u>796,146</u>
Operating income (loss)	<u>(796,146)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	12,964
Federal sources:	-
National School Lunch Program	524,517
National School Breakfast Program	202,909
After School Snacks	39,572
Emergency Operational Cost Reimbursement Program	-
Total nonoperating revenues	<u>779,962</u>
Net income/(loss) before contributions & transfers	(16,184)
Other financing sources:	
Transfer in/(out) - board contribution	<u>-</u>
	<u>-</u>
Change in net position	(16,184)
Total net position-beginning of year	<u>399,630</u>
Total net position-end of year	<u>\$ 383,446</u>

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

**COMMUNITY CHARTER SCHOOL OF PATERSON
Proprietary Fund**

B-6

Statement of Cash Flows

Year ended June 30, 2022

Cash flows from operating activities	
Operating loss	\$ (796,146)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	19,953
Changes in assets and liabilities:	
Accounts receivable	98,586
Due to/(from) general fund	1,863
Accounts payable	(38,603)
Net cash used in operating activities	<u>(714,347)</u>
Cash flows from noncapital financing activities	
Cash received from state reimbursements	12,964
Cash received from federal reimbursements	766,998
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	<u>779,962</u>
Cash flows from investing activities	
Purchase of kitchen equipment	-
Net cash used in investing activities	<u>-</u>
Net decrease in cash and cash equivalents	65,615
Cash and cash equivalents, beginning	93,232
Cash and cash equivalents, ending	<u>\$ 158,847</u>

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

**Fiduciary Funds
Not Applicable**

Notes to Basic Financial Statements

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

1 Description of the Charter School and Reporting Entity

Community Charter School of Paterson (the “Charter School” was incorporated in the State of New Jersey on September 27, 2007 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School’s Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A Chief Executive Officer (CEO) is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the statutes, the Charter School’s duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies

This summary of significant accounting policies of Community Charter School of Paterson 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 Community Charter School of Paterson (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

A Basis of Presentation

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

Charter School Government-wide Financial Statements

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - continued

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

Fund Financial Statements

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

B Fund Accounting

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

Governmental Funds

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - continued

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2022 there was no Capital Projects Fund.

Proprietary Funds

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

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

Fiduciary Funds

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

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

GASB Statement No 84 Fiduciary Activities – As of the year ended June 30, 2022, there was no Fiduciary Fund due to the adoption of GASB Statement 84, Fiduciary Activities during the prior year ended June 30, 2021.

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.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

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

Basis of Accounting

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

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

D Budgets/Budgetary Control

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

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

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

E Cash, Cash Equivalent and Investments

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

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

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - continued

F Short-Term Interfund Receivables/Payables

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

G Inventories and Prepaid Expenses

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

H Capital Assets

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

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

<u>Description of Capital Assets</u>	<u>Estimated Lives (Years)</u>
Leasehold improvements	15
Equipment	5-12
Furniture and fixtures	10
Vehicle	5

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

I 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. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

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

The Charter School had no compensated absences as of June 30, 2022.

J Accrued Liabilities and Long-Term Obligations

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

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

K Deferred Revenue

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

L Fund Balance and Equity

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

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

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

M Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

N 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.

O Net Position

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

P GASB Pronouncements

Adoption of New Accounting Standards

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

During the current fiscal year ended June 30, 2022, the Charter School adopted **GASB Statement No. 87, *Leases***. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

Q Fair Value of Financial Instruments

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

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

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

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

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

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

3 Deposits and Investments

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

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

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

The Charter School’s cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School’s deposits and investments are exposed to custodial credit risk. As of June 30, 2022, the Charter School’s carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Cash balances	\$ 8,108,641	\$ 443,439	\$ 158,847	\$ -	\$ 8,710,927
Escrow	76,893	-	-	-	76,893
	<u>\$ 8,185,534</u>	<u>\$ 443,439</u>	<u>\$ 158,847</u>	<u>\$ -</u>	<u>\$ 8,787,820</u>

Operating cash accounts are held in the Charter School’s name by one banking institution. At June 30, 2022, the Charter School’s carrying amount of deposits was \$8,787,820 and the bank balance was \$8,883,621. Of the bank balance, \$250,000 of the Charter School’s cash deposits on June 30, 2022 were secured by federal deposit insurance and \$8,633,621 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act (“GUDPA”).

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

3 Deposits and Investments - *continued*

Establishment of an Escrow Account

During the previous year ended June 30, 2016, the Charter School established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required maximum of \$75,000 was fully funded. The agreement stipulates that the intended use of the escrow amount is “to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur.”

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

Category 1

Insured or collateralized with securities held by the Charter School or by its agent in the Charter School’s name.

Category 2

Collateralized with securities held by the pledging public depository’s trust department or agent in the Charter School’s name.

Category 3

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

3 Deposits and Investments - *continued*

Investments

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

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

As of June 30, 2022, the Charter School did not hold any investments.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

4 Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2022:

	Beginning Balance	Net Additions (Deletions)	Ending Balance
	<u> </u>	<u> </u>	<u> </u>
Governmental activities			
Capital assets, being depreciated:			
Leasehold improvements	\$ 4,742,402	\$ 537,459	\$ 5,279,861
Equipment	935,735	-	935,735
Furniture and fixtures	13,280	-	13,280
Vehicle	20,285	39,870	60,155
Total capital assets being depreciated	<u>5,711,702</u>	<u>577,329</u>	<u>6,289,031</u>
Less accumulated depreciation for:			
Leasehold improvements	1,899,209	351,991	2,251,200
Equipment	760,589	62,422	823,011
Furniture and fixtures	13,280	-	13,280
Vehicle	28,259	7,974	36,233
Total accumulated depreciation	<u>2,701,337</u>	<u>422,387</u>	<u>3,123,724</u>
Total capital assets net	<u>\$ 3,010,365</u>	<u>\$ 154,942</u>	<u>\$ 3,165,307</u>
Business-type activities:			
Equipment	\$ 199,530	\$ -	\$ 199,530
Less accumulated depreciation	(19,953)	(19,953)	(39,906)
Business-type activities capital assets, net	<u>\$ 179,577</u>	<u>\$ (19,953)</u>	<u>\$ 159,624</u>

Depreciation expense of \$422,387 was charged to an unallocated function.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

4 Capital Assets and Right-to-Use Lease Assets - continued

Changes in right-to-use lease assets are as follows for the fiscal year ended June 30, 2022:

Governmental Activities	Beginning Balance July 1, 2021	Net Additions	Ending Balance June 30, 2022
Right-to-use lease assets			
Premises	\$ 26,937,427	\$ -	\$ 26,937,427
Equipment	199,311	-	199,311
Total cost	<u>27,136,738</u>	<u>-</u>	<u>27,136,738</u>
Less - accumulated depreciation			
Premises	4,917,572	1,338,833	6,256,405
Equipment	49,828	49,828	99,656
Total accumulated depreciation	<u>4,967,400</u>	<u>1,388,661</u>	<u>6,356,061</u>
Right-to-use lease assets - net	<u>\$ 22,169,338</u>	<u>\$ (1,388,661)</u>	<u>\$ 20,780,677</u>

5 Lease Obligations

Lease Agreements – Implementation of GASB 87

The Charter School leases its premises and equipment under the terms of several non-cancelable leases. Certain leases are automatically renewed upon the charter renewal and can be extended through various dates through June 30, 2035.

The leases required aggregate monthly cash payments of approximately \$2,556,413 during the year ended June 30, 2022. Interest expense on the leases was \$1,167,931 for the year ended June 30, 2022 which is reflected as lease interest expense on the accompanying budgetary comparison schedule – general fund (exhibit C-1).

The value of the right-to-use assets and lease liabilities was \$27,136,738 and \$22,803,991, respectively as of June 30, 2022 which was calculated using a discount rate of 5% (the Charter School’s estimated incremental borrowing rate as of July 1, 2021).

The net value of the lease liabilities and right-to-use assets at July 1, 2021 was \$20,780,678. Amortization of the related right-to-use lease assets was \$1,388,661 for the year ended June 30, 2022.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

5 Lease Obligations - continued

Lease Agreements – Implementation of GASB 87 - continued

Future minimum payments under these agreements and future amortization are as follows:

Year ending June 30:	Principal	Interest	Amortization
2023	\$ 1,068,176	\$ 1,115,941	\$ 1,388,661
2024	1,122,826	1,061,291	1,388,661
2025	1,123,912	1,005,125	1,338,833
2026	1,181,413	947,624	1,338,833
2027	1,241,857	887,180	1,338,833
Thereafter	17,065,807	5,589,756	13,986,856
	<u>\$ 22,803,991</u>	<u>\$ 10,606,917</u>	<u>\$ 20,780,677</u>

Description of Lease Terms

Facilities Lease

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

75 Spruce Street, Paterson, New Jersey – a lease covering 28,550 square foot space housing grades kindergarten through four and the administrative offices. The original lease term expired on June 30, 2015 and was renewed for a two-year term through June 30, 2017 with the stipulation that it will automatically renew for a period up to twenty (20) years (ultimately expiring on June 30, 2037) so long as the term of the Charter School’s Charter is renewed or otherwise extended for the same period of years. The basic annual rent due each fiscal year is stipulated in a schedule attached to the lease agreement. The amount paid under this lease for the year ended June 30, 2022 was \$1,290,767.

