

BURCH CHARTER SCHOOL OF EXCELLENCE

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED June 30, 2022

BURCH CHARTER SCHOOL OF EXCELLENCE

***Burch Charter School of Excellence
Board of Trustees
Irvington, NJ***

***Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022***

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
BURCH CHARTER SCHOOL OF EXCELLENCE
IRVINGTON, NJ
FOR THE FISCAL YEAR ENDED JUNE 30, 2022***

Prepared By

***Burch Charter School of Excellence
Finance Department***

And

Barre & Company, LLC CPA's

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INTRODUCTORY SECTION

Burch Charter School of Excellence
100 Linden Ave
Irvington, NJ 07111
973-373-3223

February 15, 2023

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

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of the Burch Charter School of Excellence (the “Charter School” or “BCSE”) 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. Burch Charter School of Excellence’s MD&A can be found immediately following the Independent Auditor’s Report.

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

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

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

BCSE 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 BCSE is to inspire and empower its students, families and staff with opportunities to successfully shape and transform their lives by becoming successful, lifelong learners who possess the critical-thinking, academic, advocacy, and leadership skills required to continuously open new doors in their lives and the lives of others.

BCSE is open to all Irvington students on a space available basis and does not discriminate in its admission policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a handicapped person, proficiency in the English language, or any other basis that would be illegal if used by a charter school.

BCSE has completed its fourteenth year of service to the children and families of Irvington. By the end of 2021-2022 school year, the Charter School had a student enrollment of 335.

2) Economic Condition and Outlook

The Charter School is located in the Township of Irvington in the County of Essex, within the State of New Jersey. Irvington's population stands at 54,425 and is 81% African American; 9% White and 10% other races. The township is strategically located at the intersection of the Garden State Parkway and Interstate Route 280 which connects to the New Jersey Turnpike, and maintains a strong commercial and industrial base.

The Irvington Public School System (from which the Charter School draws students) has three (3) secondary schools (one (1) high school and two (2) middle schools), eight (8) elementary schools and two (2) Early Childhood Centers. In and around the township are several technical, secretarial, health care schools and a two (2) year public college. Several four (4) year colleges namely Seton Hall University, Rutgers University, Kean College and NJIT are conveniently located in communities adjacent to the township.

A variety of housing options are available ranging from large high-rise apartments to small single family homes. Several modern senior citizens complexes are also available in the township to provide housing with security and health services to the regions' elderly residents.

3) Charter School Enrollment, Demographics and Other Highlights

The Burch Charter School of Excellence (BCSE) was founded in September 2008. Our primal mission is to enable students to reach their intellectual and personal potential. We strive to instill integrity and respect in our students' in partnership with families and the community. The mission of the Burch Charter School of Excellence is to develop critical thinkers that evolve into digital, life-long learners in a blended learning environment that enhances positive character traits that will ensure they become productive 21st century world citizens. We continue to develop and implement a student-centered learning environment that is focused on the personal and intellectual development of all students and creates a culture of respect among the school and community.

In 2022 the Burch Charter School of Excellence was re-designated a high performing (Tier 1) Charter school by the NJDOE. Burch Charter School of Excellence has been chosen to participate in the School Climate Transformation Project sponsored by the NJDOE, Offices of Student Support Services and Special Education Programs, and in collaboration with the Graduate School of Applied and Professional Psychology at Rutgers University. This is a 3-year commitment that will enable the school to improve its data-gathering capabilities, analyze and utilize data in a way that will help improve our school's climate.

Burch Charter School of Excellence Saturday STEM Academy is a research-based, hands-on science program designed to increase our student academic achievement and engagement. Our students create research-based projects that demonstrate how the proper usage of everyday products can be reengineered to have an impact on their current and future environment. The program provides students with the environmental awareness to become global citizens who will make an impact on society.

The Burch Charter School of Excellence ensures that its curricula are aligned to the New Jersey Student Learning Standards and Next Generation Science Standards by maintaining awareness of state curricula modifications and modifying our curricula as needed. In order to be more effective and efficient, teachers are encouraged to utilize our curricula as a living viable document that will be modified to accommodate the needs of our students.

Burch Charter School of Excellence has developed a robust catalog of professional learning opportunities for our staff. These opportunities include job-embedded and off-site experiences as well as collaborations with State and private agencies. We have identified literacy development as our chief professional development focus during the 2021-2022 school year. We have partnered with NJDOE to provide coaching development for school administration and the school's literacy master teacher.

Our student support services team provides specialized instructional support which includes prevention, intervention, transition and follow-up services for students, staff and families. Counseling services at the elementary school level are provided to help students develop strong social skills. Every case of bullying is investigated by the Anti-Bullying Specialist (ABS). Our student support services are a vital part of our comprehensive school program success.

The BCSE student health and wellness program provides screening services, assistance with decision-making to families about health, and immunization against preventable diseases. In addition, we provide interventions for acute and chronic illness, injuries and emergencies, communicable diseases, preventative care and first aid treatment. We provide daily care for injuries and acute illnesses for all students and long-term management of students with special health care needs.

The BCSE provides the Strengthening Families and Family Connections program to eligible families. Both are evidence-based, family skills training programs found to significantly improve parenting skills and family relationships, reduce problem behaviors, delinquency and alcohol and drug abuse in children and The BCSE provides the Strengthening Families and Family Connections program to eligible families. Both are evidence-based, family skills training programs found to significantly improve parenting skills and family relationships, reduce problem behaviors, delinquency and alcohol and drug abuse in children and to improve social competencies and school performance. The National Parent Teacher Association (PTA) was reestablished at BCSE in September 2018.

The BCSE, a public school, is committed to providing best practices for educating our students in an environment that enables them to develop into critical thinkers that evolve into digital, life long learners. Our curriculum emphasizes literacy and mathematics infused with technology. We expect our students to take responsibility for their behavior in school. They must recognize the rights of other students and teachers in the school to be physically safe, emotionally secure, and able to pursue learning and work without interference. The School will work closely with any student having difficulty conforming to the rules of the school and will communicate concerns to parents/guardians before negative behavior becomes a serious problem. We expect and appreciate the support of parents/guardians in reinforcing the positive environment of our School. All students are expected to come to school wearing their uniform and well groomed.

We incorporate seven core values into our educational philosophy. Through our curricula, school climate, and emphasize on service, our students are encouraged to apply the lessons of the classroom to the world around them. Our seven core values are: Honesty, Respect, Responsibility, Giving, Caring, Self-Discipline and Perseverance.

4) 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.

5) 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.

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.

6) 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.

7) 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:

Summary of the General Fund and Special Revenue Fund Revenues				
Revenue	2022	2021	Increase/ (decrease)	% Change
Local sources	\$ 545,284	\$ 629,185	\$ (83,901)	-13.33%
State sources	4,965,361	4,758,825	206,536	4.34%
Federal sources	1,332,439	473,288	859,151	181.53%
	<u>\$ 6,843,084</u>	<u>\$ 5,861,298</u>	<u>\$ 981,786</u>	<u>16.75%</u>

Financial Statement Information at Fiscal Year-End (continued)

The Charter School experienced an increase in revenue of about 16.75% which was due to an increase in federal grants.

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	\$ 2,115,930	\$ 1,516,389	\$ 599,541	39.54%
Administrative	2,339,365	2,239,809	99,556	4.44%
Support	852,598	1,264,705	(412,107)	-32.59%
Capital outlay	4,559,714	51,332	4,508,382	100.00%
	\$ 9,867,607	\$ 5,072,235	\$ 4,795,372	94.54%

The Charter School's expenditures increased by about 94.54%, with most of the increase due to GASB 87 implementation.

8) 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.

9) 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.

10) 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 Barre & Company, LLC.

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 2021-2022 school-year was one of successful academic achievement at the Burch Charter School of Excellence despite Covid-19 student academic losses. 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.

11) Acknowledgments

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

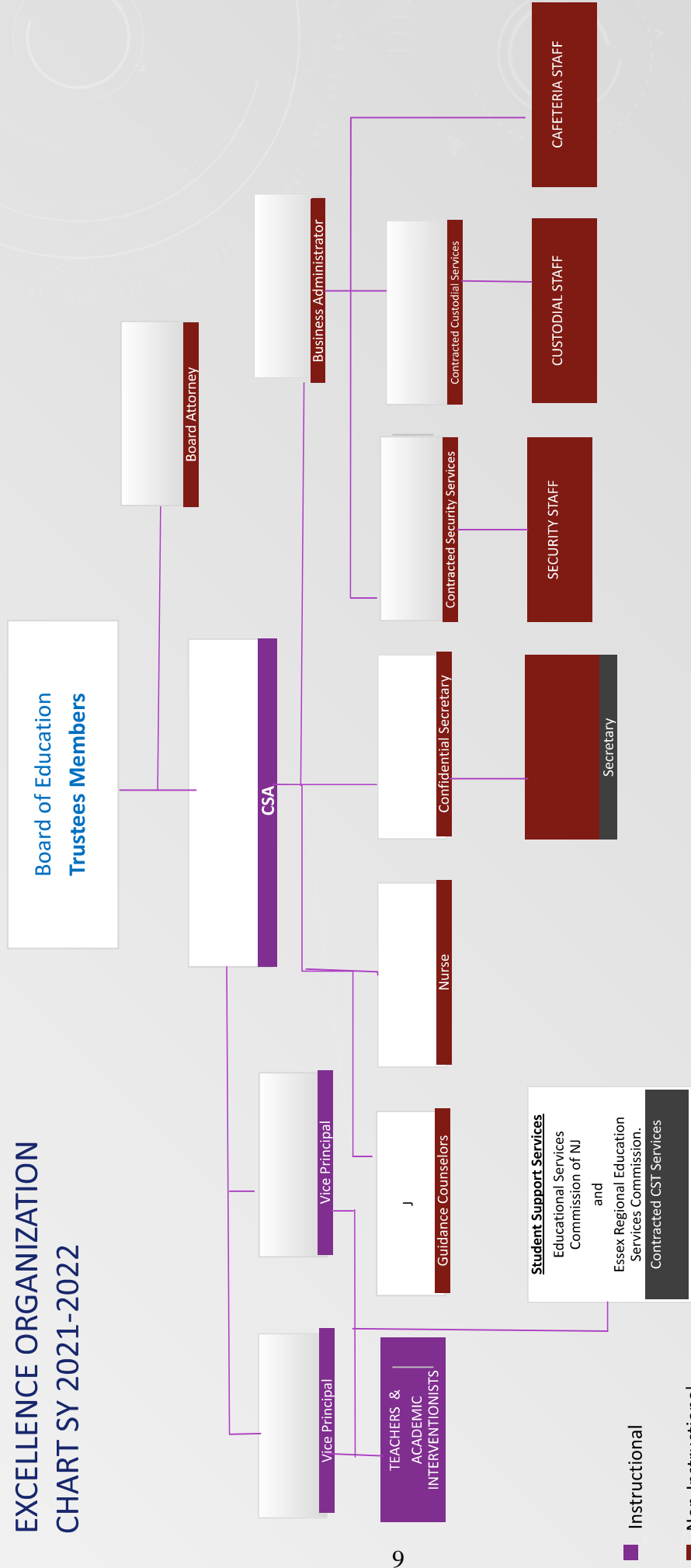
A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of the Burch Charter School of Excellence are 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,

Timothy Simmons

Timothy Simmons
Vice-Principal

BURCH CHARTER SCHOOL OF EXCELLENCE ORGANIZATION CHART SY 2021-2022



- Instructional
- Non-Instructional

**BURCH CHARTER SCHOOL OF EXCELLENCE
IRVINGTON, NJ**

**ROSTER OF OFFICIALS
JUNE 30, 2022**

MEMBERS OF THE BOARD OF TRUSTEES

Heather Martindale, President

Zende Clark, Vice President

Beverly Canady, Secretary

Paulita Martindale, Board Member

Carolyn Heath, Board Member

Dewanna Clark-Johnson, Board Member

Sandra Brown, Board Member – Parent

Tyhisha K Henry, Board Member

OTHER OFFICIALS

Dr. Arnold J. White, Chief School Administrator

Timothy Simmons, Vice-Principal

Jennifer Stein, Vice-Principal

Joel Julien, CPA, School Business Administrator/Board Secretary

Frank Glien, CPA, Treasurer of School Monies

**BURCH CHARTER SCHOOL OF EXCELLENCE
IRVINGTON, NJ**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company LLC
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

Chandra R. Cole, Esq.
Attorney At Law
40 East Park East
Newark, New Jersey 07102

Official Depository

Investors Bank
101 JFK Parkway
Short Hills, New Jersey 07078

City National Bank
900 Broad Street
Newark, New Jersey 07102

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BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
2204 Morris Avenue, Suite 206
Union, New Jersey 07083
908-686-3484
FAX – 908-686-6055
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Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Burch Charter School of Excellence

Irvington, NJ

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Burch Charter School of Excellence (Charter School), in the , State of New Jersey, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Burch Charter School of Excellence, in the, State of New Jersey, as of June 30, 2022, and the respective changes in the financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2022, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Consistency of Financial Statements

As a result of the adoption of GASB Statement No. 87, leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the School. Our opinion is not modified with respect to this matter.

