



***Dr. Lena Edwards Academic
Charter School***

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

PREPARED BY

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

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January 31, 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 Annual Comprehensive Financial Report of Dr. Lena Edwards Academic Charter School (the “Charter School” or “DLEACS”) 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. Dr. Lena Edwards Academic Charter School’s MD&A can be found immediately following the Independent Auditor’s Report.

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

New Jersey Department of Education
The Commissioner
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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

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

The overarching mission of the Charter School 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.

The Charter School is open to all Jersey City 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.

By the end of 2021-2022 school year, the Charter School had a student enrollment of 382 students. The following details the changes in student enrollment of the school over the last nine years:

1) **Reporting Entity and Its Services** - *continued*

<u>Fiscal Year</u>	<u>Average Student Daily Enrollment</u>	<u>Percentage Change</u>
2021-2022	382	-1.80%
2020-2021	389	-0.26%
2019-2020	390	-1.02%
2018-2019	394	4.23%
2017-2018	378	-1.31%
2016-2017	383	0.26%
2015-2016	382	2.69%
2014-2015	372	1.09%
2013-2014	368	-2.39%
2012-2013	377	8.02%

2) **Economic Condition and Outlook**

The Charter School is located in Jersey City, the second largest municipality in New Jersey with a population of 270,553 according to the United States Department of Commerce's 2017 Census. The City is located on the west side of the Hudson River, directly across from lower Manhattan in New York City, and is part of the major business and industrial concentration spanning the New York-Northern New Jersey Metropolitan area.

The City's land area is 14.9 square miles, including a five-mile long stretch of Hudson River waterfront that has experienced considerable high-rise office tower, residential and multifamily development over the past ten years. The City is connected to New York City by Holland Tunnel and the PATH railroad tubes, and is within ten miles of Newark Liberty International Airport and the container and cargo facilities of Port Newark-Elizabeth.

The City is located in the County of Hudson. The City's size and current development activities cause it to dominate the economy of Hudson County. The City also serves as the seat of the County Government. Of the approximately 314,272 persons employed in the County, approximately 285,533 or 91 % are employed in Jersey City.

The Charter School has completed its 10th year of implementation. During the 2021-2022 School-Year, the school serviced the following number of students per grade:

2) **Economic Condition and Outlook** - *continued*

<u>Grades</u>	<u>Students</u>
Kindergarten	41
Grade 1	40
Grade 2	43
Grade 3	43
Grade 4	43
Grade 5	43
Grade 6	45
Grade 7	45
Grade 8	39
	<u>382</u>

Growth

During the year ended June 30, 2022, the Charter School enrolled 390 students in kindergarten through eighth grade for the 2021-2022 school year. The Charter School offers a safe learning environment for students, causing them to look forward to coming to school each day to learn. Staff continue to build relationships with students and parents consistent with the Charter School's ongoing theme of community. In turn, parents believe in the Charter School and trust that the staff are committed to developing their children to be productive citizens in the 21st century.

In fiscal performance, school funding is somewhat constrained as the Charter School is expanding educational programs and extracurricular activities for students, providing various professional development training for staff, and making improvements to the school building. The Charter School has also taken measures to ensure the profitability of the before school care and after school care programs.

It is the goal of the Board of Trustees and staff to move the Charter School to an even higher level, understanding that this move will be a continuous process. They are confident that the Charter School will soon be recognized by the state as a star school.

3) Major Initiatives

The Charter School has developed a comprehensive strategic plan to support its mission and vision, and serve as a blueprint for the achievement of its goals. The plan includes objectives, such as pupil achievement as measured by standardized tests and teacher assessment instruments; formal professional development for the certified and noncertified staff; and the implementation of a technology plan in all classrooms.