32 Spruce Street, Paterson, New Jersey – a five-year lease through June 30, 2016 covering 10,000 square foot space housing Kindergarten and the business office. It was renewed on July 1, 2016 for another six (6) years through June 30, 2022 at the same annual rent of \$192,784. The lease provides for the payment of the tenant’s share of the facilities operating expenses in addition to the base rent. The total amount paid under this lease for the year ended June 30, 2022 was \$192,784. Starting from July 1, 2015 the facilities house the fifth graders and the business office.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

5 Lease Obligations - continued

Description of Lease Terms - continued

Facilities Lease - continued

8-14 Morris Street, Paterson, New Jersey – This is a new facility with 60,000 square foot space housing 400 students in the 5th, 6th, 7th and 8th grades. The lease was originally signed on November 12, 2018 stipulating that the landlord be given ample time to renovate the facility to the standards required by the Charter School (the tenant) and the building codes of the New Jersey Department of Education. It was delivered to the Charter School in June 2020 and the lease expires five years from the delivery date that is June 15, 2025. The current monthly rent is \$75,336 (\$904,032 annually) plus monthly maintenance fee of \$17,115 (\$205,380 annually). The total amount paid under this lease for the year ended June 30, 2022 was \$1,084,927. It should be noted that in addition to the 60,000-square foot space, the landlord was obligated by the lease agreement to construct a new gymnasium which was completed during the prior year ended June 30, 2021

Parking Space at 75 Spruce Street, Paterson, New Jersey - the Charter School also leases several parking spaces under an operating lease agreement at a monthly payment of \$4,080. The parking spaces are for the use of its employees who are charged reasonable monthly fees. The amount paid under this lease for the year ended June 30, 2022 was \$44,880.

Parking Space for the use of employees at 32 Spruce Street, Paterson, New Jersey - the Charter School also leases several parking spaces under an operating lease agreement at a monthly payment of approximately \$1,085. The parking spaces are for the use of its employees. The amount paid under this lease for the year ended June 30, 2022 was \$10,945.

Equipment Leases

The Charter School leases office equipment (copiers) under several operating lease agreements. For the year ended June 30, 2022, the Charter School incurred \$62,360 in equipment lease expenditures.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

5 Lease Obligations - continued

Description of Lease Terms - continued

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

Year ending June 30:	75 Spruce Street	32 Spruce Street	8-14 Morris Street	Equipment Leases	Total
2023	\$ 812,143	\$ 192,784	\$ 1,080,000	\$ 60,000	\$ 2,144,927
2024	820,264	192,784	1,080,000	60,000	2,153,048
2025	828,467	192,784	1,080,000	-	2,101,251
2026	836,751	192,784	-	-	1,029,535
2027	845,119	192,784	-	-	1,037,903
Thereafter	8,930,262	-	-	-	8,930,262
	<u>\$ 13,073,006</u>	<u>\$ 963,920</u>	<u>\$ 3,240,000</u>	<u>\$ 120,000</u>	<u>\$ 17,396,926</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

6 Pension Plans

Description of Plans

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

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

Teachers' Pension and Annuity Fund (TPAF)

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

6 Pension Plans - *continued*

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

6 Pension Plans - *continued*

Annual Pension Costs (APC)

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

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

The Charter School's contribution to PERS for the year ended June 30, 2022 was \$260,661.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$384,095 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$2,332,632 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

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

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$19,462,031 as measured on June 30, 2021 and \$26,442,137 as measured on June 30, 2020.

For the year ended June 30, 2022, the Charter School recognized pension expense of \$457,950 and revenue of \$457,950 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, 2022 is based upon changes in the collective net pension liability with a measurement period of June 30, 2020 through June 30, 2021. 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, 2020 and June 30, 2021.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$ 6,230,825,389	\$ 9,458,881,999
Collective deferred inflows of resources	\$27,221,092,460	\$14,424,322,612
Collective net pension liability (non-employer State of New Jersey)	\$48,075,188,642	\$65,848,796,740
State's portion of the net pension liability that was associated with the Charter School	\$ 19,462,031	\$ 26,442,137
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.040482%	0.040156%

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Actuarial Assumptions - continued

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - continued

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return - continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

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

Pension Plan Fiduciary Net Position

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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

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

At June 30, 2022, the Charter School reported a liability of \$2,573,379 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 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, 2021 and 2020, respectively. At June 30, 2021, the Charter School's proportion was 0.0217226945% which was a decrease of 0.0075166791% from its proportion measured as of June 30, 2020 which was 0.0292393736%.

For the year ended June 30, 2021, the Charter School recognized pension expense of \$260,661. At June 30, 2021, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,585	\$ 18,422
Changes in assumptions	13,402	916,140
Net difference between projected and actual earnings on pension plan investments	-	677,896
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	1,538,978	1,319,804
Subtotal	1,592,965	2,932,262
Charter School's contributions subsequent to the measurement date	260,661	-
Total	\$ 1,853,626	\$ 2,932,262

\$260,661 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability measured as of June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Pension Expense
2022	\$ (521,812)
2023	(372,573)
2024	(254,031)
2025	(190,956)
2026	74
Thereafter	-
	\$ (1,339,297)

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

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

	June 30, 2021	June 30, 2020
Collective deferred outflows of resources	\$ 1,164,739,169	\$ 2,347,583,337
Collective deferred inflows of resources	\$ 8,339,123,762	\$ 7,848,949,467
Collective net pension liability (Non-State Local Group)	\$ 11,846,499,172	\$ 16,307,384,832
Charter School's portion of the net pension liability	\$ 2,573,379	\$ 4,768,177
Charter School's proportion (percentage)	0.02172270%	0.02923937%

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	\$ 3,541,777	\$ 2,573,379	\$ 1,802,268
	2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	\$ 6,049,538	\$ 4,768,177	\$ 3,750,216

Pension Plan Fiduciary Net Position

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits

Plan Description and Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms.

At June 30, 2020, the following employees were covered by the benefit terms:

Active plan member = 213,901

Inactive plan members entitled to but not yet receiving benefits = 150,427

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

Total plan members = 364,328

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits – *continued*

Total Non-employer OPEB Liability

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

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%	TPAF/ABP	PERS
Salary increases:			
Through 2026		1.55 to 4.45% based on years of service	2.00 to 6.00% based on years of service
Thereafter		2.75 to 5.65% based on years of service	3.00 to 7.00% based on years of service

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits – *continued*

Actuarial Assumptions and Other Inputs - *continued*

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01 % in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits – continued

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

	Increase/(Decrease) Total OPEB Liability
Balance as of June 30, 2020 measurement date	\$ 67,809,962,608
Changes recognized for the fiscal year:	
Service cost	\$ 3,217,184,264
Interest on total OPEB liability	1,556,661,679
Changes of benefit terms	(63,870,842)
Difference between expected and actual experiences	(11,385,071,658)
Effect of changes of assumptions	59,202,105
Gross benefits paid by the State	(1,226,213,382)
Contributions from the members	39,796,196
Net changes	\$ (7,802,311,638)
Balance as of June 30, 2021 measurement date	\$ 60,007,650,970

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

The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.16%; as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	2021		
	At 1% Decrease (1.16%)	At 1% Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB liability attributable to the Charter School	\$ 10,324,531	\$ 8,619,269	\$ 7,276,477
	2020		
	At 1% Decrease (1.21%)	At 1% Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB liability attributable to the Charter School	\$ 11,965,319	\$ 9,925,182	\$ 8,329,991

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits – continued

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

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2021 and 2020, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a healthcare trend rate that is I-percentage-point lower or I-percentage-point higher than the current rate:

	2021		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 6,977,326	\$ 8,619,269	\$ 10,824,277
	2020		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 8,011,942	\$ 9,925,182	\$ 12,203,426

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

For the fiscal year ended June 30, 2022 the Charter School recognized OPEB expense of \$2,179,867 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2021 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits – continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 9,045,886,863	\$ 18,009,362,976
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	10,179,536,966	6,438,261,807
Subtotal	19,225,423,829	24,447,624,783
Contributions made in fiscal year 2019 after June 30, 2018 measurement date	TBD	N/A
Total	\$ 19,225,423,829	\$ 24,447,624,783

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

Measurement Period - Fiscal Year Ending June 30:	Total
2022	\$ (1,182,303,041)
2023	\$ (1,182,303,041)
2024	\$ (1,182,303,041)
2025	\$ (1,182,303,041)
2026	\$ (840,601,200)
Thereafter	\$ 347,612,410
	\$ (5,222,200,954)

9 Deferred Compensation

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

10 Economic Dependency

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

11 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, 2022, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School of Paterson 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 the following:

a. **Community Charter School Education Association (CCSEA) v. Community Charter School of Paterson Board of Trustees (Chapter 44)**

“In this administrative contested matter, the Community Charter School Education Association (CCSEA) alleged that the Charter School failed to abide by its mandates under Chapter 44 – which mandates certain public school systems to offer employees certain health plans. The CCSEA sought financial compensation to its members for alleged damages, which the Charter School successfully contested. The Commissioner of Education decided that such damages were not due the CCSEA members. It is not yet known whether the CCSEA will appeal this decision to the Superior Court Appellate Division.”

b. **Community Charter School Education Association (CCSEA) v. Community Charter School of Paterson Board of Trustees – (Summer Institute)**

“In this litigation, the CCSEA brought an arbitration to recover wages for two days during the summer which the union contests as improper work days. The Superior Court denied the CCSEA's motion to confirm an arbitration award in the union's favor. We are awaiting a written decision from the Superior Court on the CCSEA's motion for summary judgment. Even if the School does not prevail, the estimated liability exposure would not likely be greater than \$20,000.”