Prior Period Restatement

In addition, because of the implementation of GASB Statement No. 87, net position and fund balance as of July 1, 2021 on the statement of activities and statement of revenues, expenditures, and changes in fund balances, have been restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 Burch Charter School of Excellence'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

Our 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 our opinions. 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 GAAS and Government Auditing Standards 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 GAAS and Government Auditing Standards, we:

- Exercise professional judgment 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 Burch Charter School of Excellence'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Burch Charter School of Excellence's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, following this report, and pension and post-employment benefit schedule in Exhibits L-1 through L-3, M-1, and the related notes be presented to supplement the basic financial statements and budgetary comparison information in Exhibits C-1 through C-3. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burch Charter School of Excellence's basic financial statements. The combining and related major fund supporting statements and schedules are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of New Jersey's Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 our opinion, the combining statements and related major fund supporting statements and schedule and schedule 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 and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.


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

Other Reporting Required by *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated February 15, 2023 on our consideration of the Burch Charter School of Excellence's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey and the Office of School Finance, Department of Education, State of New Jersey in considering the Charter School's internal control over financial reporting and 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.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
February 15, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**BURCH CHARTER SCHOOL OF EXCELLENCE
IRVINGTON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

The discussion and analysis of Burch Charter School of Excellence's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- ❖ General revenues accounted for \$7,670,964 or 94% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$486,814 or 6% of total revenues of \$8,157,778.
- ❖ The Charter School had \$7,166,880 in expenses; only \$486,814 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$7,670,964 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$9,411,593 in revenues and \$8,533,140 in expenditures. The General Fund's fund balance increased \$878,453 over 2021. This increase was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Burch Charter School of Excellence as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds. In the case of Burch Charter School of Excellence, the General Fund is by far the most significant fund.

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds 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 ask the question, "How did we do financially during 2022?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by

**BURCH CHARTER SCHOOL OF EXCELLENCE
IRVINGTON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED
(CONTINUED)**

Statement of Net Position and the Statement of Activities (Continued)

most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the Charter School is divided into two kinds of activities:

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. 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 statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer 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 governmental funds is reconciled in the financial statements.

**BURCH CHARTER SCHOOL OF EXCELLENCE
IRVINGTON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED
(CONTINUED)**

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 38 of this report.

The Charter School as a Whole

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined Net Position were \$553,055 for 2022 and -\$234,606 for 2021.

Governmental Activities

The Charter School's total revenues were \$7,778,951 for 2022 and \$5,894,245 for 2021, this includes \$107,550 for 2022 and \$104,687 for 2021 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$6,943,753 for 2022 and \$104,687 for 2021. Instruction comprises 43% for 2022 and 36% for 2021 of Charter School expenses.

Business-Type Activities

Revenues for the Charter School's business-type activities (Food Service) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service revenue exceeded expenses by \$155,700 for 2022 expense exceeded revenue by \$ (2,393) for 2021.
- ❖ Charges for services represent \$0 for 2022 and \$0 for 2021 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were \$378,410 for 2022 and \$131,620 for 2021.

**BURCH CHARTER SCHOOL OF EXCELLENCE
IRVINGTON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED
(CONTINUED)**

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$6,843,084 for 2022 and \$5,854,239 for 2021 and expenditures were \$9,867,607 for 2022 and \$5,072,224 for 2021. The net change in fund balance was most significant in the general fund, an increase of \$878,453 in 2022 and an increase of \$789,063 in 2021.

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 schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2022, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2021	Percent of Increase/ (Decrease)
Local Sources	\$ 545,721	7.97%	\$ (16,364)	-2.91%
Intermediate Sources	-	0.00%	(60,041)	-100.00%
State Sources	4,965,361	72.56%	206,536	4.34%
Federal Sources	1,332,002	19.47%	858,714	181.44%
Total	\$ 6,843,084	100.00%	\$ 988,845	

**BURCH CHARTER SCHOOL OF EXCELLENCE
IRVINGTON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2022, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2021	Percent of Increase/ (Decrease)
Instruction	\$ 2,115,930	21.44%	\$ 599,552	39.54%
Administration	2,302,260	23.33%	62,451	2.79%
Support Services	1,505,636	15.26%	240,931	19.05%
Capital Outlay	3,943,781	39.97%	3,892,449	7582.89%
Total	\$ 9,867,607	100.00%	\$ 4,795,383	

General Fund Budgeting Highlights

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.

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Capital Assets (Net of Depreciation) and Debt Administration

The Charter School had \$204,144 for 2022 and \$38,499 for 2021 invested in building, building improvements, and equipment.

For the Future

The Burch Charter School of Excellence is in stable financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, Burch Charter School of Excellence has committed itself to financial stability for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

**BURCH CHARTER SCHOOL OF EXCELLENCE
IRVINGTON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED
(CONTINUED)**

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 show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Timothy Simmons, Interim Chief School Administrator at Burch Charter School of Excellence, 100 Linden Ave, Irvington, NJ 07111.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.

BURCH CHARTER SCHOOL OF EXCELLENCE

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,624,442	\$ 3,913	\$ 1,628,355
Restricted	75,000		\$ 75,000
Internal Balances	(169,129)	169,129	-
Other Receivables	976,326	31,581	1,007,907
Other Assets	40,295		40,295
Restricted Assets:			
Right of Use Asset, Net of Amortization	3,185,237		3,185,237
Capital Assets, Net	204,144		204,144
Total Assets	5,936,315	204,623	6,140,938
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	182,486		182,486
Total Deferred Outflows of Resources	182,486	-	182,486
LIABILITIES:			
Payable to State Government	146,548		146,548
Payable to Federal Government	38,994		38,994
Accounts Payable	244,174	15,852	260,026
Unearned Revenue	28,712		28,712
Noncurrent Liabilities:			
Due Within One Year	401,928		401,928
Due Beyond One Year:	3,122,216		3,122,216
Net Pension Liability	884,302		884,302
Total Liabilities	4,866,874	15,852	4,882,726
DEFERRED INFLOWS OF RESOURCES:			
Pensions	864,671		864,671
Total Deferred Inflows of Resources	864,671	-	864,671
NET POSITION:			
Net Investment in Capital Assets	3,389,381		3,389,381
Restricted for:			
Student Activities	3,751	-	3,751
Other Purposes	75,000	-	75,000
			-
Unassigned	(3,080,876)	188,771	(2,892,105)
Total Net Position	\$ 387,256	\$ 188,771	\$ 576,027

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

BURCH CHARTER SCHOOL OF EXCELLENCE

Statement of Activities

For The Fiscal Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 2,115,930	\$ 876,454	\$ -	\$ -	\$ -	\$ (2,992,384)	\$ -	\$ (2,992,384)
Administration	1,799,767	320,005		107,550		(2,012,222)		(2,012,222)
Support Services	852,598	146,971	437			(999,132)		(999,132)
Interest on Long Term Debt	239,129					(239,129)		(239,129)
Unallocated Depreciation and Amortization	592,899					(592,899)		(592,899)
Total Governmental Activities	5,600,323	1,343,430	437	107,550	-	(6,835,766)	-	(6,835,766)
BUSINESS-TYPE ACTIVITIES:								
Food Service	223,127			378,827		-	155,700	155,700
Total Business-Type Activities	223,127			378,827		-	155,700	155,700
Total Primary Government	\$ 5,823,450		\$ 437	\$ 486,377	\$ -	\$ (6,835,766)	\$ 155,700	\$ (6,680,066)
GENERAL REVENUES								
General Purposes						\$ 534,796	\$ -	\$ 534,796
Federal and State Aid Not Restricted						7,125,680		7,125,680
Investment Earnings						113		113
Miscellaneous Income						10,375		10,375
Total General Revenues						7,670,964	-	7,670,964
Change in Net Position						835,198	155,700	990,898
Net Position - Beginning of Year						(267,677)	33,071	(234,606)
Prior Period Adjustments						(180,265)		(180,265)
Net Position, July 1 (Restated)						(447,942)	33,071	(414,871)
Net Position - Ending						387,256	188,771	576,027

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

**SECTION B – FUND FINANCIAL STATEMENTS
(NOT APPLICABLE)**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

BURCH CHARTER SCHOOL OF EXCELLENCE

Governmental Funds

Balance Sheet

June 30, 2022

	General Fund	Special Revenue Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 1,620,691	\$ 3,751	\$ 1,624,442
Restricted	75,000		75,000
Receivables:			
Interfund Receivables	498,101	2,193	500,294
Receivables From Other Governments	373,128	603,198	976,326
Other Assets	40,295		40,295
	<u>2,607,215</u>	<u>609,142</u>	<u>3,216,357</u>
Total Current Assets	2,607,215	609,142	3,216,357
Total Assets	<u>\$ 2,607,215</u>	<u>\$ 609,142</u>	<u>\$ 3,216,357</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ 169,129	\$ 500,294	\$ 669,423
Payable to State Government	68,092		68,092
Payable to Federal Government		38,994	38,994
Accounts Payable	206,783	37,391	244,174
Payroll Deductions and Withholdings	78,456	-	78,456
Unearned Revenue	-	28,712	28,712
	<u>522,460</u>	<u>605,391</u>	<u>1,127,851</u>
Total Current Liabilities	522,460	605,391	1,127,851
Total Liabilities	<u>522,460</u>	<u>605,391</u>	<u>1,127,851</u>
Fund Balances:			
Restricted For:			
Charter School Escrow Reserve	75,000		75,000
Student Activities	-	3,751	3,751
Unassigned:			
General Fund	2,009,755	-	2,009,755
	<u>2,084,755</u>	<u>3,751</u>	<u>2,088,506</u>
Total Fund Balances	2,084,755	3,751	2,088,506
Total Liabilities and Fund Balances	<u>\$ 2,607,215</u>	<u>\$ 609,142</u>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$386,713 and the accumulated depreciation is \$182,569.			
			204,144
Right of use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,243,950 and the accumulated depreciation is \$1,058,713.			
			3,185,237
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds			
Long-term debt included as net position from lease liabilities			(3,524,144)
Net pension liability of \$884,302, deferred inflows of resources of \$864,671 less deferred outflows of resources of \$182,486 related to pensions are not reported in the governmental funds			
			<u>(1,566,487)</u>
Net Position of Governmental Activities			<u>\$ 387,256</u>