The Charter School has developed, and is engaged in the implementation of, a Performance Improvement Action Plan; the Plan is designed to strengthen and measure the Charter School's performance in the following six areas:

1. Curriculum and instruction
2. Professional development programs
3. Special services cluster
4. Effectiveness of school leaders
5. Board leadership
6. Fiscal viability

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 Fund for the fiscal year ended June 30, 2022 fiscal year:

Summary of the General Fund and Special Revenue Fund

Revenue	2022	2021	Increase/ (decrease)	% Change
Local sources	\$ 4,026,677	\$ 1,072,631	\$ 2,954,046	275.40%
State sources	4,082,897	6,027,124	(1,944,227)	-32.26%
Federal sources	1,497,638	650,508	847,130	130.23%
PPP loan forgiven	746,846	-	746,846	100.00%
	<u>\$ 10,354,058</u>	<u>\$ 7,750,263</u>	<u>\$ 2,603,795</u>	<u>33.60%</u>

The Charter School experienced an increase in revenue of about 33.60% which was due to the significant COVID-19 related funding including the forgiveness of the Paycheck Protection Program (PPP) loan.

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2022:

Summary of the General Fund, Special Revenue Fund,				
Expenditures	2022	2021	Increase/ (decrease)	% Change
Instruction	\$ 2,711,740	\$ 2,683,469	\$ 28,271	1.05%
Administrative	2,880,093	2,436,495	443,598	18.21%
Support	2,255,586	1,602,687	652,899	40.74%
Capital outlay	63,218	-	63,218	100.00%
	<u>\$ 7,910,637</u>	<u>\$ 6,722,651</u>	<u>\$ 1,187,986</u>	<u>17.67%</u>

The Charter School’s expenditures decreased by about 17.67% over last year’s – due to significant COVID-19 related spending.

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

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

The 2021-2022 school-year was very challenging due to the COVID-19 pandemic. However, the Charter School continues to enjoy a fairly reasonable financial position through careful stewardship of its resources. We hope that the next school year will have less of the COVID-19 challenges 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 Dr. Lena Edwards Academic Charter School Board of Trustees for their selfless dedication to improving student achievement.

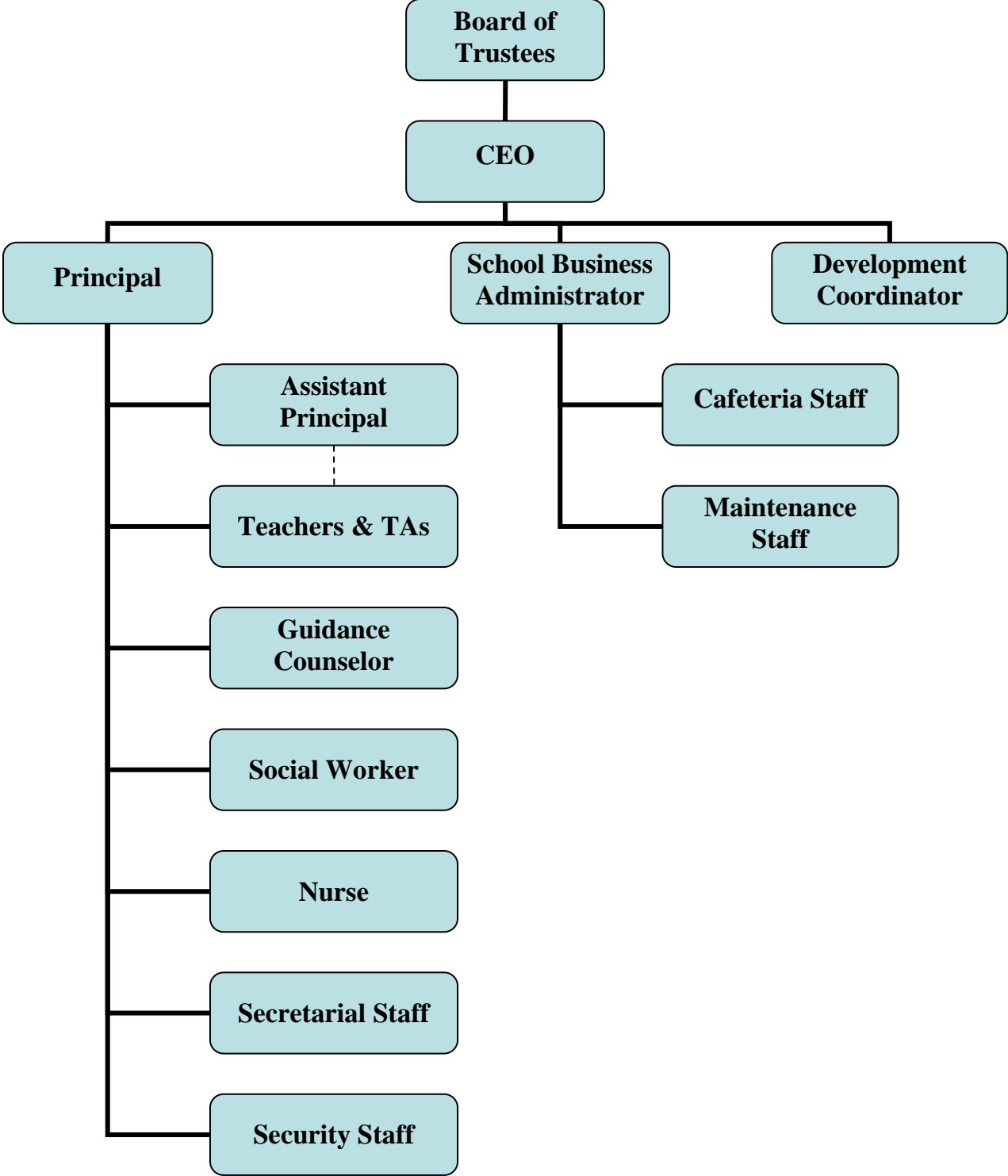
A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of Dr. Lena Edwards Academic Charter School are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