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

12 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. **New Jersey Unemployment Compensation** - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State.

The Charter School is billed quarterly for amounts due to the State. The following table is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and ending balance of the Charter School’s expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ -	\$ 30,481	\$ 30,481	\$ -
2020-2021	-	25,787	25,787	-
2019-2020	-	62,056	62,056	-

13 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2022 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 895,803	\$ -
Special Revenue Fund	-	920,334
Enterprise Fund	24,531	-
Trust and Agency Fund	-	-
	<u>\$ 920,334</u>	<u>\$ 920,334</u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

14 Receivables

Receivables as of June 30, 2022 consisted of accounts, intergovernmental, grants and miscellaneous receivables. All receivables are considered collectible in full. A summary of the principal items of receivables is as follows:

State aid	\$ 43,398
Federal aid	705,653
Other	82,706
Total receivables	<u>\$ 831,757</u>

15 Paycheck Protection Program Loan

During the fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$1,897,040 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for ten months after the expiration of the covered period which is a maximum of 24 weeks from the funding date. The Charter School was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government.

The loan was funded on April 20, 2020. The Charter School applied for the loan forgiveness during the year ended June 30, 2022 which was approved by the SBA on January 20, 2022. The entire loan amount is being recognized as revenue during the current fiscal year ended June 30, 2022.

16 Subsequent Events

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

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

The fund balance as of June 30, 2022 was \$8,207,445. By its resolution on June 30, 2022, the Board of the Charter School designated \$4,000,000 of the fund balance for future capital expenditures. \$4,207,445 is unreserved and undesignated.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

18 Related Party

New Jersey Community Development Corporation (NJCDC), a non-profit community development and social service agency based in Paterson is the founder of the Charter School. Officials of NJCDC are members of the Board of Trustees of the Charter School. NJCDC is the landlord of the two facilities leased by the Charter School – 75 and 32 Spruce Street, Paterson, New Jersey. In the opinion of management, the rental payments under the two leases approximate the market.

19 Risk and Uncertainties – COVID-19 and Its Impact

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

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

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

20 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	\$ 8,289,810
Cost of capital assets net accumulated depreciation	3,165,307
Pension deferred outflows	1,592,965
Pension deferred inflows	(2,932,262)
Deferred pension liability as of June 30, 2022	(2,573,379)
Cost of right-to-use lease assets, net of accumulated depreciation	20,780,677
Principal balance of lease liabilities	(22,803,991)
Net position (per A-1) as of June 30, 2022	<u><u>\$ 5,519,127</u></u>

Required Supplementary Information

Part II

Budgetary Comparison

**COMMUNITY CHARTER SCHOOL OF PATERSON
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	\$ 1,437,612	\$ -	\$ 1,437,612	\$ 1,437,612	\$ -
Miscellaneous	-	-	-	32,277	32,277
Total revenues -local sources	<u>1,437,612</u>	<u>-</u>	<u>1,437,612</u>	<u>1,469,889</u>	<u>32,277</u>
State sources:					
State aid	12,773,205	-	12,773,205	12,423,205	(350,000)
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	384,095	384,095
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	441,452	441,452
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	1,889,451	1,889,451
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,729	1,729
Total -state sources	<u>12,773,205</u>	<u>-</u>	<u>12,773,205</u>	<u>15,139,932</u>	<u>2,366,727</u>
Total revenues	<u>14,210,817</u>	<u>-</u>	<u>14,210,817</u>	<u>16,609,821</u>	<u>2,399,004</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	2,977,623	(179,042)	2,798,581	2,782,516	16,065
Other salaries for instruction	165,390	25,171	190,561	189,673	888
Purchased professional technical services	36,000	-	36,000	33,351	2,649
Other purchased services	35,000	(32,000)	3,000	1,705	1,295
General educational supplies	120,000	(56,000)	64,000	46,275	17,725
Textbooks	198,000	(74,000)	124,000	123,846	154
Miscellaneous expenses	25,000	(24,600)	400	-	400
	<u>3,557,013</u>	<u>(340,471)</u>	<u>3,216,542</u>	<u>3,177,366</u>	<u>39,176</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative cost:					
Salaries	1,741,406	24,460	1,765,866	1,763,349	2,517
Total benefit costs	2,859,192	(93,742)	2,765,450	2,370,279	395,171
Professional /Technical service	246,000	91,900	337,900	311,718	26,182
Other purchased services	238,240	9,167	247,407	229,295	18,112
Communications and Telephones	101,500	(10,142)	91,358	84,306	7,052
Supplies and materials	64,500	10,993	75,493	75,493	-
Miscellaneous expenses	40,000	102,904	142,904	142,904	-
	<u>5,290,838</u>	<u>135,540</u>	<u>5,426,378</u>	<u>4,977,344</u>	<u>449,034</u>
Support services:					
Salaries	1,288,044	(217,637)	1,070,407	1,061,321	9,086
Purchased prof/tech service	257,870	(66,706)	191,164	132,486	58,678
Other purchased services	131,252	79,203	210,455	210,455	-
Rent on land and buildings - other than Lease Purchase Agreements	2,395,613	172,927	2,568,540	372,296	2,196,244
Insurance-fidelity, liability property	132,988	10,000	142,988	142,185	803
Supplies and materials	229,000	(17,742)	211,258	174,184	37,074
Energy & Utilities	285,804	(23,700)	262,104	245,782	16,322
Miscellaneous expenses	66,848	1,365	68,213	68,213	-
Transportation other than to/from school	62,500	(62,500)	-	-	-
Lease interest expense	-	-	-	1,016,186	(1,016,186)
Principal payments on lease liabilities	-	-	-	1,167,931	(1,167,931)
Food Services - Transfer to cover deficit	-	-	-	-	-
Total support services	<u>4,849,919</u>	<u>(124,790)</u>	<u>4,725,129</u>	<u>4,591,039</u>	<u>134,090</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital outlay:					
Instructional equipment	75,279	(75,279)	-	-	-
Non-instructional equipment	-	-	-	-	-
Purchase land/improvements	130,000	405,000	535,000	463,135	71,865
Miscellaneous expenses	-	-	-	-	-
Total capital outlay	<u>205,279</u>	<u>329,721</u>	<u>535,000</u>	<u>463,135</u>	<u>71,865</u>
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	384,095	(384,095)
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	441,452	(441,452)
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	1,889,451	(1,889,451)
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,729	(1,729)
Total expenditures	<u>13,903,049</u>	<u>-</u>	<u>13,903,049</u>	<u>15,925,611</u>	<u>308,341</u>
Excess (deficiency) of revenues over (under) expenditures before special item	307,768	-	307,768	684,210	376,442
Special item:					
Forgiveness of Paycheck Protection Program (PPP) loan	-	-	-	1,897,040	(1,897,040)
Excess (deficiency) of revenues over (under) expenditures after special item	307,768	-	307,768	2,581,250	2,273,482
Fund balances, beginning of year	<u>5,626,195</u>	<u>(32,000)</u>	<u>5,626,195</u>	<u>5,626,195</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,933,963</u>	<u>\$ (32,000)</u>	<u>\$ 5,933,963</u>	<u>\$ 8,207,445</u>	<u>\$ 2,273,482</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON
Special Revenue Fund**