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

BURCH CHARTER SCHOOL OF EXCELLENCE
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 534,796	\$ -	\$ 534,796
Miscellaneous	10,375	437	10,812
Total Local Sources	545,284	437	545,721
State Sources	4,965,361		4,965,361
Federal Sources		1,332,002	1,332,002
Total Revenues	5,510,645	1,332,439	6,843,084
EXPENDITURES:			
Current:			
Instruction	1,410,346	705,584	2,115,930
Administration	2,302,260		2,302,260
Support Services	1,099,851	405,785	1,505,636
Capital Outlay	3,720,683	223,098	3,943,781
Total Expenditures	8,533,140	1,334,467	9,867,607
Excess (Deficiency) of Revenues over Expenditures	(3,022,495)	(2,028)	(3,024,523)
OTHER FINANCING SOURCES (USES):			
Transfers	3,900,948		3,900,948
Total Other Financing Sources and Uses	3,900,948	-	3,900,948
NET CHANGE IN FUND BALANCES	878,453	(2,028)	876,425
FUND BALANCES, JULY 1	1,386,567	5,779	1,392,346
PRIOR PERIOD ADJUSTMENTS	(180,265)	-	(180,265)
FUND BALANCE, JULY 1, RESTATED	1,206,302	5,779	1,212,081
FUND BALANCES, JUNE 30	<u>\$ 2,084,755</u>	<u>\$ 3,751</u>	<u>\$ 2,088,506</u>

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

BURCH CHARTER SCHOOL OF EXCELLENCE
 Reconciliation of the Statement of Revenues, Expenditures
 And Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental fund (from B-2)	\$	876,425
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current fiscal year.</p>		
Depreciation Expense	\$	(57,453)
Amortization Expense		(535,446)
Capital Outlay		3,943,781
		3,350,882
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
New long-term debt issued		(3,900,948)
Principal payment on long-term debt		376,804
Increase in accrued interest payable		
		132,035
Change in net position of governmental activities	\$	835,198

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

PROPRIETARY FUNDS

BURCH CHARTER SCHOOL OF EXCELLENCE
 Proprietary Fund
 Statement of Net Position
 June 30, 2022

	Business-Type Activities <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents:	
Cash and Cash Equivalents	\$ 3,913
Receivables:	
Due From Other Funds	169,129
Receivables From Other Governments	<u>31,581</u>
Total Current Assets	<u>204,623</u>
Total Assets	<u><u>\$ 204,623</u></u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>\$ 15,852</u>
Total Current Liabilities	<u>15,852</u>
Total Liabilities	<u>15,852</u>
NET POSITION:	
Unrestricted	<u>188,771</u>
Total Net Position	<u>188,771</u>
Total Liabilities and Net Position	<u><u>\$ 204,623</u></u>

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

BURCH CHARTER SCHOOL OF EXCELLENCE
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	Business-Type Activities Enterprise Fund		
	Food Service Program		
	School Nutrition	Fixed Contract Price	Total Enterprise
OPERATING REVENUES:			
Charges for Services:			
Daily Sales Reimbursable Program	\$ -	-	\$ -
Total Operating Revenues	-	-	-
OPERATING EXPENSES:			
Cost of Sales- Reimbursable Programs	219,729	-	219,729
Miscellaneous Expenses	3,398	-	3,398
Total Operating Expenses	223,127	-	223,127
OPERATING LOSS	(223,127)	-	(223,127)
NONOPERATING REVENUES:			
Miscellaneous Income	417	-	417
State Source:			
State Lunch Program	37,875	-	37,875
Federal Source:			
Federal Breakfast Program	112,925	-	112,925
Federal Lunch Program	227,610	-	227,610
Total Nonoperating Revenues	378,827	-	378,827
CHANGE IN NET POSITION	155,700	-	155,700
TOTAL NET POSITION, JULY 1	33,071	-	33,071
TOTAL NET POSITION, JUNE 30	\$ 188,771	-	\$ 188,771

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

BURCH CHARTER SCHOOL OF EXCELLENCE
 Proprietary Funds
 Statement of Cash Flows
 For The Fiscal Year Ended June 30, 2022

	Business-Type Activities
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Payments to Suppliers and Employees	(378,827)
Net Cash Used by Operating Activities	(378,827)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	378,410
Miscellaneous Income	417
Net Cash Provided by Noncapital Financing Activities	378,827
Cash and Cash Equivalents, July 1	3,913
Cash and Cash Equivalents, June 30	\$ 3,913
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss Used for Operating Activities	\$ (223,127)
Changes in Assets and Liabilities:	
Increase in Intergovernmental Accounts Receivable	(10,472)
Increase in Interfund Accounts Payable	-
Increase in Accounts Payable	10,755
Net Cash Used by Operating Activities	\$ (378,827)

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

***FIDUCIARY FUNDS
(NOT APPLICABLE)***

NOTES TO THE FINANCIAL STATEMENTS

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The financial statements of Burch Charter School of Excellence have been prepared in conformity with generally accepted accounting principles generally (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body responsible for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Charter School are described below.

2. Reporting Entity

The Charter School was incorporated in the State of New Jersey in June 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 Principal/Chief School Administrator 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 Burch Charter School of Excellence 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 Burch Charter School of Excellence is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Reporting Entity (Continued)

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.

3. Basic Financial Statements – Government-Wide Statements

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the Charter School. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (Continued)

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Charter School.

4. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Charter School:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Charter School.

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

As required by the New Jersey State Department of Education, the Charter School includes 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, local property taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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 are 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.

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

Enterprise Funds – The Enterprise Funds are 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 costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Charter School has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities normally would not be reported as components of operating income.

The Charter School's Enterprise Fund are comprised of the Food Service Fund operations.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Charter School enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

Trust Funds – The unemployment compensation fund is used to account for contributions from the Charter School and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, the State of New Jersey requires charter schools to include the unemployment compensation trust as a private-purpose trust fund. The principal and income deposited into this fund are for the sole benefit of the specific individuals or former employees. The management of the Charter School is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey.

Agency Funds (Payroll, Payroll Agency, Student Activity and Athletic Funds): The agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local government, including New Jersey school districts and their charter schools. 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. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. After considering the criteria and guidance, it was determined that Payroll, Payroll Agency, and Unemployment Compensation Insurance (Fund 60 activities are more appropriately reported in a general fund (Fund 10). Additionally, the Student Activity (Fund 90) activity are more appropriately reported in a special revenue fund (Fund 20).

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

5. Measurement Focus and Basis of Accounting

The government-wide proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants, entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The Charter School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

6. Budgets/Budgetary Control

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

	2022	2021
Total Revenues & Expenditures (Budgetary Basis)	\$ 1,334,467	\$ 2,703,659
Adjustments:		
Less Encumbrances at June 30, 2022	-	(9,021)
Plus Encumbrances at June 30, 2021	9,021	9,021
Total Revenues and Expenditures (GAAP Basis)	\$ 1,343,488	\$ 2,703,659

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

7. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Charter School has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Additionally, the Charter School had adopted a cash management plan that 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 a loss of funds on deposit with a failed banking institution in New Jersey.

2. Short-term Interfund Receivables/Payables

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

3. Inventories

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

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at acquisition cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

Right of use Assets

The Charter School has recorded right of use lease assets as a result of implementing GASB 87. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

5. Fund Equity

Restricted represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Assigned fund balances represent plans for future use of financial resources.

6. Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2022. The Charter School had no prepaid expenses for the fiscal year ended June 30, 2022.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (non-allocation method). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

7. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Charter School is eligible to realize the revenue.

8. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

9. Net Position/Fund Balance

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position – reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position-restricted.

10. Fund Balance Reserves

In the fund financial statements, governmental funds report the following classifications of fund balance:

Unassigned – Includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The Charter School reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unassigned fund balance is available, the Charter School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, and the Charter School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

11. Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place. As of June 30, 2022 the Charter School reported no compensated absence liability.

12. Impact of Recently Issued Accounting Principles

During fiscal years 2022 through 2023, the Charter School has adopted the following GASB statements.

The GASB has adopted the following as of June 30, 2022

As a result of the adoption of GASB 87, leases are recognized as a right-of-use asset and a corresponding lease liability in other financial liabilities at the date at which the leased asset is available for use by the School. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment.

The lease liability is measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily available. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the School and payment of penalties for termination of a lease when the lease term reflects the lessee exercising a termination option. Each lease payment is allocated between the repayment of the principal portion of lease liability and the interest portion. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period and is recorded in financing expense. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of income.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

Impact of Recently Issued Accounting Principles (continued)

- GASB Statement No. 91, Conduit Debt Obligations, effective for the year ending June 30, 2023.
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the year ending June 30, 2023.
- GASB Statement No. 99, Omnibus 2022, effective for the year ending June 30, 2023.
- GASB Statement No. 100, Accounting Changes and Error Corrections, effective for the year ending June 30, 2024.
- GASB Statement No. 101, Compensated Absences, effective for the year ending June 30, 2025.

The Charter School will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material

13 Pensions

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 pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks of which the deposits are federally insured.

All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

As of June 30, 2022, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Total
Operating Account	\$ 1,695,691	\$ 3,751	\$ 3,913	\$ 1,703,355

The Charter School had no investments at June 30, 2022.

The carrying amount of the Board's cash and cash equivalents at June 30, 2022 was \$1,703,355 and the bank balance was \$1,771,816. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Charter School's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Charter School would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2022, none of the cash and cash equivalents for Burch Charter School of Excellence were exposed to custodial credit risk.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

A. Deposits and Investments (Continued)

Deposits (Continued)

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

Investments

New Jersey statutes (N.J.S.A.18A:20-37) permit the Charter School to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its board members, the Charter School may use moneys which may be in hand for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Charter School;
 - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
 - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;
 - (4) Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;
 - (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by charter schools;
 - (6) Local government investment pools;
 - (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
 - (8) Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Investments (Continued)

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2022.

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2022.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2022.

Receivables

Receivables at June 30, 2022, consisted of accounts, intergovernmental, grants, and miscellaneous. All receivables are considered collectible in full. Accounts receivable as of the fiscal year end of the Charter School's individual major and fiduciary funds, in the aggregate, are as follows:

	Governmental Funds		Total Governmental Activities	Proprietary Fund	Total Business Type Activities	Total
	General Fund	Special Revenue Fund		Food Service Fund		
State Awards	\$ 373,128	\$ -	\$ 373,128	\$ 493	\$ 493	\$ 373,621
Federal Awards	-	603,198	603,198	31,088	31,088	634,286
Other	-	-	-	169,129	169,129	169,129
Gross Receivables	373,128	603,198	976,326	200,710	200,710	1,177,036
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 373,128	\$ 603,198	\$ 976,326	\$ 200,710	\$ 200,710	\$ 1,177,036

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

Receivables (continued)

A. Interfund Receivables and Payables

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at **June 30, 2022**:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 498,101	\$ 169,129
Special Revenue Fund	2,193	500,294
Proprietary Fund	169,129	
Total	\$ 669,423	\$ 669,423

Interfund balances are expected to be liquidated by the end of June 30, 2022

B. Capital Assets

Capital asset activity for the fiscal year ended **June 30, 2022** was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land and Land Improvements	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	-	-	-	-
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 51,332	\$ 204,404	\$ -	\$ 255,736
Machinery and Equipment	112,283	18,694	-	130,977
Total Capital Assets Being Depreciated	163,615	223,098	-	386,713
Less Accumulated Depreciation For:				
Leasehold Improvements	-	-	-	-
Building and Building Improvements	12,833	53,714	-	66,547
Machinery and Equipment	112,283	3,739	-	116,022
Total Accumulated Depreciation	125,116	57,453	-	182,569
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	38,499	165,645	-	204,144
Government Activity Capital Assets, Net	\$ 38,499	\$ 165,645	\$ -	\$ 204,144