Respectively submitted



Dr. Brian Falkowski
School Business Administrator

Dr. Lena Edwards Academic Charter School Organization Chart



DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

Roster of Trustees and Officers

June 30, 2022

Members of Board of Trustees

Name

Andrew Nyaboga	Board President
Joseph DiFeo	Vice President
Phyllis Fasone	Treasurer
Eugene Squeo	Member
John Seazholtz	Member
Keith Davis	Member
Patricia Madison	Member
Sharon Santana	Member

Executive Board

Christopher Garlin	Chief School Administrator
Dr. Brian Falkowski	School Business Administrator/Board Secretary

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

Consultants and Advisor

Independent Auditors

Olugbenga Olabintan
Certified Public Accountant/Consultant
137 Camden Street
Newark, NJ 07103

Attorneys At Law

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Port Liberte
23 Chapel Avenue
Jersey City, NJ 07305

Official Depository

Provident Financial Services, Inc.
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Financial Section

Olugbenga Olabintan

Certified Public Accountant/Consultant

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Independent Auditors' Report

The Honorable President and
Members of the Board of Trustees
Dr. Lena Edwards Academic Charter School
Jersey City, New Jersey
County of Hudson

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Dr. Lena Edwards Academic Charter School, in the County of Hudson, State of New Jersey (the "Charter School") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the *Office of School Finance, Department of Education, State of New Jersey*. 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 the Charter School 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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Charter School. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and 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 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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Charter School's internal control over financial reporting and compliance.

Olugbenga Olabintan, CPA

January 31, 2023
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

Required Supplementary Information

Part I

Management's Discussion and Analysis

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

Introduction

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

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

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- Net position of governmental activities ended the fiscal year with \$860,276. Net position of business-type activities, which represent food service operations ended the fiscal year with \$402,744.
- General revenues accounted for \$8,807,699 in revenue or 81 percent of total revenues of \$10,935,694. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$2,127,995 or 19 percent of total revenues.
- The Charter School had \$7,944,005 in expenses related to governmental activities; \$1,546,359 of these expenses is offset by operating grants and contributions. General revenues (primarily State aid) of \$8,807,699 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2022, of \$3,508,472.
- During the previous fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$746,846 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19. The Charter School was approved the forgiveness of the loan during the year ended June 30, 2022 and the entire loan amount was recognized as revenue in the current year 2022.