C-2

**Budget Comparison Schedule
Budgetary Basis
Year ended June 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$ 3,207,404	\$ -	\$ 3,207,404	\$ 3,207,404	\$ -
State sources	74,324	-	74,324	74,324	-
Local sources				34,447	
Total revenues -all sources	<u>3,281,728</u>	<u>-</u>	<u>3,281,728</u>	<u>3,281,728</u>	<u>-</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	1,335,584	-	1,335,584	1,335,584	-
Purchased Prof. and technical services	77,386	-	77,386	77,386	-
Other purchased services	361,518	-	361,518	361,518	-
General supplies	553,677	-	553,677	553,677	-
Miscellaneous expenditures	240	-	240	240	-
Total instruction	<u>2,328,405</u>	<u>-</u>	<u>-</u>	<u>2,328,405</u>	<u>-</u>
Support services					
Support services salaries	175,587	-	175,587	175,587	-
Employee benefits	382,074	-	382,074	382,074	-
Purchased professional services	18,690	-	18,690	18,690	-
Other purchased services	195,734	-	195,734	195,734	-
Rental	-	-	-	-	-
Supplies	73,216	-	73,216	73,216	-
Student activities	33,698	-	33,698	29,999	3,699
Total support services	<u>878,999</u>	<u>-</u>	<u>878,999</u>	<u>875,300</u>	<u>3,699</u>
Capital Outlay:					
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	74,324	-	74,324	74,324	-
Total facilities acquisition and construction services	<u>74,324</u>	<u>-</u>	<u>74,324</u>	<u>74,324</u>	<u>-</u>
Total expenditures	<u>\$ 3,281,728</u>	<u>\$ -</u>	<u>\$ 953,323</u>	<u>\$ 3,278,029</u>	<u>\$ 3,699</u>

Notes to Required Supplementary Information

COMMUNITY CHARTER SCHOOL OF PATERSON
Note to Required Supplementary Information
Budget to GAAP Reconciliation

C-3

Year ended June 30, 2022

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1] [C-2]	\$ 16,609,821	\$ 3,316,175
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$ 16,609,821	\$ 3,316,175
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] [C-2]	\$ 15,925,611	\$ 3,316,175
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfer (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 15,925,611	\$ 3,316,175

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

COMMUNITY CHARTER SCHOOL OF PATERSON

L-1

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS
Last Nine Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30.								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)	0.2172269450%	0.0292393736%	0.0245760938%	0.0170631284%	0.0164703281%	0.0093782462%	0.0139802901%	0.0104217010%	0.0092776237%
Charter School's proportionate share of the net pension liability (assets)	2,573,379	4,768,177	4,428,239	3,359,645	3,834,029	2,777,568	3,138,295	1,951,227	1,773,138
Charter School's covered employee payroll	\$ 1,960,547	\$ 1,867,188	\$ 1,778,274	\$ 1,651,531	\$ 1,572,887	\$ 720,033	\$ 694,313	\$ 938,296	\$ 660,928
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	131.26%	255.37%	249.02%	203.43%	243.76%	385.76%	452.00%	207.95%	268.28%
Plan fiduciary net position as a percentage of the total pension liability - local	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note

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

COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of the Charter School's Contributions - PERS
Last Nine Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 260,661	\$ 319,865	\$ 242,639	\$ 207,444	\$ 205,497	\$ 139,613	\$ 120,193	\$ 85,915	\$ 69,905
Contribution in relation to the contractually required contribution	<u>(260,661)</u>	<u>(319,865)</u>	<u>(242,639)</u>	<u>(207,444)</u>	<u>(205,497)</u>	<u>(139,613)</u>	<u>(120,193)</u>	<u>(85,915)</u>	<u>(69,905)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 1,960,547	\$ 1,867,188	\$ 1,778,274	\$ 1,651,531	\$ 1,572,887	\$ 720,033	\$ 694,313	\$ 938,296	\$ 660,928
Contributions as a percentage of covered employee payroll	13.30%	17.13%	13.64%	12.56%	13.06%	19.39%	17.31%	9.16%	10.58%

Note

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

COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF
Last Nine Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 35,369,670	\$ 26,442,137	\$ 25,353,538	\$ 20,642,917	\$ 14,659,299	\$ 23,156,160	\$ 18,742,901	\$ 11,228,897	\$ 11,716,500
Total	<u>\$ 35,369,670</u>	<u>\$ 26,442,137</u>	<u>\$ 25,353,538</u>	<u>\$ 20,642,917</u>	<u>\$ 14,659,299</u>	<u>\$ 23,156,160</u>	<u>\$ 18,742,901</u>	<u>\$ 11,228,897</u>	<u>\$ 11,716,500</u>
Charter School's covered employee payroll	\$ 4,054,811	\$ 3,861,725	\$ 3,677,833	\$ 4,133,287	\$ 3,936,464	\$ 2,107,257	\$ 2,268,474	\$ 2,939,626	\$ 2,896,989
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

COMMUNITY CHARTER SCHOOL OF PATERSON

M-1

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

	Fiscal Year Ending					
	2021	2020	2019	2018	2017	2016
Total OPEB Liability						
Service cost	\$ 1,793,759	\$ 1,000,010	\$ 896,834	\$ 808,532	\$ 976,895	**
Interest cost	223,593	207,532	226,552	194,722	154,834	**
Changes of benefit term	(9,174)	-	-	-	-	**
Difference between expected and actual experiences	(3,152,182)	2,059,664	(1,067,457)	40,167	-	**
Changes of assumptions	8,504	1,812,990	74,737	(577,353)	(839,856)	**
Member contributions	5,716	5,237	4,561	4,650	4,004	**
Gross benefit payments	(176,129)	(172,789)	(153,870)	(134,532)	(108,746)	**
Net change in total OPEB liability	(1,305,913)	4,912,644	(18,643)	336,186	187,131	**
Total OPEB liability - beginning	9,925,182	5,012,538	5,031,181	4,694,995	4,507,864	**
Total OPEB liability, ending	<u>\$ 8,619,269</u>	<u>\$ 9,925,182</u>	<u>\$ 5,012,538</u>	<u>\$ 5,031,181</u>	<u>\$ 4,694,995</u>	<u>\$ 4,507,864</u>
Covered employee payroll - PERS and TPAF	\$ 2,072,048	\$ 2,088,335	\$ 1,673,175	\$ 1,488,299	\$ 1,181,052	**
Total OPEB liability as a percentage of covered employee payroll	416%	475%	300%	338%	398%	0.00%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%
Charter School's contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

** Information not available.

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to Required Supplementary Information
Year Ended June 30, 2022

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

Benefit Changes

There were none.

Changes of Assumptions

In the July 1, 2019 actuarial valuation, the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

Other Supplementary Information

School Level Schedules

Special Revenue Fund

COMMUNITY CHARTER SCHOOL OF PATERSON
Special Revenue Fund

E-1

Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis

Year ended June 30, 2022

	Title IA 2021-2022	I.D.E.A. Basic 2021-2022	I.D.E.A. Preschool 2021-2022	ARP IDEA Basic 2021-2022	ARP IDEA Preschool 2021-2022	Twenty-First Century 2020-2021	Twenty-First Century 2021-2022	I.D.E.A. 21st Century 2021-2022	CARES Emergency Relief Grant	CRRSA ESSER II Grant	COVID-19 Testing Grant	SDA Emergent Capital Needs Grant	Bridging Digital Divide Grant	Student Activity Fund	Total
Revenues															
Federal sources	\$ 951,925	\$ 206,169	\$ 4,957	\$ 55,948	\$ 4,733	\$ 130,725	\$ 557,055	\$ 18,246	\$ 233,107	\$ 897,905	\$ 142,968	\$ -	\$ 3,666	\$ -	\$ 3,207,404
State sources	-	-	-	-	-	-	-	-	-	-	-	74,324	-	-	74,324
Local sources	-	-	-	-	-	-	-	-	-	-	-	-	-	34,447	34,447
Total revenues -all sources	\$ 951,925	\$ 206,169	\$ 4,957	\$ 55,948	\$ 4,733	\$ 130,725	\$ 557,055	\$ 18,246	\$ 233,107	\$ 897,905	\$ 142,968	\$ 74,324	\$ 3,666	\$ 34,447	\$ 3,316,175
Expenditures															
Instruction															
Salaries of teachers	\$ 634,462	\$ 149,478	\$ -	\$ 33,563	\$ -	\$ 77,724	\$ 264,904	\$ 15,562	\$ 159,891	\$ -	\$ -	\$ -	\$ -	\$ -	1,335,584
Purchased Prof. and technical services	-	-	-	-	-	-	77,386	-	-	-	-	-	-	-	77,386
Other purchased services	-	-	-	-	-	-	-	-	-	361,518	-	-	-	-	361,518
General supplies	-	-	-	-	-	4,265	32,990	1,494	-	511,262	-	-	3,666	-	553,677
Miscellaneous expenditures	-	-	-	-	-	240	-	-	-	-	-	-	-	-	240
Total instruction	634,462	149,478	-	33,563	-	82,229	375,280	17,056	159,891	872,780	-	-	3,666	-	2,328,405
Support services															
Support services salaries	-	-	-	-	-	41,401	134,186	-	-	-	-	-	-	-	175,587
Employee benefits	268,765	56,691	-	22,385	-	7,095	25,948	1,190	-	-	-	-	-	-	382,074
Purchased professional services	-	-	4,957	-	4,733	-	9,000	-	-	-	-	-	-	-	18,690
Other purchased services	15,000	-	-	-	-	-	12,641	-	-	25,125	142,968	-	-	-	195,734
Rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	73,216	-	-	-	-	-	73,216
Miscellaneous expenditures	33,698	-	-	-	-	-	-	-	-	-	-	-	-	-	33,698
Student activities	-	-	-	-	-	-	-	-	-	-	-	-	-	29,999	29,999
Total support services	317,463	56,691	4,957	22,385	4,733	48,496	181,775	1,190	73,216	25,125	142,968	-	-	29,999	908,998
Facilities acquisition and construction services															
Instructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	-	-	-	-	74,324	-	-	74,324
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	-	-	-	74,324	-	-	74,324
Total expenditures	951,925	206,169	4,957	55,948	4,733	130,725	557,055	18,246	233,107	897,905	142,968	74,324	3,666	29,999	3,311,727
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	4,448	4,448
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	77,917	77,917
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year (restated)	-	-	-	-	-	-	-	-	-	-	-	-	-	77,917	77,917
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,365	\$ 82,365

Capital Projects Fund
At June 30, 2022, there was no capital project fund.