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by charter schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Unallocated	57,453
Total	\$ 57,453

NOTE 3: LEASES

RIGHT OF USE LEASE ASSETS

The Charter School has recorded two right of use leased assets. The assets are right of use assets for leased equipment and leased school facility. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right of use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right of use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

Leased Assets	Beginning Balance	Additions	Deductions	Ending Balance
Leased Assets Being Amortized				
Leased - Equipment Expense	57,817	0	0	57,817
Leased - Real Estate Expense	4,186,133	0	0	4,186,133
Total Leased Assets Being Amortized	4,243,950	0	0	4,243,950
Less: Accumulated Amortization				
Leased - Equipment Expense	(11,164)	(1,015)	0	(12,179)
Leased - Real Estate Expense	(1,002,928)	(43,606)	0	(1,046,533)
Total Accumulated Amortization	(1,014,092)	(44,620)	0	(1,058,712)
Total, Net of Accumulated Amortization	3,229,859	(44,620)	0	3,185,238

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4: LONG-TERM OBLIGATIONS

A. LEASES

By way of Lease Agreement dated July 1, 2016, the Charter School sub-leased space for their school operations at a building located at 100 Linden Ave, Irvington, NJ. Term of the lease is for eight (8) years with successive four (4) year options to renew. The rental payments consist of the following:

Year Ended	Annual Rent
June 30, 2022	677,360
June 30, 2023	694,294
June 30, 2024	711,651
June 30, 2025	729,442
June 30, 2026	747,679
Total future rental payments	\$ 3,560,426

As a result of the lease, the school has recorded a right of use asset with a net book value of \$3,139,600 on June 30, 2022.

The equipment agreement was executed on December 13, 2017, to lease copy machines and requires 48 monthly payments of \$1,190. A renewal lease was executed on March 10, 2022 to lease copy machines and requires 48 monthly payments of \$1,174. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 5%, which is the stated rate in the lease agreement. As a result of the lease, the school has recorded a right of use asset with a net book value of \$45,638 on June 30, 2022.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Maturity Analysis	Principal	Interest	Total
07/01/2022 - 06/30/2023	401,928	213,900	615,828
07/01/2023 - 06/30/2024	428,846	186,982	615,828
07/01/2024 - 06/30/2025	589,855	153,675	743,529
07/01/2025 - 06/30/2026	644,655	113,555	758,210
07/01/2026 - 06/30/2027	696,191	70,177	766,368
07/01/2027 - 06/30/2032	762,669	22,863	785,532
Total	3,524,144	761,151	4,285,295
Lease Liability	3,524,144		

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4: LONG-TERM OBLIGATIONS (CONTINUED)

LONG-TERM LIABILITY ROLLFORWARD SCHEDULE

	Balance			Balance	
	July 01, 2021	Additions	Reductions	June 30, 2022	Due Within One Year
<i>Governmental Activities:</i>					
Lease Liabilities	\$ -	\$ 3,524,144	\$ -	\$ 3,524,144	401,928
Net Pension Liability	1,468,597		(584,295)	884,302	-
Governmental Activity long-term liability	\$ 1,468,597	\$ 3,524,144	\$ (584,295)	\$ 4,408,446	\$ 401,928

NOTE 5: PENSION PLANS

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. In addition, certain employees may participate in the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS

Benefits Provided

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

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 5 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratios of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2020 through June 30, 2021. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group as of June 30, 2022 in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2021 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for payments due not be included in their unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$ 87,420 for fiscal year 2022.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

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

At June 30, 2022, the Charter School reported a liability of \$ 884,302 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 which was rolled forward to June 30, 2022. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021 measurement date, the Charter School's proportion was 0.0074646733% which was an decrease of -0.00154104% from its proportion measured as of June 30, 2020.

For the fiscal year ended **June 30, 2022**, the Charter School recognized pension expense of \$ 98,518 . At June 30, 2022, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 4,605	\$ 314,817
Difference Between Expected and Actual Experience	13,947	6,331
Changes in Proportion	163,934	310,574
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	232,949
	<u>\$ 182,486</u>	<u>\$ 864,671</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 amounts, respectively

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Pension Liabilities Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (265,790)
2024	\$ (189,774)
2025	\$ (129,393)
2026	\$ (97,265)
2027	\$ 38
	<u>\$ (682,185)</u>

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**. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuations as of July 1, 2021 This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
through 2026	2.00-6.00% based on years of service
Thereafter	3.00-7.00% based on years of service
Investment Rate of Return	7.00%

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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, 2011 to June 30, 2014. It is like that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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 future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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:

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.05%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

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

The following presents the Charter School's proportionate share of the collective net pension liability as of **June 30, 2021** calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date June 30, 2021			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School proportionate share of the Net Pension Liability	\$ 1,217,078	\$ 884,302	\$ 619,322

Measurement Date June 30, 2020			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School proportionate share of the Net Pension Liability	\$ 1,863,256	\$ 1,468,597	\$ 1,155,065

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Benefit Provided

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

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective Tier. Deferred retirements is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2021 measurement date.

BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5: PENSION PLANS (CONTINUED)

Allocation Methodology (Continued)

Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contributions policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021 measurement date, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do 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 local participating employers, such as the Charter School. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contribution was less than the actuarial determined amount.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2022, the State of New Jersey contributed \$ 141,301 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 177,872 .

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

As June 30, 2021, the State's proportionate share of the net pension liability associated with the Charter School was \$ 7,559,222 . The net pension liability was measured as of June 30, 2021, and the total pension liability used 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.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Special Funding Situation (continued)

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, Charter School's proportion was 0.0157237480%, which was an increase of 0.0157237% from its proportion measured as of June 30, 2020.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	7,559,222
Total	<u>\$ 7,559,222</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the Charter School in the amount of \$ 177,872 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 5,289,559,561	\$ 24,224,281,713
Difference Between Expected and Actual Experience	941,265,828	142,774,569
Changes in Proportion and differences between employer contributions and proportionate share of contributions	142,705,445	142,705,445
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	2,854,036,178
	<u>\$ 6,373,530,834</u>	<u>\$ 27,363,797,905</u>

The \$ 6,373,530,834 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Special Funding Situation (continued)

The \$ 27,363,797,905 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year	Total
Ending June 30,	Total
2023	\$ (2,914,282,899)
2024	(3,500,098,875)
2025	(4,665,036,366)
2026	(4,192,375,542)
2027	(2,350,648,872)
Thereafter	(3,367,824,517)
	<u>\$(20,990,267,071)</u>

Actuarial Assumptions

The total pension liability for the **June 30, 2021** measurement date was determined by an actuarial valuation as of **June 30, 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%
Wages	3.25%
Salary Increases:	
Through 2026	1.55 - 4.45%
	based on years of service
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.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (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

In accordance with State statute, the long-term expected rate of return on pension 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 Pension 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expecting inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2021 is summarized in the following table:

US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
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%

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (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. 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.

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

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

Measurement Date June 30, 2021			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.40%)	(5.40%)	(6.40%)
Charter School's proportionate share of the Net Pension Liability	\$ 12,188,592	\$ 7,559,222	\$ 8,234,747

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

Measurement Date June 30, 2020			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.60%)	(5.60%)	(6.60%)
Charter School's proportionate share of the Net Pension Liability	\$ 39,687,959	\$ 33,575,011	\$ 28,651,512

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School recognized no pension expense or employee contributions for the fiscal year ended June 30, 2022.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

The school is in a “special funding situation”, as described in GASB Statement No. 75 in that OPEB contributions and expense are legally required to be made by and are the sole responsibility of the State of New Jersey.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees 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 No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit 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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan (continued)

Plan Description and Benefits Provided (continued)

Employees covered by benefit terms:

At the OPEB Plan's measurement date June 30, 2021, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted for the following members:

Active plan member								213,901
Inactive plan members or beneficiaries currently receiving benefits								150,427
Inactive plan members entitled to but not yet receiving benefit payments								-
Total								364,328

Total Nonemployer OPEB Liability

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

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	PFRS
Salary Increases				
Through 2026		1.55% to 4.45%	2.00% to 6.00%	3.25% to 15.25%
		based on service	based on service	based on service
		years	years	years
Rate thereafter		2.75% to 5.65%	3.00% to 7.00%	NOT
		based on service	based on service	APPLICABLE
		years	years	

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) 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.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan (continued)

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, July 1, 2014 - June 30, 2018, and July 1, 2013- June 30, 2018 for TPAF, PERS and PFRS, 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 4.5% 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. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for the June 30, 2021 measurement date 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.

Changes in the Total Non-Employer OPEB Liability

The table below summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the Charter School for the fiscal year ended June 20, 2022.

Balance at June 30, 2021				\$ 4,934,453
Service cost				563,323
Interest on Total OPEB Liability				104,644
Effect on Changes of Benefit Terms				(4,294)
Difference between expected and actual experience				(1,488,424)
Effect of Changes of Assumptions				3,980
Effect of Changes of Proportion				
Contributions - Employee				2,675
Gross Benefits Paid by the State				(82,430)
				(900,526)
				(900,526)
Balance at June 30, 2022				\$ 4,033,927

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan (continued)

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

The following presents the total nonemployer OPEB liability measured as of June 30, 2021 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB 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:

	Measurement Date Ended June 30, 2021		
	At 1%	At current	At 1%
	Decrease (1.16%)	discount rate (2.16%)	Increase (3.16%)
Total OPEB Liability	\$ 4,832,011	\$ 4,033,927	\$ 3,405,484

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

The following presents the total nonemployer OPEB liability measured as of June 30, 2021 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2021		
	At 1%		At 1%
	decrease	Trend Rate	Increase
Total OPEB Liability	\$ 3,265,477	\$ 4,033,927	\$ 5,065,899

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 revenue and expense of \$ 935,867 in the government-wide financial statements for the State's proportionate share of the OPEB Plan's OPEB expenses, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2021 measurement date.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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 the measurement date of June 30, 2021 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ 608,097	\$ (1,210,653)
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	\$ 684,305	(432,803)
Sub Total	1,292,401	(1,643,456)
Contributions Made in Fiscal Year 2022 after June 30, 2021 Measurement Date	N/A	N/A
Total	1,292,401	(1,643,456)

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

Fiscal Year Ending June 30	
2023	\$ (79,479)
2024	\$ (79,479)
2025	\$ (79,479)
2026	\$ (79,479)
2027	\$ (56,508)
Total Thereafter	\$ 23,368
	\$ (351,055)

NOTE 7: 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. The Charter School is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium (the Consortium).

BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7: RISK MANAGEMENT (CONTINUED)

The Consortium is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school districts in order to keep local property taxes at a minimum.

The Charter School pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Charter School continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance

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.

NOTE 8: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2022, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$568,965 , \$107,550 , \$132,966 , and \$425 , respectively.

**BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter School expects such amount, if any, to be immaterial.

NOTE 10: CONCENTRATIONS

The Charter School depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Charter School is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

NOTE 11: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

The General Fund balance at June 30, 2022 is \$2,084,755 of which \$2,009,755 and is unassigned and \$0 is assigned for encumbrances.

NOTE 12: IMPLEMENTATION OF NEW ACCOUNTING STANDARD AND RESTATEMENT OF NET POSITION

In June of 2017, the GASB issued Statement no. 87, Leases. GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB Statement No. 87 were effective for reporting periods beginning after June 15, 2021. The School adopted GASB Statement No. 87 effective July 1, 2021. The implementation of GASB Statement No. 87 required retrospective application to prior periods resulting in the restatement of net position and fund balance as of the beginning of the year.

BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13: 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.