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Management’s Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

Using the Basic Financial Statements

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

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

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

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

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

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

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

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

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Statement of Net Position and Statement of Activities-continued

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School assets exceeded liabilities by \$1,263,020 at the close of 2022. The following table provides a summary of net position relating to the Charter School's governmental and business type activities:

	Governmental Activities		Business Type Acvtivities		Total	
	2022	2021	2022	2021	2022	2021
Assets and deferred outflows of resources						
Current assets	\$ 3,894,691	\$ 2,137,957	\$ 402,744	\$ 151,264	\$ 4,297,435	\$ 2,289,221
Capital assets, net	1,386,402	20,085	-	-	1,386,402	20,085
Deferred outflows of resources	283,737	561,255	-	-	283,737	561,255
Total assets and deferred outflows of resources	<u>5,564,830</u>	<u>2,719,297</u>	<u>402,744</u>	<u>151,264</u>	<u>5,967,574</u>	<u>2,870,561</u>
Liabilities and deferred outflows of resources:						
Current liabilities	383,237	1,069,924	-	-	383,237	1,069,924
Long term liabilities	3,209,490	2,182,309	-	-	3,209,490	2,182,309
Deferred outflows of resources	1,111,827	1,016,841	-	-	1,111,827	1,016,841
Total liabilities and deferred inflows of resources	<u>4,704,554</u>	<u>4,269,074</u>	<u>-</u>	<u>-</u>	<u>4,704,554</u>	<u>4,269,074</u>
Net position						
Invested in						
Capital assets (net of related debt)	(317,124)	20,085	-	-	(317,124)	20,085
Restricted	2,982	2,982	-	-	2,982	2,982
Other purposes	-	-	-	-	-	-
Unrestricted	1,174,418	(1,572,844)	402,744	151,264	1,577,162	(1,421,580)
Total net position	<u>\$ 860,276</u>	<u>\$ (1,549,777)</u>	<u>\$ 402,744</u>	<u>\$ 151,264</u>	<u>\$ 1,263,020</u>	<u>\$ (1,398,513)</u>

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

The total net position of the Charter School increased by \$2,661,533 during the current fiscal year ended June 30, 2022. The majority of the increase is attributable to a surplus of \$2,410,053 in the Governmental Activities.

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

	Governmental Activities		Business Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charge for services	\$0	\$0	\$314,121	\$238,329	\$314,121	\$238,329
Operating grants and contributions	1,546,359	650,983	267,515	130,728	1,813,874	781,711
Total program revenues	<u>1,546,359</u>	<u>650,983</u>	<u>581,636</u>	<u>369,057</u>	<u>2,127,995</u>	<u>1,020,040</u>
General revenues:						
Local aid	3,881,652	1,028,990	-	-	3,881,652	1,028,990
Federal and state aid	4,050,508	6,027,124	-	-	4,050,508	6,027,124
Miscellaneous	128,693	41,576	-	-	128,693	41,576
Transfers	-	(46,078)	-	46,078	-	-
Special items	746,846	-	-	-	746,846	-
Total general revenues	<u>8,807,699</u>	<u>7,051,612</u>	<u>-</u>	<u>46,078</u>	<u>8,807,699</u>	<u>7,097,690</u>
Total revenues	<u>10,354,058</u>	<u>7,702,595</u>	<u>581,636</u>	<u>415,135</u>	<u>10,935,694</u>	<u>8,117,730</u>
Expenses:						
Instructions	2,711,740	2,683,469	-	-	2,711,740	2,683,469
Administrative & support services	5,212,440	4,327,862	-	-	5,212,440	4,327,862
Unallocated depreciation/ capital outlay	19,825	7,260	-	-	19,825	7,260
Food service	-	-	281,611	156,322	281,611	156,322
After school programs	-	-	48,545	108,250	48,545	108,250
Total expenses	<u>7,944,005</u>	<u>7,018,591</u>	<u>330,156</u>	<u>264,572</u>	<u>8,274,161</u>	<u>7,283,163</u>
Change in net position	<u>\$ 2,410,053</u>	<u>\$ 684,004</u>	<u>\$ 251,480</u>	<u>\$ 150,563</u>	<u>\$ 2,661,533</u>	<u>\$ 834,567</u>

Governmental Activities

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Management's Discussion and Analysis
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Governmental Activities - *continued*

	Total Cost of Services	Net Cost of Services
Instruction	\$ 2,711,740	\$ 2,016,304
Administrative & support services	5,212,440	4,424,735
Unallocated depreciation and capital outlay	19,825	(43,393)
Total Expenses	\$ 7,944,005	\$ 6,397,646

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation and the after-school programs. These programs had revenues of \$581,636 (including a board contribution of \$-0-) and operating expenses of \$330,156 for fiscal year 2022. The Charter School intended to have food services be self-operating without assistance from the General Fund.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$10,354,058 (including forgiven Paycheck Protection Program loan of \$746,846) and expenditures of \$7,910,637. The positive change in fund balance for the year was \$2,443,421. The cumulative surplus fund balance from the prior years was \$1,068,033.