Enterprise Fund

COMMUNITY CHARTER SCHOOL OF PATERSON
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2022

	<u>Food Services</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 158,847
Accounts receivable:	-
Federal	78,525
State	1,308
Interfund receivable - general fund	24,531
Total current assets	<u>\$ 263,211</u>
Noncurrent assets:	
Machinery and equipment	199,530
Less: accumulated depreciation	<u>(39,906)</u>
Total noncurrent assets	<u>159,624</u>
Total assets	<u>422,835</u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	\$ -
Accounts payable	39,389
Total current liabilities	<u>\$ 39,389</u>
Net position	
Unrestricted	383,446
Total net position	<u><u>\$ 383,446</u></u>

COMMUNITY CHARTER SCHOOL OF PATERSON
Enterprise Fund

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2022

	<u>Food Services</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Daily sales - nonreimbursable programs	-
Miscellaneous revenue	-
Total operating revenues	<u>-</u>
Operating expenses:	
Cost of sales - reimbursable programs	604,741
Cost of sales - nonreimbursable programs	-
Salaries	152,208
Employee benefits	19,244
Professional /technical service	-
Supplies and materials	-
Depreciation	19,953
Miscellaneous	-
Total operating expenses	<u>796,146</u>
Operating income (loss)	<u>(796,146)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	12,964
Federal sources:	-
National School Lunch Program	524,517
National School Breakfast Program	202,909
After School Snacks	39,572
Emergency Operational Cost Reimbursement Program	-
Total nonoperating revenues	<u>779,962</u>
Net income/(loss) before contributions & transfers	(16,184)
Other financing sources:	
Transfer in/(out) - board contribution	-
	<u>-</u>
Change in net position	(16,184)
Total net position-beginning of year	<u>399,630</u>
Total net position-end of year	<u>\$ 383,446</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2022

	Food Services
Cash flows from operating activities	
Operating loss	\$ (796,146)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	19,953
Changes in assets and liabilities:	
Accounts receivable	98,586
Due to/(from) general fund	1,863
Accounts payable	(38,603)
Net cash used in operating activities	(714,347)
Cash flows from noncapital financing activities	
Cash received from state reimbursements	12,964
Cash received from federal reimbursements	766,998
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	779,962
Cash flows from investing activities	
Purchase of kitchen equipment	-
Net cash used in investing activities	-
Net change in cash and cash equivalents	65,615
Cash and cash equivalents, beginning	93,232
Cash and cash equivalents, ending	\$ 158,847

Fiduciary Fund
Not Applicable

Page 108 is intentionally left blank.

Long Term Debt

At June 30, 2022, there was no long term debt.

COMMUNITY CHARTER SCHOOL OF PATERSON
Long-Term Debt
Schedule of Obligations Under Renovation Loan

I-2

Year ended June 30, 2022

NONE

<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2020</u>	<u>Acquired Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding July 1, 2021</u>
		\$ -	\$ -	\$ -	\$ -

Statistical Section

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-1

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,141,993	\$ 3,010,365	\$ 3,061,680	\$ 2,122,498	\$ 2,176,977	\$ 1,955,215	\$ 1,977,232	\$ 1,934,268	\$ 2,003,297	\$ 1,206,807
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	294,769	1,608,522	819,450	1,387,180	1,146,083	1,429,863	1,196,344	1,678,167	2,171,168	2,284,864
Total governmental activities net position	\$ 1,436,762	\$ 4,618,887	\$ 3,881,130	\$ 3,509,678	\$ 3,323,060	\$ 3,385,078	\$ 3,173,576	\$ 3,612,435	\$ 4,174,465	\$ 3,491,671
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	223,822	220,053	367,667	346,183	250,002	303,117	162,367	57,455	23,779	11,552
Total business-type activities	\$ 223,822	\$ 220,053	\$ 367,667	\$ 346,183	\$ 250,002	\$ 303,117	\$ 162,367	\$ 57,455	\$ 23,779	\$ 11,552
School-wide										
Invested in capital assets, net of related debt	\$ 1,141,993	\$ 3,010,365	\$ 3,061,680	\$ 2,122,498	\$ 2,176,977	\$ 1,955,215	\$ 1,977,232	\$ 1,934,268	\$ 2,003,297	\$ 1,206,807
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	518,591	1,828,575	1,187,117	1,733,363	1,396,085	1,732,980	1,358,711	1,735,622	2,194,947	2,296,416
Total charter school net position	\$ 1,660,584	\$ 4,838,940	\$ 4,248,797	\$ 3,855,861	\$ 3,573,062	\$ 3,688,195	\$ 3,335,943	\$ 3,669,890	\$ 4,198,244	\$ 3,503,223

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-2

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,505,771	\$ 5,059,221	\$ 5,539,697	\$ 5,197,256	\$ 5,611,946	\$ 6,028,561	\$ 6,183,596	\$ 4,777,832	\$ 3,614,419	\$ 3,143,395
Support Services:										
General administration	8,752,396	6,780,383	5,946,606	5,991,083	4,948,480	4,293,551	4,329,775	2,754,677	2,571,924	1,913,770
School administrative services	5,498,308	4,916,157	4,856,440	3,170,061	3,742,396	3,855,830	3,825,839	3,635,743	3,662,800	2,881,848
On-behalf TPAF/FICA Reimbursements	2,332,632	1,576,699	2,253	1,208,455	808,345	450,527	516,300	414,838	240,372	236,801
Capital outlay	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	422,387	386,556	385,337	290,232	286,196	66,677	321,823	350,782	224,724	142,154
Total governmental activities expenses	<u>22,511,494</u>	<u>18,719,016</u>	<u>16,730,333</u>	<u>15,857,087</u>	<u>15,397,363</u>	<u>14,695,146</u>	<u>15,177,333</u>	<u>11,933,872</u>	<u>10,314,239</u>	<u>8,317,968</u>
Business-type activities:										
Food service	796,146	232,521	531,837	627,502	853,770	639,997	653,002	667,329	470,311	381,276
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>796,146</u>	<u>232,521</u>	<u>531,837</u>	<u>627,502</u>	<u>853,770</u>	<u>639,997</u>	<u>653,002</u>	<u>667,329</u>	<u>470,311</u>	<u>381,276</u>
Total charter school expenses	<u>\$ 23,307,640</u>	<u>\$ 18,951,537</u>	<u>\$ 17,262,170</u>	<u>\$ 16,484,589</u>	<u>\$ 16,251,133</u>	<u>\$ 15,335,143</u>	<u>\$ 15,830,335</u>	<u>\$ 12,601,201</u>	<u>\$ 10,784,550</u>	<u>\$ 8,699,244</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 3,311,727	\$ 2,344,883	\$ 1,815,532	\$ 1,810,120	\$ 1,691,254	\$ 1,686,916	\$ 1,593,462	\$ 879,624	\$ 540,992	\$ 540,992
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>3,311,727</u>	<u>2,344,883</u>	<u>1,815,532</u>	<u>1,810,120</u>	<u>1,691,254</u>	<u>1,686,916</u>	<u>1,593,462</u>	<u>879,624</u>	<u>540,992</u>	<u>540,992</u>
Business-type activities:										
Charges for services										
Food service	-	-	20,324	-	1,303	96	15	13,854	14,733	14,733
Child care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	779,962	264,484	532,997	723,683	799,352	780,651	757,899	687,151	378,095	378,095
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>779,962</u>	<u>264,484</u>	<u>533,321</u>	<u>723,683</u>	<u>800,655</u>	<u>780,747</u>	<u>757,914</u>	<u>701,005</u>	<u>392,828</u>	<u>392,828</u>
Total charter school program revenues	<u>\$ 4,091,689</u>	<u>\$ 2,609,367</u>	<u>\$ 2,368,853</u>	<u>\$ 2,533,803</u>	<u>\$ 2,491,909</u>	<u>\$ 2,467,663</u>	<u>\$ 2,351,376</u>	<u>\$ 1,580,629</u>	<u>\$ 933,820</u>	<u>\$ 933,820</u>
Net (Expense)/Revenue										
Governmental activities										
Governmental activities	\$ (19,199,767)	\$ (16,374,133)	\$ (14,914,801)	\$ (14,046,967)	\$ (13,706,109)	\$ (13,008,230)	\$ (13,583,871)	\$ (11,054,248)	\$ (9,773,247)	\$ (7,776,976)
Business-type activities										
Business-type activities	(16,184)	31,963	21,484	96,181	(53,115)	140,750	104,912	33,676	(77,483)	11,552
Total charter school-wide net expense	<u>\$ (19,215,951)</u>	<u>\$ (16,342,170)</u>	<u>\$ (14,893,317)</u>	<u>\$ (13,950,786)</u>	<u>\$ (13,759,224)</u>	<u>\$ (12,867,480)</u>	<u>\$ (13,478,959)</u>	<u>\$ (11,020,572)</u>	<u>\$ (9,850,730)</u>	<u>\$ (7,765,424)</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-2