NOTE 14: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 15, 2023, the date the financial statements were available to be issued.

NOTE 15: IMPACT OF COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. 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 magnitude that the pandemic will have on the School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

Although the Charter School cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the Charter School’s results of future operations, financial position, and liquidity in fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

BURCH CHARTER SCHOOL OF EXCELLENCE
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Equalization Aid-Local	\$ 564,314	\$ (29,518)	\$ 534,796	\$ 534,796	\$ -
Total Local Sources	564,314	(29,518)	534,796	534,796	-
Categorical Aid:					
Equalization Aid-State	3,137,806	16,155	3,153,961	3,153,961	-
Special Education	41,559	(12,304)	29,255	29,255	-
Security Aid	191,093	(36,159)	154,934	154,934	-
Non-Public Student Aid	800,446	16,859	817,305	817,305	-
Total Categorical Aid	4,170,904	(15,449)	4,155,455	4,155,455	-
Revenues From Other Sources:					
Reimbursed TPAF Social Security				107,550	107,550
On-Behalf TPAF(Non-Budget)					
Pension Contributions				568,965	568,965
Post Retirement Medical Contributions				132,966	132,966
Non-Contributory Insurance Contributions				425	425
Interest Income	113		113	113	-
Miscellaneous Revenue	10,375		10,375	10,375	-
Total Revenues From Other Sources	10,488	-	10,488	820,394	702,356
Total Revenues	4,745,706	(44,967)	4,700,739	5,510,645	702,356
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,096,575	(156,302)	940,273	940,273	-
Other Salaries for Instruction	300,055	23,854	323,909	323,909	-
Purchased Prof/Tech Services	34,500	(20,333)	14,167		14,167
Other Purchased Services					
General Supplies	65,000	(44,129)	20,871	20,871	-
Textbooks	65,000	53,935	118,935	118,935	-
Miscellaneous	15,000	(8,060)	6,940	6,358	582
Total Instruction	1,576,130	(151,035)	1,425,095	1,410,346	14,749
Administration:					
Salaries - General Administration	450,464	280	450,744	450,744	-
Salaries of Secretarial/Clerical Assistants	146,814	(41,766)	105,048	105,048	-
Total Benefits Cost	1,032,391	(363,833)	668,558	666,915	1,643

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

BURCH CHARTER SCHOOL OF EXCELLENCE
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Purchases Prof/Tech Services	146,000	(56,641)	89,359	89,359	-
Other Purchased Services	118,000	22,368	140,368	140,368	-
Communications/Telephone	30,744	3,331	34,075	34,075	-
Miscellaneous Expenses	2,549	3,296	5,845	5,845	-
Total Administration	1,926,962	(432,965)	1,493,997	1,492,354	1,643
Support Services:					
Salaries	94,338	(3,118)	91,220	91,220	-
Salaries - Nurse	79,670	(25,194)	54,476	54,476	-
Salaries - Custodial	121,956	(49,279)	72,677	72,678	(1)
Purchased Prof/Tech Services	3,150		3,150	3,150	-
Cleaning, Repair, and Maintenance Services	50,771	23,667	74,438	74,438	-
Rental of Land and Buildings	601,740		601,740		601,740
Right to Use Lease Assets				615,933	(615,933)
Other Purchased Services					
Transportation-Other Than To/From School	3,203	(3,759)	(556)		(556)
Insurance for Property, Liability and Fidelity	45,000	1,018	46,018	46,018	-
Supplies and Materials	72,691	(8,401)	64,290	64,290	-
Energy Costs (Heat and Electricity)	84,363	(6,715)	77,648	77,648	-
Total Support Services	1,158,718	(73,617)	1,085,101	1,099,851	(14,750)
Capital Outlay:					
Lease Purchase Agreements-Principal				3,720,683	(3,720,683)
Total Capital Outlay	10,000	(10,000)	-	3,720,683	(3,720,683)
Reimbursed TPAF Social Security (Non-Budgeted)					
On-Behalf TPAF (Non-Budgeted)				107,550	(107,550)
Pension Contributions				568,965	(568,965)
Post Retirement Medical Contributions				132,966	(132,966)
Non-Contributory Insurance Contributions				425	(425)
Total Expenditures	4,671,810	(667,617)	4,004,193	8,533,140	(4,288,006)

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

BURCH CHARTER SCHOOL OF EXCELLENCE
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	73,896	622,650	696,546	(3,022,495)	(3,719,041)
Other Financing Sources (Uses)					
Lease Liabilities Issued			-	3,900,948	(3,900,948)
Total Other Financing Sources (Uses)	-	-	-	3,900,948	(3,900,948)
(Continued from Prior Page)					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	73,896	622,650	696,546	878,453	(7,619,989)
FUND BALANCE, JULY 1	1,386,656	-	1,386,656	1,386,567	89
PRIOR PERIOD ADJUSTMENTS				(180,265)	180,265
FUND BALANCE, JULY 1, RESTATED	1,386,656	-	1,386,656	1,206,302	180,354
FUND BALANCE, JUNE 30	\$ 1,460,552	\$ 622,650	\$ 2,083,202	\$ 2,084,755	\$ (7,439,635)

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

BURCH CHARTER SCHOOL OF EXCELLENCE
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 3,350,319	\$ (2,018,318)	\$ 1,332,001	\$ 1,332,002	\$ 1
Local Sources			-	437	437
Total Revenues	3,350,319	(2,018,318)	1,332,001	1,332,439	438
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,300,964	(934,342)	366,622	366,622	-
Purchased Prof/Tech Services	169,812	(59,940)	109,872	109,872	-
Other Purchased Services	9,550		9,550	7,790	1,760
General Supplies	330,206	(107,959)	222,247	221,300	947
Total Instruction	1,810,532	(1,102,241)	708,291	705,584	2,707
Support Services:					
Salaries of Supervisors of Instruction	403,597	(291,170)	112,427	112,427	-
Personal Services - Employee Benefits	392,472	(318,243)	74,229	70,859	3,370
Purchased Prof/Ed Services	363,126	(193,589)	169,537	170,881	(1,344)
Other Purchased Professional Services	40,483	(10,725)	29,758	35,592	(5,834)
Supplies and Materials	48,415	(41,216)	7,199	8,564	(1,365)
Miscellaneous Expenditures	11,822	(4,360)	7,462	7,462	-
Total Support Services	1,259,915	(859,303)	400,612	405,785	(5,173)
Capital Outlay:					
Buildings	13,712	50,091	63,803	63,803	-
Instructional Equipment	72,526	(53,108)	19,418	19,418	-
Non-Instructional Equipment	193,634	(53,757)	139,877	139,877	-
Total Capital Outlay	279,872	(56,774)	223,098	223,098	-
Total Expenditures	3,350,319	(2,018,318)	1,332,001	1,334,467	(2,466)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ (2,028)	\$ 2,028

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

BURCH CHARTER SCHOOL OF EXCELLENCE
 Budgetary Comparison Schedule
 Budget-To-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2022

Note A - Explanation of differences between Budgetary Inflows and GAAP Revenues and Expenditures

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 5,510,645	[C-2]	1,332,439
 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 reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	\$ 5,510,645	[B-2]	\$ 1,332,439
 Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 8,533,140	[C-2]	1,334,467
 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 accounting purposes.				-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 8,533,140	[B-2]	\$ 1,334,467

REQUIRED SUPPLEMENTARY INFORMATION – PART III

***SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
PENSIONS (GASB 68)***

BURCH CHARTER SCHOOL OF EXCELLENCE
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Charter School's proportion of the net pension liability	0.00372432%	0.00936504%	0.00587090%	0.00581054%	0.008240100%	0.007698070%	0.009035315%	0.009005700%	0.007464673%
Charter School's proportionate share of the net pension liability	\$ 823,958	\$ 936,517	\$ 1,317,900	\$ 1,720,915	\$ 1,920,005	\$ 1,515,713	\$ 1,628,027	\$ 1,468,597	\$ 884,302
Charter School's covered payroll (plan measurement period)	\$ 271,320	\$ 387,958	\$ 383,807	\$ 443,868	\$ 536,303	\$ 574,940	\$ 635,690	\$ 667,475	\$ 310,632
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	304%	241%	343%	388%	358%	264%	256%	220%	285%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	58.32%

BURCH CHARTER SCHOOL OF EXCELLENCE
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 28,062	\$ 41,236	\$ 50,474	\$ 52,547	80,037	77,493	88,909	98,518	87,420
Contributions in relation to the contractually required contribution	(28,062)	(41,236)	(50,474)	(52,547)	(80,037)	(77,493)	(88,909)	(98,518)	(87,420)
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll (fiscal year)	\$ 271,320	\$ 387,958	\$ 383,807	\$ 443,868	\$ 536,303	\$ 574,940	\$ 635,690	\$ 667,475	\$ 310,632
Contributions as a percentage of covered payroll	10.34%	10.63%	13.15%	11.84%	14.92%	13.48%	13.99%	14.76%	28.14%

BURCH CHARTER SCHOOL OF EXCELLENCE
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER'S PENSION AND ANNUITY FUND
 LAST NINE FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable of the Charter School	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.01572375%	0.01572375%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 3,669,970	\$ 5,094,562	\$ 7,641,283	\$ 13,285,903	\$ 11,364,557	\$ 11,562,265	\$ 9,510,627	\$ 9,825,242	\$ 7,559,222
Charter School's covered payroll (plan measurement period)	\$ 1,120,112	\$ 1,589,546	\$ 1,704,704	\$ 1,558,372	\$ 1,573,221	\$ 1,535,950	\$ 1,733,397	\$ 1,820,067	\$ 1,306,901
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	597.24%	374.01%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%

***SCHEDULE M - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS***

Burch Charter School of Excellence
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last Five Fiscal Years
(Unaudited)

	Measurement Date Ending				
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total Non-Employer OPEB Liability- States's Proportionate Share of the Total OPEB Liability Associated with the Charter School					
OPEB Liability at Beginning of Measurement Period	\$ 460,499	\$ 411,799	\$ 2,849,365	\$ 2,903,612	\$ 4,934,453
Service cost	-		305,169	344,821	563,323
Interest on Total OPEB Liability	12,994	13,437	120,423	112,250	104,644
Effect on Changes of Benefit Terms					(4,294)
Difference between expected and actual experience		2,824,666	(328,148)	755,716	(1,488,424)
Effect of Changes of Assumptions	(52,507)	(326,979)	43,293	901,355	3,980
Contributions - Employee	351	2,633	2,642	2,604	2,675
Gross Benefits Paid by the State	(9,538)	(76,191)	(89,132)	(85,905)	(82,430)
Net Change in Total OPEB Liability	(48,700)	2,437,566	54,247	2,030,841	(900,526)
OPEB Liability at Beginning of Measurement Period	460,499	411,799	2,849,365	2,903,612	4,934,453
Total OPEB Liability at End of Measurement Period	\$ 411,799	\$ 2,849,365	\$ 2,903,612	\$ 4,934,453	\$ 4,033,927

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Changes in benefit terms: The \$63,870,842 decrease in liability from June 20,2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Differences Between Expected and Actual Experiences: The \$11,385,071,658 decrease in the liability from June 30, 2020 to June 30, 2021 is due to changes in the census claims

Update in census information	\$ (591,982,074)
Premium and Claims Experience	(10,793,089,584)
Total	\$ (11,385,071,658)

Changes in Assumptions:

The \$59,202,105 increase in the liability from June 30, 2020 to June 30, 2021 is due to the combined effect of the following:

Trend Update	\$ 141,651,103
Mortality Projection Scale Update	270,835,004
Discount Rate Change	536,297,378
Salary Scale	(889,581,380)
Total Changes in Assumption	\$ 59,202,105

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2022

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate remained unchanged at 7.00% as of June 30, 2020 and of June 30, 2021 in accordance with Paragraph 44 of GASB Statement No. 67.