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

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

For the General Fund, final budgeted revenues were \$7,067,640, which included a local tax levy of \$3,881,652. Expenditures and other financing uses were budgeted at \$6,392,088. The Charter School anticipated budgeted fund balance of \$1,740,603 in its 2021-2022 budget year.

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The State of New Jersey reimbursed the Charter School \$153,976 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members. Also, the State paid \$873,728 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. The unbudgeted amounts were included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2022, the Charter School had \$63,478 invested in capital assets in its governmental activities.

The Charter School's 2022-2023 budget does not anticipate any spending on capital projects.

Long-term debt

The Charter School had \$1,505,964 at June 30, 2022 and \$2,182,309 at June 30, 2021, respectively, in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long term obligations is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
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(Unaudited)

COVID-19 and Paycheck Protection Program Loan

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

During the previous fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$746,845 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan accrued interest at 1%, but payments were not required to begin for six months after the funding of the loan. The Charter School was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government.

The loan was funded on May 6, 2020. The Charter School applied for the loan forgiveness during the year ended June 30, 2022 which was approved by the SBA on June 21, 2022. The entire loan amount is being recognized as revenue during the current fiscal year ended June 30, 2022.

Contacting the Charter School’s Financial Management

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Business Office, 509 Bramhall Avenue
Jersey City, New Jersey 07304
Tel: (201) 433-5300* Fax: (201) 433-0935

Basic Financial Statements

Government-wide Financial Statements

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

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,109,573	\$ 373,463	\$ 2,483,036
Restricted cash - escrow	140,980	-	140,980
Accounts receivable	1,644,138	29,268	1,673,406
Other current assets	-	-	-
Interfund receivables	-	13	13
Capital assets (net of accumulated depreciation of \$94,218)	63,478	-	63,478
Right-to-use lease asset, (net of accumulated amortization of \$3,638,042)	1,322,924	-	1,322,924
Total assets	<u>5,281,093</u>	<u>402,744</u>	<u>5,683,837</u>
Deferred outflows of resources			
Pension deferred outflows	<u>283,737</u>	<u>-</u>	<u>283,737</u>
Total assets and deferred outflows of resources	<u>\$ 5,564,830</u>	<u>\$ 402,744</u>	<u>\$ 5,967,574</u>
Liabilities			
Accounts payable	\$ 603	\$ -	\$ 603
Intergovernmental payables - state and federal	49,472	-	49,472
Deferred revenue	43,903	-	43,903
Interfunds payables	13	-	13
Paycheck Protection Program (PPP) loan	-	-	-
Payroll deductions and withholdings	289,246	-	289,246
Net pension liability	1,505,964	-	1,505,964
Lease liabilities	1,703,526	-	1,703,526
Total liabilities	<u>3,592,727</u>	<u>-</u>	<u>3,592,727</u>
Deferred inflows of resources			
Pension deferred inflows	<u>1,111,827</u>	<u>-</u>	<u>1,111,827</u>
Total liabilities and deferred inflows of resources	<u>4,704,554</u>	<u>-</u>	<u>4,704,554</u>
Net position			
Invested in capital assets	(317,124)	-	(317,124)
Restricted - student activity	2,982	-	2,982
Unrestricted, undesignated	1,174,418	402,744	1,577,162
Total net position	<u>860,276</u>	<u>402,744</u>	<u>1,263,020</u>
Total liabilities, deferred inflows & net position	<u>\$ 5,564,830</u>	<u>\$ 402,744</u>	<u>\$ 5,967,574</u>