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,437,612	\$ 1,238,968	\$ 1,092,702	\$ 1,031,127	\$ 1,033,485	\$ 1,015,199	\$ 1,110,312	\$ 1,068,170	\$ 720,508	\$ 720,508
Grants and contributions	15,139,932	14,264,432	14,055,961	13,159,612	12,493,753	12,156,914	11,908,511	11,343,829	7,661,031	7,661,031
Miscellaneous income	32,277	33,523	137,590	42,846	116,853	47,619	126,189	31,446	2,133	2,133
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>16,609,821</u>	<u>15,536,923</u>	<u>15,286,253</u>	<u>14,233,585</u>	<u>13,644,091</u>	<u>13,219,732</u>	<u>13,145,012</u>	<u>12,443,445</u>	<u>8,383,672</u>	<u>8,383,672</u>
Business-type activities:										
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>\$ 16,609,821</u>	<u>\$ 15,536,923</u>	<u>\$ 15,286,253</u>	<u>\$ 14,233,585</u>	<u>\$ 13,644,091</u>	<u>\$ 13,219,732</u>	<u>\$ 13,145,012</u>	<u>\$ 12,443,445</u>	<u>\$ 8,383,672</u>	<u>\$ 8,383,672</u>
Change in Net Position										
Governmental activities	\$ (2,589,946)	\$ (837,210)	\$ 371,452	\$ 186,618	\$ (62,018)	\$ 211,502	\$ (438,859)	\$ 1,389,197	\$ (1,389,575)	\$ 606,696
Business-type activities	(16,184)	31,963	21,484	96,181	(53,115)	140,750	104,912	33,676	(77,483)	11,552
Total charter school	<u>\$ (2,606,130)</u>	<u>\$ (805,247)</u>	<u>\$ 392,936</u>	<u>\$ 282,799</u>	<u>\$ (115,133)</u>	<u>\$ 352,252</u>	<u>\$ (333,947)</u>	<u>\$ 1,422,873</u>	<u>\$ (1,467,058)</u>	<u>\$ 618,248</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-3

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Unreserved	\$ 8,207,445	\$ 5,626,195	\$ 4,105,268	\$ 4,327,245	\$ 3,774,122	\$ 3,662,181	\$ 3,136,995	\$ 3,413,702	\$ 2,171,168	\$ 2,284,864
Total general fund	<u>\$ 8,207,445</u>	<u>\$ 5,626,195</u>	<u>\$ 4,105,268</u>	<u>\$ 4,327,245</u>	<u>\$ 3,774,122</u>	<u>\$ 3,662,181</u>	<u>\$ 3,136,995</u>	<u>\$ 3,413,702</u>	<u>\$ 2,171,168</u>	<u>\$ 2,284,864</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Charter School's Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-4

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

Function	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Local tax levy	\$ 1,437,612	\$ 1,238,968	\$ 1,092,702	\$ 1,031,127	\$ 1,033,485	\$ 1,015,199	\$ 1,110,312	\$ 1,068,170	\$ 890,363	\$ 720,508
Miscellaneous	32,277	33,523	137,590	42,846	116,853	47,619	126,189	31,446	14,381	2,133
State sources	15,214,256	14,264,432	14,055,961	13,159,612	12,493,753	12,156,914	11,908,511	11,343,829	9,523,468	7,661,031
Federal sources	3,207,404	2,325,593	1,815,532	1,810,120	1,679,479	1,670,101	1,555,427	879,624	567,621	541,423
Total revenue	19,891,549	17,862,516	17,101,785	16,043,705	15,323,570	14,889,833	14,700,439	13,323,069	10,995,833	8,925,095
Expenditures										
Instruction	5,505,771	5,059,221	5,539,697	5,197,256	5,611,946	6,028,561	6,183,596	4,777,832	3,614,419	3,143,395
Administration	4,977,344	3,999,742	3,950,461	4,105,942	3,323,268	3,132,629	3,203,316	2,245,294	2,086,593	1,913,770
Support Services	5,500,037	4,917,889	4,858,693	4,378,516	4,550,741	4,306,357	4,342,139	4,050,581	3,903,172	3,118,649
Capital Outlay	537,459	375,111	1,324,519	235,753	507,958	44,660	365,504	281,753	1,021,214	477,123
Total expenditures	16,520,611	14,351,963	15,673,370	13,917,467	13,993,913	13,512,207	14,094,555	11,355,460	10,625,398	8,652,937
Net change in fund balances	\$ 3,370,938	\$ 3,510,553	\$ 1,428,415	\$ 2,126,238	\$ 1,329,657	\$ 1,377,626	\$ 605,884	\$ 1,967,609	\$ 370,435	\$ 272,158

Source: Charter School's Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-5

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

<u>Function</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Fiscal Year Ended June 30,</u>		<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
					<u>2018</u>	<u>2017</u>				
Other local revenues										
Miscellaneous	\$ 32,277	\$ 33,523	\$ 137,590	\$ 42,846	\$ 116,853	\$ 47,189	\$ 126,189	\$ 31,446	\$ 14,381	\$ 2,133
Total other local revenue	<u>\$ 32,277</u>	<u>\$ 33,523</u>	<u>\$ 137,590</u>	<u>\$ 42,846</u>	<u>\$ 116,853</u>	<u>\$ 47,189</u>	<u>\$ 126,189</u>	<u>\$ 31,446</u>	<u>\$ 14,381</u>	<u>\$ 2,133</u>

Source: Charter School's Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-10

Ratio of Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities	Total Charter School	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases		Capital Leases			
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2014	-	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	-	0.00%	-
2016	-	-	-	-	-	-	0.00%	-
2017	-	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	-	0.00%	-
2019	-	-	-	-	-	-	0.00%	-
2020	-	-	-	-	-	-	0.00%	-
2021	-	-	-	-	-	-	0.00%	-
2022	-	-	-	-	-	-	0.00%	-

NO LONG TERM DEBT FOR THE CHARTER SCHOOL

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

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-14

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2013	70,016	\$ 3,038,344,320	\$ 43,395	11.40%
2014	70,172	3,211,421,580	45,765	9.40%
2015	70,167	3,305,567,370	47,110	8.00%
2016	70,052	3,343,301,752	47,726	7.20%
2017	70,064	3,377,365,056	48,204	6.70%
2018	69,876	3,498,761,196	50,071	5.80%
2019	69,647	3,630,628,463	52,129	4.80%
2020	69,340	3,614,624,860	52,129	13.50%
2021	69,340	3,614,624,860	52,129	13.50%
2022	69,340	3,614,624,860	52,129	13.50%

Source:

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

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

^c Personal capital income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-15

**Principal Employers
Current Year
(Unaudited)**

	2021	
<u>Employer</u>	<u>a</u>	<u>a</u>
<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
Information not available.		
-		0.00%

a Information not available.

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

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-16

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

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</u>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Instruction										
Regular	67	67	67	67	65	65	65	55	47	39
Special education	12	12	12	12	12	14	11	11	11	11
Vocational										
Other instruction	13	13	13	13	13	13	11	11	7	7
Support Services:										
Student & instruction related services										
General administration	8	8	8	8	8	8	8	8	8	8
School administrative services										
Other administrative services										
Central services										
Administrative Information Technology	1	1	1	1	1	1	1	1	1	1
Plant operations and maintenance	5	5	5	5	5	5	5	5	3	3
Pupil transportation										
Other support services	5	5	5	5	5	5	5	5	6	6
Special Schools										
Food Service	8	8	8	8	8	8	8	8	8	8
Total	<u>119</u>	<u>119</u>	<u>119</u>	<u>119</u>	<u>117</u>	<u>119</u>	<u>114</u>	<u>104</u>	<u>91</u>	<u>83</u>

Source: Charter School Personnel Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-17

Operating Statistics

**Last Ten Fiscal Years
(Unaudited)**

Pupil/Teacher Ratio

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Kindergarten	Elementary				
2013	583	\$ 8,175,814	\$ 14,024	15.78%	47	1:10	1:10	583	516	21.97%	88.51%
2014	694	9,604,184	13,839	17.47%	57	1:10	1:10	694	690	19.04%	99.42%
2015	796	11,073,707	13,912	15.30%	77	1:10	1:10	796	790	14.70%	99.25%
2016	892	13,729,051	15,391	23.98%	87	1:10	1:10	892	890	12.06%	99.78%
2017	900	13,467,547	14,964	-1.90%	92	1:10	1:10	896	890	0.45%	99.33%
2018	897	13,485,955	15,035	0.14%	90	1:10	1:10	897	890	0.11%	99.22%
2019	900	13,681,714	15,202	1.45%	92	1:10	1:10	897	890	0.00%	99.22%
2020	900	14,348,851	15,943	4.88%	92	1:10	1:10	897	890	0.00%	99.22%
2021	894	13,976,852	15,634	-2.59%	92	1:10	1:10	897	890	0.00%	99.22%
2022	895	15,983,152	17,858	14.35%	92	1:10	1:10	897	890	0.00%	99.22%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-18

School Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Square Feet	110,550	110,550	110,550	80,550	80,550	80,550	80,550	80,550	80,550	80,550
Capacity (students)	900	900	900	900	900	900	900	900	900	600
Enrollment	895	894	900	900	897	900	892	796	694	583

Source: School Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-19

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

2013	\$ 2,079,633
2014	2,763,882
2015	2,621,497
2016	2,601,564
2017	2,666,902
2018	2,868,664
2019	2,862,611
2020	3,171,988
2021	3,016,915
2022	1,345,601
	-
Total	<u>\$ 25,999,257</u>

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

Source: Charter School records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-20

Insurance Schedule

June 30, 2022
(Unaudited)

	<u>Coverage</u>
Commercial property and general liability:	
Property:	
Personal Property	\$ 1,075,000
Business Income	3,450,000
Electronic Data Processing - Equipment Owned	60,000
Electronic Data Processing - Equipment In Transit	10,000
Employee Dishonesty	200,000
Forgery or Alteration	5,000
Building	8,100,000
Commercial General Liability:	
General Aggregate	3,000,000
Personal & Advertising Injury Limit	1,000,000
Damage to Premises Rented by Insured	300,000
Medical Expense Limit Per Person	5,000
Employee Benefits Liability	1,000,000
Abuse Sublimit - Per Person Limit	1,000,000
Abuse Sublimit - Aggregate Limit	1,000,000
 Automobile	 1,000,000
Umbrella Liability:	
Each Occurrence Limit	1,000,000
General Aggregate	1,000,000
Retained Limit	10,000
Workman's Compensation:	
Each Accident	1,000,000
Disease Policy Limit	1,000,000
Disease Each Employee	1,000,000
Directors & Officers:	
Each Occurrence Limit	3,000,000
Retained Limit	5,000

Source: Charter School Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-21

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2022
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2019</u>	
Cash	\$ 8,787,820	\$ 8,699,279	\$ 8,077,501	
Current assets	946,288	831,164	517,870	
Capital assets, net	3,324,931	3,189,942	3,061,680	
Total assets	<u>13,059,039</u>	<u>12,720,385</u>	<u>11,657,051</u>	
Current liabilities	989,615	3,137,663	4,122,436	
Long term liabilities	-	-	-	
Total liabilities	<u>989,615</u>	<u>3,137,663</u>	<u>4,122,436</u>	
Net position	<u>\$ 12,069,424</u>	<u>\$ 9,582,722</u>	<u>\$ 7,534,615</u>	
Total revenue	\$ 22,598,550	\$ 18,146,290	\$ 17,655,106	
Total expenses	<u>(20,976,737)</u>	<u>(17,376,570)</u>	<u>(17,262,170)</u>	
Change in net position	<u>\$ 1,621,813</u>	<u>\$ 769,720</u>	<u>\$ 392,936</u>	
Depreciation expense	\$ 422,387	\$ 386,556	\$ 385,337	
Interest expense	-	-	-	
Principal payments	-	-	-	
Interest payments	-	-	-	
Final average daily enrollment	895	894	900	
March 30th budgeted enrollment	900	900	900	
	<u>2022</u>	<u>2021</u>	<u>2019</u>	<u>Three Year Cumulative</u>
NEAR TERM INDICATORS:				
Current ratio	9.84	3.04	2.09	14.96
Unrestricted days cash	152.91	182.73	170.79	506.44
Enrollment variance	99%	99%	100%	100%
Default	N/A	N/A	N/A	N/A

Source: Charter School Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-22

Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2022
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2019</u>
Cash	\$ 8,787,820	\$ 8,699,279	\$ 8,077,501
Current assets	946,288	831,164	517,870
Capital assets, net	3,324,931	3,189,942	3,061,680
Total assets	<u>13,059,039</u>	<u>12,720,385</u>	<u>11,657,051</u>
Current liabilities	989,615	3,137,663	4,122,436
Long term liabilities	-	-	-
Total liabilities	<u>989,615</u>	<u>3,137,663</u>	<u>4,122,436</u>
Net position	<u>\$ 12,069,424</u>	<u>\$ 9,582,722</u>	<u>\$ 7,534,615</u>
Total revenue	\$ 22,598,550	\$ 18,146,290	\$ 17,655,106
Total expenses	<u>(20,976,737)</u>	<u>(17,376,570)</u>	<u>(17,262,170)</u>
Change in net position	<u>\$ 1,621,813</u>	<u>\$ 769,720</u>	<u>\$ 392,936</u>
Depreciation expense	\$ 422,387	\$ 386,556	\$ 385,337
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	895	894	900
March 30th budgeted enrollment	900	900	900

	<u>2022</u>	<u>2021</u>	<u>2019</u>	<u>Three Year Cumulative</u>
SUSTAINABILITY INDICATORS:				
Total margin	7%	4%	2%	5%
Debt to asset	N/A	N/A	N/A	N/A
Cash flow	\$ 88,541	\$ 621,778	\$ 3,043,988	\$ 3,754,307
Debt service coverage ratio	N/A	N/A	N/A	N/A

Source: Charter School Records

Single Audit Section

GERALD D. LONGO

CERTIFIED PUBLIC ACCOUNTANT

62 OLD QUEENS BOULEVARD, MANALAPAN, NEW JERSEY 07726-3648

Phone: (732) 446-4768 • Fax: (732) 792-3648 • e-mail: glongcpa@gmail.com

K-1

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

The Honorable President and
Members of the Board of Trustees
Community Charter School of Paterson
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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Community Charter School of Paterson (“the Charter School”), in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2022, 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 April 24, 2023.

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 our audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of material misstatement, 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.

Gerald D. Longo, CPA

April 24, 2023
Manalapan, New Jersey

GERALD D. LONGO, CPA



Gerald D. Longo, CPA
Licensed Public School Accountant
No. 20CS00206400

GERALD D. LONGO

CERTIFIED PUBLIC ACCOUNTANT

62 OLD QUEENS BOULEVARD, MANALAPAN, NEW JERSEY 07726-3648

Phone: (732) 446-4768 • Fax: (732) 792-3648 • e-mail: glongcpa@gmail.com

K-2

Independent Auditor's Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance Required by The Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08

The Honorable President and
Members of the Board of Trustees
Community Charter School of Paterson
County of Passaic,
Paterson, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

I have audited the Community Charter School of Paterson, in the County of Passaic, State of New Jersey's ("the Charter School's") compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and *State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2022. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the Charter School complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

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; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

Those standards, the Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that 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. My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Charter School and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal and state program. My audit does not provide a legal determination of the Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Charter School's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Charter School's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Charter School's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Charter School's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 U.S. Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Accordingly, this report is not suitable for any other purpose.

Gerald D. Longo, CPA

April 24, 2023
Manalapan, New Jersey

GERALD D. LONGO, CPA

A handwritten signature in black ink that reads "Gerald D. Longo". The signature is written in a cursive style with a large initial "G" and "L".