BURCH CHARTER SCHOOL OF EXCELLENCE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2022

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.60% as of June 30, 2020 to 7.00% as of June 30, 2021 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

BURCH CHARTER SCHOOL OF EXCELLENCE
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2022

	Title I	Title II Part A	Title IV	CARES Emergency Relief	ARP ESSER	CRRSA Act Mental Health Grant	CRRSA Act ESSER II	CRRSA Act Learning Acceleration Grant	ARP ESSER Evidence-Based Beyond the School Day Activities	IDEA Part B	Student Activity / Athletics Fund	Total
Revenues:												
Federal Sources	\$ 240,024	\$ 30,944	\$ 49,342	\$ 58,715	\$ 103,660	\$ 30,434	\$ 723,399	\$ 27,566	\$ 23,435	\$ 43,483	\$ -	\$ 1,332,002
Local Sources	19,735	-	\$ 19,495	-	-	-	\$ 131,492	\$ 25,598	\$ -	\$ -	\$ -	\$ 366,622
	10,074	26,605	26,605	7,790	3,250				23,435	36,847		109,872
				581	29,266		181,399					7,790
												221,300
Total Revenues	219,846	30,944	49,342	58,715	103,660	30,434	723,399	27,566	23,435	43,483	437	\$ 1,332,439
Expenditures:												
Instruction:												
Salaries of Teachers	\$ 190,037	\$ -	\$ 19,495	\$ -	\$ -	\$ -	\$ 131,492	\$ 25,598	\$ -	\$ -	\$ -	\$ 366,622
Purchased Prof/Tech Services	19,735	-	26,605	7,790	3,250							109,872
Other Purchased Services	10,074			581	29,266		181,399					7,790
General Supplies												221,300
Total Instruction	219,846	30,944	49,342	8,351	32,516	-	312,891	25,598	23,435	36,847	-	705,584
Support Services:												
Salaries of Supervisors of Instruction		4,829					85,523					90,352
Salaries of Other Professional Staff			1,492			22,075						22,075
Personal Services/Employee Benefits	14,538	369	1,750		27,590	1,689	50,803	1,968				70,859
Purchased Prof/Ed Services						2,624	83,201			6,636		121,801
Other Purchased Professional Services				50,000								50,000
Purchased Technical Services	3,537	2,000			3,543							26,670
Other Purchased Services	2,103	619		1,364	432	4,046					2,465	5,537
Supplies and Materials												8,564
Student Activities											2,465	2,465
Indirect Costs					2,031		5,431					7,462
Total Support Services	20,176	30,944	3,242	51,364	33,596	30,434	224,958	1,968	-	6,636	2,465	405,785
Facilities Acquisition and Construction Services:												
Buildings												63,803
Instructional Equipment												19,418
Noninstructional Equipment												139,877
Total Facilities Acquisition and Construction Services	-	-	-	-	37,548	-	185,550	-	-	-	-	223,098
Total Expenditures	240,024	30,944	49,342	58,715	103,660	30,434	723,399	27,566	23,435	43,483	2,465	1,334,467
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,028)	\$ (2,028)

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENT
(NOT APPLICABLE)**

SECTION I – LONG-TERM DEBT SCHEDULES
(NOT APPLICABLE)

**STATISTICAL SECTION
(UNAUDITED)**

Burch Charter School of Excellence has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for ten (10) years is available and has been presented.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive financial reports (ACFR) for the relevant year.*

FINANCIAL TRENDS

BURCH CHARTER SCHOOL OF EXCELLENCE

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental Activities:										
Instruction	\$ 2,992,384	\$ 1,516,389	\$ 1,899,487	\$ 2,005,744	\$ 1,941,581	\$ 1,965,489	\$ 2,127,178	\$ 1,975,797	\$ 1,941,715	\$ 1,565,245
Regular	989,569	2,419,226	2,268,293	2,346,892	2,325,044	2,084,069	2,143,217	1,621,825	1,463,070	1,421,549
Support Services	2,119,772	1,160,018	1,289,601	1,338,980	1,307,818	1,303,260	1,343,530	1,651,764	1,556,359	1,264,038
General Administration		104,687	115,033	138,889	127,384	129,005	139,645	131,492	123,677	92,822
School Administrative Services	239,129									
On-behalf TPA/FICA reimbursements	592,899	12,833				4,348	7,201	7,201	14,194	22,457
Interest on Long-Term Debt	6,943,753	5,213,153	5,572,414	5,630,505	5,701,827	5,486,191	5,760,774	5,388,079	5,099,015	4,366,111
Unallocated depreciation and amortization										
Total Governmental Activities Expenses	223,127	135,566	178,122	235,534	227,033	189,433	166,125	219,842	186,071	165,223
Business-Type Activities:										
Food Service	223,127	135,566	178,122	235,534	227,033	189,433	166,125	219,842	186,071	165,223
Child care										
Total Business-Type Activities Expenses	\$ 7,166,880	\$ 5,348,719	\$ 5,750,536	\$ 6,066,039	\$ 5,928,860	\$ 5,685,624	\$ 5,926,899	\$ 5,607,921	\$ 5,285,066	\$ 4,531,534
Total Charter School Expenses										
Program Revenues										
Governmental Activities:										
Charges for Services	437									
Operating Grants and Contributions	107,550	477,951	306,498	280,145	356,988	588,401	511,191	295,735	354,145	199,447
Capital Grants and Contributions										
Total Governmental Activities Expenses	107,987	477,951	306,498	280,145	356,988	588,401	511,191	295,735	354,145	199,447
Business-Type Activities:										
Charges for Services		2	2	2,899	4,480	1,120	2,105	568	1,935	12,885
Food Services										
Child care										
Operating Grants and Contributions	378,827	133,171	177,696	249,854	227,967	203,795	165,876	201,561	154,106	157,003
Capital Grants and Contributions										
Total Business-Type Activities Expenses	378,827	133,173	177,698	252,753	232,447	204,915	167,981	221,094	186,071	169,888
Total Charter School Program Revenue	\$ 486,814	\$ 611,124	\$ 484,196	\$ 532,898	\$ 589,435	\$ 793,316	\$ 679,172	\$ 516,829	\$ 540,216	\$ 369,335
Net (Expense)/Revenue										
Governmental Activities	\$ (6,835,766)	\$ (4,735,202)	\$ (5,265,916)	\$ (5,550,360)	\$ (5,344,839)	\$ (4,887,790)	\$ (5,249,583)	\$ (5,092,344)	\$ (4,744,870)	\$ (4,166,664)
Business-Type Activities	155,700	(2,383)	(424)	17,219	5,414	5,482	1,856	1,252	1,935	4,665
Total Charter School Net Expense	\$ (6,680,066)	\$ (4,737,585)	\$ (5,265,340)	\$ (5,533,141)	\$ (5,339,425)	\$ (4,882,308)	\$ (5,247,727)	\$ (5,091,092)	\$ (4,744,870)	\$ (4,161,999)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes levied for general purposes, net	\$ 534,796	\$ 562,485	\$ 596,076	\$ 586,478	\$ 674,681	\$ 662,081	\$ 691,139	\$ 743,316	\$ 722,526	\$ 759,398
Grants and Contributions	7,125,880	4,758,825	4,576,708	4,459,445	4,396,756	4,209,351	4,055,477	4,189,059	3,970,889	4,053,207
Miscellaneous Income	113	61,984	1,794	12,917	9,045	7,853	1,890	3,882	27,404	6,723
Transfers	10,375							(18,965)	(30,030)	
Total Governmental Activities	7,670,964	5,383,294	5,174,578	5,058,840	5,080,482	4,879,285	4,748,506	4,917,292	4,690,589	4,819,328
Business-Type Activities:										
Transfers									30,030	
Total Business-Type Activities:									30,030	
Total Charter School Wide	\$ 7,670,964	\$ 5,383,294	\$ 5,174,578	\$ 5,058,840	\$ 5,080,482	\$ 4,879,285	\$ 4,748,506	\$ 4,936,257	\$ 4,720,619	\$ 4,819,328
Change in Net Position										
Governmental Activities	\$ 835,198	\$ 646,092	\$ (91,338)	\$ (491,520)	\$ (264,357)	\$ (18,505)	\$ (501,077)	\$ (175,052)	\$ (54,281)	\$ 652,664
Business-Type Activities	155,700	(2,383)	(424)	17,219	5,414	5,482	1,856	1,252	1,935	4,665
Total Charter School	\$ 990,898	\$ 643,709	\$ (91,762)	\$ (474,301)	\$ (258,943)	\$ (13,023)	\$ (499,221)	\$ (173,800)	\$ (52,346)	\$ 657,329

Notes:
GASB requires that ten year of data be presented. Ten years of data is now available.

BURCH CHARTER SCHOOL OF EXCELLENCE

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Position by Component Last Ten Fiscal Years (accrual basis of accounting) Unaudited										
Governmental Activities										
Invested in capital assets, net of related debt	\$ 3,389,381	\$ 38,499			\$ 4,348	\$ 11,550	\$ 18,751	\$ 11,550	\$ 18,751	\$ 32,945
Restricted	78,751	-								
Unrestricted	(3,080,876)	(311,955)	(915,769)	(824,431)	(332,911)	(68,554)	(54,397)	439,478	1,550,688	1,590,775
Total Governmental Activities Net Assets/ Position	\$ 387,256	\$ (273,456)	\$ (915,769)	\$ (824,431)	\$ (332,911)	\$ (68,554)	\$ (50,049)	\$ 451,028	\$ 1,569,439	\$ 1,623,720
Business-Type Activities										
Invested in capital assets, net of related debt	\$ 188,771	33,071	\$ 35,464	\$ 35,888	\$ 18,699	\$ 13,255	\$ 7,773	5,917	4,665	4,665
Restricted										
Unrestricted										
Total Business-Type Activities Net Assets/Position	\$ 188,771	\$ 33,071	\$ 35,464	\$ 35,888	\$ 18,699	\$ 13,255	\$ 7,773	\$ 5,917	\$ 4,665	\$ 4,665
Charter School-Wide										
Net Investment in Capital Assets/										
Invested in capital assets, net of related debt	\$ 3,389,381	\$ 38,499	\$ -	\$ -	\$ -	\$ -	\$ 4,348	\$ 11,550	\$ 18,751	\$ 32,945
Restricted	78,751	-	-	(788,543)	(314,212)	(55,299)	(46,624)	-	-	-
Unrestricted	(2,892,105)	(278,884)	(880,305)	(788,543)	(314,212)	(55,299)	(46,624)	445,395	1,555,353	1,595,440
Total Charter School Net Position	\$ 576,027	\$ (240,385)	\$ (880,305)	\$ (788,543)	\$ (314,212)	\$ (55,299)	\$ (42,276)	\$ 456,945	\$ 1,574,104	\$ 1,628,385

Notes:
GASB requires that ten year of statistical data be presented. Ten years of data is now available.

BURCH CHARTER SCHOOL OF EXCELLENCE

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Restricted	\$ 75,000	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,009,755	1,386,567	597,557	609,539	971,075	1,028,790	882,676	1,290,827	1,550,688	1,590,775
Total General Fund	\$ 2,084,755	\$ 1,386,567	\$ 597,557	\$ 609,539	\$ 971,075	\$ 1,028,790	\$ 882,676	\$ 1,290,827	\$ 1,550,688	\$ 1,590,775
All Other Governmental Funds										
Unassigned	-	-	-	-	-	-	-	-	-	-
Special Revenue Fund	3,751	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 3,751	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:
 GASB requires that ten year of data be presented. Ten years of data is now available.