Gerald D. Longo, CPA
Licensed Public School Accountant
No. 20CS00206400

COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Federal Grant/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Federal Award Identification Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2021	Deferred Revenue at June 30, 2021	Due to Grantor at June 30, 2021	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2022	Deferred Revenue at June 30, 2022	Due to Grantor at June 30, 2022
Special Revenue Fund:															
U.S. Department of Health and Human Services, Pass Through Program: Passed-Through New Jersey State Department of Education															
Epidemiology and Laboratory Capacity for Infectious Diseases COVID-19 Testing Grant	93.323	NU50CK000546	7/1/21-6/30/22	\$ 142,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,707	\$ (142,968)	\$ -	\$ (62,261)	\$ -	\$ -
Subtotal, U.S. Department of Health and Human Services, Pass Through Program					-	-	-	-	-	80,707	(142,968)	-	(62,261)	-	-
U.S. Department of Education, Pass Through Programs: Passed-Through New Jersey State Department of Education															
Title I Part A - FY 2021-2022	84.010A	S010A210030	7/1/21-9/30/22	1,029,827	-	-	-	-	13,594	884,737	(951,925)	-	(53,594)	-	-
IDEA Part B - FY 2021-2022	84.027A	H027A210100	7/1/21-9/30/22	146,760	-	-	-	-	-	206,169	(206,169)	-	-	-	-
IDEA Preschool - FY 2021-2022	84.173A	H173A210114	7/1/21-9/30/22	3,914	-	-	-	-	-	-	(4,957)	-	(4,957)	-	-
ARP IDEA Basic - FY 2021-2022	84.027X	H027X210100	7/1/21-9/30/22	55,283	-	-	-	-	-	55,948	(55,948)	-	-	-	-
ARP IDEA Preschool - FY 2021-2022	84.173X	H173X210114	7/1/21-9/30/22	4,682	-	-	-	-	-	4,733	(4,733)	-	-	-	-
CARES Emergency Relief Grant	84.425D	S425D200027	3/31/20-9/30/22	763,612	(139,547)	-	-	-	-	372,654	(233,107)	-	-	-	-
CRRSA-ESSER II	84.425D	S425D210027	3/13/20-9/30/23	2,965,444	-	-	-	-	-	540,000	(897,905)	-	(357,905)	-	-
21st Century Grant - FY 2021-2022	84.287C	S287C210030	9/1/21-8/31/22	650,000	-	-	-	-	-	426,890	(557,055)	-	(130,165)	-	-
IDEA 21st Century Grant - FY 2021-2022	84.027X	H027X210100	9/1/21-8/31/22	30,000	-	-	-	-	-	-	(18,246)	-	(18,246)	-	-
Title I Part A - FY 2020-2021	84.010A	S010A200030	7/1/20-9/30/21	1,029,827	-	13,594	-	-	(13,594)	-	-	-	-	-	-
21st Century Grant - FY 2020-2021	84.287C	S287C200030	9/1/20-8/31/21	500,000	(157,252)	-	-	-	-	287,977	(130,725)	-	-	-	-
Subtotal, U.S. Department of Education, Pass Through Programs:					(296,799)	13,594	-	-	-	2,779,108	(3,060,770)	-	(564,867)	-	-
Subtotal, Passed-Through New Jersey Department of Education					(296,799)	13,594	-	-	-	2,859,815	(3,203,738)	-	(627,128)	-	-
U.S. Department of Education, Pass Through Program: Passed-Through New Jersey Charter School Association:															
Bridging Digital Divide	84.425D	S425D200027	7/16/20-10/31/20	17,095	-	3,666	-	-	-	-	(3,666)	-	-	-	-
Subtotal, Passed-Through New Jersey Charter School Association					-	3,666	-	-	-	-	(3,666)	-	-	-	-
Total Special Revenue					(296,799)	17,260	-	-	-	2,859,815	(3,207,404)	-	(627,128)	-	-
Enterprise Fund:															
U.S. Department of Agriculture, Pass-Through Programs: Passed-Through New Jersey State Department of Agriculture															
National School Lunch Program	10.555	221NJ304N1099	7/1/21-6/30/22	524,517	-	-	-	-	-	467,696	(524,517)	-	(56,821)	-	-
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	91,271	(40,831)	-	-	-	-	40,831	-	-	-	-	-
School Breakfast Program	10.553	221NJ304N1099	7/1/21-6/30/22	202,909	-	-	-	-	-	183,176	(202,909)	-	(19,733)	-	-
School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	55,617	(23,886)	-	-	-	-	23,886	-	-	-	-	-
National After School Snacks	10.555	221NJ304N1099	7/1/21-6/30/22	39,572	-	-	-	-	-	37,601	(39,572)	-	(1,971)	-	-
National After School Snacks	10.555	211NJ304N1099	7/1/20-6/30/21	110,475	(110,475)	-	-	-	-	110,475	-	-	-	-	-
Total Enterprise Fund/Total U.S. Department of Agriculture, Pass-Through Programs					(175,192)	-	-	-	-	863,665	(766,998)	-	(78,525)	-	-
Total Expenditures of Federal Awards					\$ (471,991)	\$ 17,260	\$ -	\$ -	\$ -	\$ 3,723,480	\$ (3,974,402)	\$ -	\$ (705,653)	\$ -	\$ -

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

COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2021	Deferred Revenue at June 30, 2021	Due to Grantor at June 30, 2021	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2022	Deferred Revenue at June 30, 2022	Due to Grantor at June 30, 2022
New Jersey State Department of Education														
General Fund:														
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	\$ 13,002,882	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,152,481	\$ (13,002,882)	\$ -	\$ (82,706)	\$ -	\$ 66,893
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	11,865,078	(139,371)	-	83,858	-	-	139,371	-	(83,858)	-	-	-
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	374,862	-	-	-	-	-	374,862	(374,862)	-	-	-	-
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	483,073	-	-	-	-	-	483,073	(483,073)	-	-	-	-
TPAF/FICA Reimbursements	22-495-034-5095-003	7/1/21-6/30/22	384,095	-	-	-	-	-	342,005	(384,095)	-	(42,090)	-	-
TPAF Post Retirement Medical Contribution	22-495-034-5094-001	7/1/21-6/30/22	441,452	-	-	-	-	-	441,452	(441,452)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	22-495-034-5094-002	7/1/21-6/30/22	1,889,451	-	-	-	-	-	1,889,451	(1,889,451)	-	-	-	-
TPAF Long Term Disability Insurance Premium	22-495-034-5094-004	7/1/21-6/30/22	1,729	-	-	-	-	-	1,729	(1,729)	-	-	-	-
Total General Fund/Total State Department of Education				<u>(139,371)</u>	<u>-</u>	<u>83,858</u>	<u>-</u>	<u>-</u>	<u>16,824,424</u>	<u>(16,577,544)</u>	<u>(83,858)</u>	<u>(124,796)</u>	<u>-</u>	<u>66,893</u>
Special Revenue Fund:														
Charter & Renaissance School Project Emergent and Capital Maintenance Funds	22-495-034-5120-071	7/1/21-6/30/22	74,324	-	-	-	-	-	74,324	(74,324)	-	-	-	-
Total Special Revenue Fund				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,324</u>	<u>(74,324)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total New Jersey State Department of Education				<u>(139,371)</u>	<u>-</u>	<u>83,858</u>	<u>-</u>	<u>-</u>	<u>16,898,748</u>	<u>(16,651,868)</u>	<u>(83,858)</u>	<u>(124,796)</u>	<u>-</u>	<u>66,893</u>
New Jersey State Department of Agriculture - Direct Programs														
Enterprise Fund:														
State School lunch program	22-100-010-3350-023	7/1/21-6/30/22	12,964	-	-	-	-	-	11,656	(12,964)	-	(1,308)	-	-
State School lunch program	21-100-010-3350-023	7/1/20-6/30/21	7,121	(3,227)	-	-	-	-	3,227	-	-	-	-	-
Total Enterprise Fund/Total State Department of Agriculture - Direct Programs				<u>(3,227)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,883</u>	<u>(12,964)</u>	<u>-</u>	<u>(1,308)</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance				<u>\$ (142,598)</u>	<u>\$ -</u>	<u>\$ 83,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,913,631</u>	<u>(16,664,832)</u>	<u>\$ (83,858)</u>	<u>\$ (126,104)</u>	<u>\$ -</u>	<u>\$ 66,893</u>
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution										441,452				
TPAF Pension Contribution - Normal & NCGI										1,889,451				
TPAF Long Term Disability Insurance Premium										1,729				
Total Expenditures of State Financial Assistance Subject to Single Audit										<u>\$ (14,332,200)</u>				

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2022

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2022

3. Relationship to Basic Financial Statements - continued

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 16,577,544	\$ 16,577,544
Special Revenue Fund	3,207,404	74,324	3,281,728
Enterprise Fund	766,998	12,964	779,962
Total	<u>\$ 3,974,402</u>	<u>\$ 16,664,832</u>	<u>\$ 20,639,234</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security contribution in the amount of \$384,095 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2022. The amount reported as TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions in the amount of \$2,332,632 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2022.

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 expenditures of state financial assistance provides a reconciliation of state financial assistance reported in the charter school's basic financial statements and the amount subject to state single audit and major program determination.

7. De Minimis Indirect Cost

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Part I Summary of Auditors' Results

Financial Statements Section

Type of auditors' report issued: Unmodified
Internal control over financial reporting:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Noncompliance material to basic financial statements noted? _____ Yes No

Federal Awards Section

Internal control over major programs:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Type of auditors' report issued on compliance for
major programs: Unmodified

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

Identification of major programs:

Assistance Listing

<u>Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	S425D200027	CARES Emergency Relief Grant
84.425D	S425D210027	Coronavirus Response and Relief Supplemental Act (CRRSA) ESSER II
10.555	221NJ304N1099	National School Lunch Program - Cluster
10.555	221NJ304N1099	After-School Snacks Program – Cluster
10.555	221NJ304N1099	National School Breakfast Prog - Cluster

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

Auditee qualifies as low-risk auditee? Yes _____ No

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Part I Summary of Auditors' Results

State Financial Assistance Section

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

Auditee qualifies as low-risk auditee? Yes No

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

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

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

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
22-495-034-5120-078	Equalization Aid
22-495-034-5120-089	Special Education Aid
22-495-034-5120-084	Security Aid

**COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

Part III – Schedule of Federal Awards and State Financial Assistance

None.

**COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2022**

There were no prior year's audit findings.