BURCH CHARTER SCHOOL OF EXCELLENCE
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Unaudited

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Local tax levy	\$ 534,796	\$ 562,485	596,076	586,478	674,681	662,081	691,139	743,316	722,526	759,398
Miscellaneous	10,925	61,984	1,794	12,917	9,045	7,853	1,890	4,798	27,404	6,723
State Sources	4,965,361	4,758,825	4,576,708	4,459,445	4,396,756	4,209,351	4,055,477	4,189,059	3,847,012	4,053,207
Federal Sources	1,332,002	473,288	306,498	280,145	356,988	588,401	511,191	294,819	346,733	199,447
Total Revenues	6,843,084	5,856,582	5,481,076	5,338,985	5,437,470	5,467,686	5,259,697	5,231,992	4,943,675	5,018,775
Expenditures:										
Instruction	2,115,930	1,516,389	1,899,487	2,005,744	1,941,581	1,965,489	2,127,178	1,975,797	1,941,715	1,565,245
Administration	2,302,260	2,239,809	2,188,937	2,216,908	2,118,402	1,923,818	2,057,492	2,007,610	1,463,070	1,421,549
Support Services	1,505,636	1,264,705	1,404,634	1,477,869	1,435,202	1,432,265	1,483,178	1,501,604	1,447,303	1,356,860
Capital Outlay	3,943,781	51,332	-	-	-	-	-	6,842	-	21,741
Total Expenditures	9,867,607	5,072,235	5,493,058	5,700,521	5,495,185	5,321,572	5,667,848	5,491,853	4,852,088	4,365,395
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,024,523)	784,347	(11,982)	(361,536)	(57,715)	146,114	(408,151)	(259,861)	91,587	653,380
Other Financing Uses:										
Transfers In	3,900,948	-	-	-	-	-	-	-	-	-
Total Other Financing Uses	3,900,948	-	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 876,425	\$ 784,347	\$ (11,982)	\$ (361,536)	\$ (57,715)	\$ 146,114	\$ (408,151)	\$ (259,861)	\$ 91,587	\$ 653,380

Source: Charter School's Records

BURCH CHARTER SCHOOL OF EXCELLENCE

General Fund - Other Local Revenue by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Unaudited

Fiscal Year Ending June 30,	Interest	Miscellaneous Revenue	Total
2022	113	10,375	10,488
2021		61,984	61,984
2020		1,794	1,794
2019		12,917	12,917
2018	-	9,045	9,045
2017	-	7,853	7,853
2016	-	1,890	1,890
2015		4,798	4,798
2014		27,404	27,404
2013		6,723	6,723

Source: Charter School records

DEMOGRAPHIC AND ECONOMIC INFORMATION

BURCH CHARTER SCHOOL OF EXCELLENCE
Demographic and Economic Statistics
Last Nine Fiscal Years

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2022				
2021	54,425	\$ 3,267,132,750	\$ 60,030	7.7%
2020	54,425	3,267,132,750	60,030	7.7%
2019	54,425	3,267,132,750	60,030	7.7%
2018	54,425	3,267,132,750	60,030	7.7%
2017	54,580	3,276,437,400	60,030	13.0%
2016	54,489	3,177,743,991	58,319	13.0%
2015	54,297	3,023,908,524	55,692	13.0%
2014	54,096	2,997,134,784	55,404	13.0%
2013	54,145	2,978,733,030	55,014	13.0%

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been estimated based upon the municipal population and per capita personal income presented
- ^c Personal capital income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

BURCH CHARTER SCHOOL OF EXCELLENCE
Principal Employers
This Year and One Year Ago
(Unaudited)

Employer	2022			Employer	2021		
	Employees	Rank	Percentage of Total Employment		Employees	Rank	Percentage of Total Employment
Parkway Associates	N/A		N/A	Parkway Associates	N/A	1	0.0%
Mill Run, LLC	N/A		N/A	Mill Run, LLC	N/A	2	0.0%
Verizon	N/A		N/A	Verizon	N/A	3	0.0%
I & S Investment Co	N/A		N/A	I & S Investment Co	N/A	4	0.0%
Brookville Holding LLC	N/A		N/A	Brookville Holding LLC	N/A	5	0.0%
Public Service Enterprise Group	N/A		N/A	Public Service Enterprise Group	N/A	6	0.0%
Stuyvesant Realty	N/A		N/A	Stuyvesant Realty	N/A	7	0.0%
Bradford	N/A		N/A	Bradford	N/A	8	0.0%
Colonial Village	N/A		N/A	Colonial Village	N/A	9	0.0%
Lyons Plaza, LLC	N/A		N/A	Lyons Plaza, LLC	N/A	10	0.0%
							0.0%

Source: Website: <https://www.city-data.com/us-cities/The-Northeast/Irvington-Economy.html>

OPERATING INFORMATION

BURCH CHARTER SCHOOL OF EXCELLENCE
 Full-Time Equivalent Charter School Employees by Function
 Last Ten Fiscal Years
 (Unaudited)

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction										
Regular	17	29	29	28	28	28	20	20	20	18
Special Education	-	1	1	1	1	1	1	1	1	1
Vocational	-						3	3	3	4
Other instruction	7	12	12	12	12	12	9	9	9	9
Support Services										
Student & instruction related services										
General Administration	2	2	2	2	2	2	2	2	2	2
School administrative services	3	3	3	3	3	3	2	2	2	2
Other administrative services							1	1	1	1
Central Services										
Administrative Information Technology										
Plant operations and maintenance	-	2	2	2	2	2	2	2	2	2
Pupil transportation										
Other support services	3	3	3	3	3	3	3	3	3	1
Special Schools										
Food Service	2	2	2	2	2	2	2	2	2	
Total	34.00	54.00	54.00	53.00	53.00	53.00	45.00	45.00	45.00	40

Source: Charter School Personnel Records

BURCH CHARTER SCHOOL OF EXCELLENCE

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Kindergarten	Elementary				
2022	335	\$ 4,812,457	\$ 15,844	6.03%	24	1:09	1:09	335.0	335	-0.30%	100.00%
2021	336	5,020,903	14,943	-3.15%	42	1:09	1:09	336.0	324	-4.55%	96.35%
2020	356	5,493,058	15,430	-5.53%	42	1:09	1:09	352.0	345	0.00%	98.00%
2019	349	5,700,521	16,334	8.04%	41	1:09	1:09	352.0	345	0.00%	98.00%
2018	352	5,321,572	15,118	0.28%	41	1:09	1:09	352.0	345	-0.28%	98.00%
2017	353	5,321,572	15,075	-6.11%	41	1:09	1:09	353.0	336	0.00%	95.18%
2016	353	5,667,848	16,056	9.73%	41	1:09	1:09	353.0	336	3.82%	95.18%
2015	353	5,165,429	14,633	2.54%	33	1:09	1:09	340.0	336	0.00%	98.82%
2014	340	4,852,088	14,271	16.30%	32	1:09	1:09	340.0	336	-2.86%	98.82%
2013	354	4,343,654	12,270	-7.21%	32	1:09	1:09	350.0	336	32.58%	96.00%

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 certified staff.

^c Average daily enrollment and average daily attendance are obtained from the School Registrar Summary (SRS).

BURCH CHARTER SCHOOL OF EXCELLENCE
School Building Information
Last Ten Fiscal Years

	<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>
<u>Charter School Building</u>										
Square Feet	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	335	336	356	349	352	353	353	353	340	354

Source: School Records

BURCH CHARTER SCHOOL OF EXCELLENCE

Insurance Schedule
 June 30, 2022
 (Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Commercial property and general liability:		
Property:		
Business income without extra expense	\$ 100,000	
Business personal property	160,000	
Computer coverage	180,000	
EDP equipment (including software)	100,000	
Equipment breakdown	160,000	
Spoilage	500,000	
Data restoration	100,000	
Commercial General Liability		
General Aggregate	\$ 2,000,000	
Personal & advertising injury limit	1,000,000	
Damage to premises rented by insured	1,000,000	
Medical expense limit per person	5,000	
Employee benefits liability	1,000,000	
Professional Liability	1,000,000	
Crime		
Employee dishonesty	\$ 150,000	
Forgery or Alteration	150,000	
Inside the premises	150,000	
Outside the premises	150,000	
Computer Fraud	150,000	
Funds transfer Fraud	150,000	
Automobile:		
Collision	\$ 25,000	
Comprehensive	25,000	
Umbrella		
General aggregate	\$ 5,000,000	

Source: Charter School Records

New Jersey Performance Framework Financial Ratios
 Burch Charter School of Excellence
 Audited Performance Indicators

1-21

	2020 Audit	2021 Audit	2022 Audit	Source
Cash	\$ 602,086	\$ 1,546,632	\$ 1,703,355	Audit: Exhibit A-1
Current Assets (include cash)	348,043	270,698	2,751,557	Audit: Exhibit A-1
Current Liabilities	317,108	227,704	474,280	Audit: Exhibit A-1
Total Expenses	5,671,180	5,207,801	7,166,880	Audit: Exhibit A-2
Change in Net Position	(12,406)	786,670	990,898	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	352	336,00	336,00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	360	360	360	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation and Amortization Expense	-	-	592,899	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments- Normal	-	-	-	Auditor/Workpapers
Principal Payments- Early Loan Payoff	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

	2020	2021	2022	3 YR CUM	Calculation*****	Target*****
Performance Indicators						
Near Term Indicators						
1a.	1.1	1.2	5.8		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	39	108	87		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	98%	93%	93%	95%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	NO	NO	NO		Auditor	not in default
Sustainability Indicators						
2a***	530,056	944,546	156,723	1,631,325	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	#DIV/0!	#DIV/0!	N/A		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	> 1.10

* For renaissance schools; use Oct 15 count; if no final count; use head count if ADE not available
 ** Is school in default of loan covenants(s) and/or is delinquent with debt service payments? NO
 *** 2020 = 2020 Cash; 2019 = 2019 Cash; 2018 = 2018 Cash; 2017 = 2017 Cash
 **** Refer to NJ Performance Framework



SINGLE AUDIT SECTION

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**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Burch Charter School of Excellence

Irvington, NJ

We have audited, in accordance with the 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 in compliance with 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 and each major fund of Burch Charter School of Excellence (Charter School), in the , State of New Jersey, 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 and have issued our report thereon dated February 15, 2023 which contains an emphasis of matter paragraph describing the adoption of a new accounting principle, consistency of financial statements, and prior period adjustment

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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, and federal and state awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
February 15, 2023

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM
GUIDANCE AND NEW JERSEY CIRCULAR 15-08 OMB**

The Honorable President and
Members of the Board of Trustees
Burch Charter School of Excellence

Irvington, NJ

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major State and Federal Program

We have audited the Burch Charter School of Excellence’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey Circular 15-08- OMB State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2022. The Burch Charter School of Excellence’s major state programs are identified in the Summary of Auditor’s Results Section of the accompanying schedule of findings and questioned costs.

In our opinion, the Burch Charter School of Excellence, in the , State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state and Federal programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major State and Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *the audit 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Burch Charter School of Excellence and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state and Federal program.

Our audit does not provide a legal determination of Burch Charter School of Excellence'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, regulations, rules and provisions of contracts or grant agreements applicable to Burch Charter School of Excellence's State and Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our 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 Burch Charter School of Excellence's compliance based on our 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 *the audit 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 New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid 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 omissions, misrepresentations, 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 Burch Charter School of Excellence's compliance with the requirements of each major State and Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards, the audit 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 Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, we:

- Exercise professional judgment 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 Burch Charter School of Excellence's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Burch Charter School of Excellence'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 Uniform Guidance and the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid but not for the purpose of expressing an opinion on the effectiveness of Burch Charter School of Excellence's internal control over compliance. Accordingly, no such opinion is expressed.

We are 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 we 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 state and Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 our audit we did not identify any deficiencies in internal control over compliance that we 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.

Our 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 our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey Circular OBM 15-08. Accordingly, this report is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
February 15, 2023

BURCH CHARTER SCHOOL OF EXCELLENCE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Award Title	Federal Award Number	Additional Award Identification	Federal FAIN Number	Grant or State Procurement Number	Project or Award Amount	Period of Award From To	Balance at June 30, 2021	Committed (If Allowance) Amount	Cash Received	Budgetary Expenditures	Pass Through To Subrecipients	Adjustments	Repayment Of Prior Year Balances	Accounts Receivable	Balance at June 30, 2022	Due to or from Grantor
U.S. Department of Education																
General Fund:																
Medical Assistance Program Cluster	93.776	N/A		N/A	\$ -	7/1/21	6/30/22	-	-	-	-	-	-	-	-	-
Total General Fund																
U.S. Department of Education																
Part B - Special Education																
No Child Left Behind:																
Title I Part A	84.010A	N/A	S0010A220030	NCLB - 22	\$ 212,229	7/1/21	6/30/22	\$ -	\$ 156,883	\$ (240,024)	\$ -	\$ -	\$ -	\$ (83,141)	\$ -	\$ (31,929)
Title I Part A Carryover	84.010A	N/A	S0010A210030	NCLB - 21	356,595	7/1/20	6/30/21	(18,318)	10,202	(30,944)	-	-	-	(20,742)	-	(683)
Title I Part A Carryover	84.367	84-367A	S387A210029	NCLB - 21	51,652	7/1/20	6/30/21	(683)	6,086	(48,342)	-	-	-	(43,256)	-	(883)
Title IV State & Drug Free	84.184	84-184A	S324A220031	NCLB - 22	17,254	7/1/21	6/30/22	(19,007)	173,171	(338,921)	-	-	-	(147,139)	-	(32,612)
Total ESSA																
Special Education Cluster (IDEA)	84.027	84.027A	H027A220031	IDEA - 22	75,570	7/1/21	6/30/22	(38,581)	21,521	(48,483)	-	-	-	(21,962)	-	-
IDEA - Part B Basic	84.027	84.027A	H027A210031	IDEA - 21	189,525	7/1/20	6/30/21	(38,581)	38,581	(48,483)	-	-	-	(21,962)	-	-
Total Special Education Cluster (IDEA)																
Other Special Revenue Funds:																
COVID-19: Elementary and Secondary School Emergency Relief Fund (Carryover)	84.425	COVID-19, 84.425D	S425D210027	N/A	-	3/13/21	9/30/22	-	-	-	-	-	-	-	-	-
COVID-19: Elementary and Secondary School Emergency Relief Fund	84.425	COVID-19, 84.425D	S425D210027	N/A	189,724	3/13/20	9/30/22	-	58,715	(59,715)	-	-	-	(6,418)	-	-
COVID-19: CARES Emergency Relief	84.425	COVID-19, 84.425D	S425D210027	N/A	45,000	3/13/20	9/30/22	-	2,888	(30,434)	-	-	-	(27,546)	-	-
COVID-19: Coronavirus Relief Grant	84.425	COVID-19, 84.425D	S425D210027	N/A	1,741,157	3/13/20	9/30/24	-	1	(103,860)	-	-	-	(103,859)	-	-
CRSBA Mental Health Grant	84.425	COVID-19, 84.425U	S425D210027	N/A	40,000	3/13/20	9/30/24	(61,332)	501,712	(723,389)	-	-	-	(23,435)	-	-
ARP ESSER	84.425	COVID-19, 84.425U	S425D210027	N/A	774,731	3/13/20	9/30/23	-	-	-	-	-	-	(434,097)	-	-
ARP ESSER Evidence Based Summer Learning and Enrichment	84.425	COVID-19, 84.425D	S425D210027	N/A	-	-	-	(61,332)	565,444	(668,209)	-	-	-	(63,463)	-	-
CRSBA ESSER II	84.425	COVID-19, 84.425D	S425D210027	N/A	-	-	-	(61,332)	819,717	(1,345,613)	-	-	-	(663,198)	-	-
Total Other Special Revenue Funds																
Total Federal Financial Aids																
U.S. Department of Agriculture																
Passed-through State Department of Agriculture																
Child Nutrition Cluster:																
Child Nutrition Program	10.555	COVID-19	211N304N1099	N/A	112,635	7/1/21	6/30/22	(7,801)	103,276	(112,825)	-	-	-	(9,549)	-	-
Breakfast Program	10.555	COVID-19	211N304N1099	N/A	222,823	7/1/21	6/30/22	2,801	206,171	(227,610)	-	-	-	(21,439)	-	-
COVID-19: National School Lunch Program	10.555	COVID-19	211N304N1099	N/A	227,610	7/1/21	6/30/22	(12,428)	12,428	-	-	-	-	(97,088)	-	-
COVID-19: National School Lunch Program	10.555	COVID-19	211N304N1099	N/A	331,809	7/1/20	6/30/21	(20,228)	329,676	(340,535)	-	-	-	(31,858)	-	-
Total Child Nutrition Cluster																
Total Enterprise Fund																
Total Federal Financial Aids																

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

BURCH CHARTER SCHOOL OF EXCELLENCE
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2022

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Balance	Balance at June 30, 2022		MEMO	
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor					Unearned Revenue/Interfund Payable	Due to Grantor		Cumulative Total Expenditures
State Department of Education														
General Fund:														
State Aid-Public														
Medical Aid- State Share	22-495-034-5120-078	\$ 3,153,961	7/1/21	6/30/22	\$ -	\$ -	\$ 2,745,009	\$ (3,153,961)	\$ -	\$ -	\$ (340,770)	\$ -	\$ (68,092)	\$ 3,153,961
Social Education Categorical Aid	22-495-034-5120-089	29,255	7/1/21	6/30/22		(24,725)	53,980	(29,255)						29,255
Security Aid	22-495-034-5120-084	154,934	7/1/21	6/30/22			154,934	(154,934)						154,934
Adjustment Aid	22-495-034-5120-085	107,552	7/1/21	6/30/22			107,552	(107,552)						107,552
Total State Aid-Public						(24,725)	3,061,565	(3,446,702)			(340,770)		(68,092)	3,446,702
Nonpublic Aid														
TPAF Post-Retirement Medical	22-100-034-5094-002	709,753	7/1/21	6/30/22			709,753	(709,753)						709,753
TPAF Pension Contributions	22-495-034-5094-001		7/1/21	6/30/22			132,966	(132,966)						132,966
TPAF Non-Contributory Insurance	22-495-034-5094-002		7/1/21	6/30/22			568,965	(568,965)						568,965
Reimbursed TPAF - Social Security Contributions	22-495-034-5094-004	107,550	7/1/21	6/30/22			425	(425)						425
Reimbursed TPAF - Social Security Contributions	22-495-034-5094-003	410,493	7/1/21	6/30/22			75,192	(107,550)			(32,358)			107,550
Total Reimbursed TPAF-Social Security Cluster							3,520	(107,550)			(32,358)			107,550
Total General Fund						(24,725)	4,552,386	(4,965,361)			(373,128)		(68,092)	4,965,361
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	22-100-010-3350-023	37,875	7/1/21	6/30/22			37,382	(37,875)			(493)			37,875
National School Lunch Program (State Share)	21-100-010-3350-023	3,007	7/1/20	6/30/21			880							
Total Enterprise Fund							38,262	(37,875)			(493)			37,875
Total State Financial Assistance Subject to Major Program Determination for State Single Audit							4,590,648	(5,003,236)			(373,621)		(68,092)	5,003,236
State Financial Assistance Not Subject to Major Program Determination:														
Programs Reimbursed:														
General Fund (Non-Cash Assistance)														
TPAF Post-Retirement Medical	22-495-034-5094-001	132,966	7/1/21	6/30/22				(132,966)						132,966
TPAF Pension Contributions	22-495-034-5094-002	568,965	7/1/21	6/30/22				(568,965)						568,965
TPAF Non-Contributory Insurance	22-495-034-5094-004	425	7/1/21	6/30/22				(425)						425
Total General Funds (Non-Cash Assistance)								(702,356)						702,356
Total State Financial Assistance							\$ (4,300,880)	\$ (4,300,880)					\$ -	4,300,880

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

BURCH CHARTER SCHOOL OF EXCELLENCE
Notes to the Schedules of Expenditures
Of Federal Awards and State Financial Assistance
June 30, 2022

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, **Burch Charter School of Excellence**. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. 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 special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

BURCH CHARTER SCHOOL OF EXCELLENCE
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2022

NOTE 5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ -	\$ 4,965,361	\$ 4,965,361
Special Revenue Fund	1,332,002	2,028	1,334,030
Food Service Fund	340,535	37,875	378,410
Total Awards & Financial Assistance	<u>\$ 1,672,537</u>	<u>\$ 5,005,264</u>	<u>\$ 6,677,801</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Burch Charter School of Excellence has no loan balances outstanding at June 30, 2022.

NOTE 6. OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2022. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2022.

BURCH CHARTER SCHOOL OF EXCELLENCE
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2022

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total	0
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 240,023	\$ 726,754
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	30,944	
Title II, Part D: <i>Enhancing Education Through Technology</i>		
Title III: <i>English Language Acquisition</i>		1,987
Title IV, Part A: <i>Safe and Drug-Free Schools and Communities</i>	49,342	5,780
Title V, Part A: <i>Innovative Programs</i>		
	<hr/>	<hr/>
Total	<u>\$ 320,309</u>	<u>\$ 734,521</u>

NOTE 9. DE MINIMIS INDIRECT COST RATE

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

NOTE 10. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditors Results section of the Schedule of Findings and Questioned Costs.

BURCH CHARTER SCHOOL OF EXCELLENCE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? _____ Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to basic financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

1) Material weakness(es) identified? _____ Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X 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 Section .510(a) of Uniform Guidance? _____ Yes X No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
EDUCATION STABILIZATION FUND	
<u>84.425D</u>	<u>Elementary and Secondary School Emergency Relief Fund</u>
<u>84.425D</u>	<u>CARES Emergency Relief Fund</u>
<u>84.425D</u>	<u>CRRSA Learning Acceleration Grant</u>
<u>84.425D</u>	<u>CRRSA Mental Health Grant</u>
<u>84.425D</u>	<u>CRRSA ESSER II</u>
<u>84.425U</u>	<u>ARP ESSER III</u>
<u>84.425U</u>	<u>ARP ESSER III Evidence Based Summer Learning and Enrichment</u>

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

Auditee qualified as low-risk auditee? _____ Yes X No

BURCH CHARTER SCHOOL OF EXCELLENCE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor’s Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? Yes No

Internal control over major programs:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? 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 NJ Circular Letter 15-08-OMB, as applicable? Yes No

Identification of major state programs:

GMIS Number(s)	Name of State Program
	<u>STATE AID – PUBLIC</u>
<u>22-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>22-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>22-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>22-495-034-5120-084</u>	<u>Security Aid</u>

BURCH CHARTER SCHOOL OF EXCELLENCE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II – Schedule of Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses and fraud, non compliance with provisions of laws, regulation, contracts, and grant agreements related to financial statements for which Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey requires.

No Current Year Findings

***Part III – Schedule of Federal and State Award
Findings and Questioned Costs As Prepared By Management***

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

CURRENT YEAR FEDERAL AWARDS

No Current Year Findings

CURRENT YEAR STATE AWARDS

No Current Year Findings

BURCH CHARTER SCHOOL OF EXCELLENCE
Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by
Management
For the Fiscal Year Ended June 30, 2022

STATUS OF PRIOR-YEAR FINDINGS

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

No Prior Year Findings