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

Statement of Activities

Year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 2,711,740	\$ -	\$ 695,436	\$ (2,016,304)	\$ -	\$ (2,016,304)
Administrative & support services:						
General administration	2,956,854	-	-	(2,956,854)	-	(2,956,854)
Support services	2,255,586	-	787,705	(1,467,881)	-	(1,467,881)
Capital outlay	-	-	63,218	63,218	-	63,218
Unallocated depreciation	19,825	-	-	(19,825)	-	(19,825)
Total governmental activities	<u>7,944,005</u>	<u>-</u>	<u>1,546,359</u>	<u>(6,397,646)</u>	<u>-</u>	<u>(6,397,646)</u>
Business-type activities:						
Food service	281,611	46,756	235,943	-	1,088	1,088
After care program	48,545	267,365	31,572	-	250,392	250,392
Total business-type activities	<u>330,156</u>	<u>314,121</u>	<u>267,515</u>	<u>-</u>	<u>251,480</u>	<u>251,480</u>
Total primary government	<u>\$ 8,274,161</u>	<u>\$ 314,121</u>	<u>\$ 1,813,874</u>	<u>(6,397,646)</u>	<u>251,480</u>	<u>(6,146,166)</u>
General revenues, transfers and special items:						
Local sources				3,881,652	-	3,881,652
State sources				4,050,508	-	4,050,508
Federal sources				-	-	-
Miscellaneous				128,693	-	128,693
Transfers				-	-	-
Special item - forgiveness of -				-	-	-
- Paycheck Protection Program (PPP) loan				746,846	-	746,846
Total general revenues, transfers and special item				<u>8,807,699</u>	<u>-</u>	<u>8,807,699</u>
Change in net position				2,410,053	251,480	2,661,533
Net position - beginning				(1,549,777)	151,264	(1,398,513)
Net position - ending				<u>\$ 860,276</u>	<u>\$ 402,744</u>	<u>\$ 1,263,020</u>

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

Funds Financial Statements

Governmental Funds

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Governmental Funds

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Balance Sheet

June 30, 2022

	General Fund	Special Revenue Fund	Totals Governmental Funds
Assets			
Cash and cash equivalents	\$ 2,106,591	\$ 2,982	\$ 2,109,573
Restricted cash in escrow	140,980		140,980
Accounts receivable:	-	-	-
State	42,731	-	42,731
Federal	-	1,497,638	1,497,638
Other	103,769	-	103,769
Other current assets	-	-	-
Interfund receivable	1,453,722	-	1,453,722
Total assets	\$ 3,847,793	\$ 1,500,620	\$ 5,348,413
Liabilities and Fund Balances			
Interfund payables	\$ -	\$ 1,453,735	\$ 1,453,735
Accounts payables	603	-	603
Intergovernmental payables - federal	-	-	-
Intergovernmental payables - state	-	-	-
Intergovernmental payables - other	49,472	-	49,472
Paycheck Protection Program (PPP) loan	-	-	-
Payroll deductions and withholdings	289,246	-	289,246
Deferred revenue	-	43,903	43,903
Total liabilities	339,321	1,497,638	1,836,959
Fund balances:			
Restricted - student activity	-	2,982	2,982
Undesignated	3,508,472	-	3,508,472
Total fund balances	3,508,472	2,982	3,511,454
Total liabilities and fund balances	\$ 3,847,793	\$ 1,500,620	
Amounts reported for governmental activities in the statement of net position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
Cost of capital assets	\$ 157,696		
Accumulated depreciation	(94,218)		
Cost of capital assets, net of accumulated depreciation	\$ 63,478		63,478
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)			
			283,737
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)			
			(1,111,827)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)			
			(1,505,964)
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 4):			
Cost of right-to-use assets	\$ 4,960,966		
Accumulated amortization	(3,638,042)		
Cost of right-to-use assets, net of accumulated amortization	\$ 1,322,924		1,322,924
Lease liabilities used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 5).			
			(1,703,526)
Net position of governmental activities - A-1			\$ 860,276

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Governmental Funds

B-2

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

	General Fund	Special Revenue Fund	Total
Revenues:			
Local sources:			
Local tax levy	\$ 3,881,652	\$ -	\$ 3,881,652
Miscellaneous	128,693	16,332	145,025
Total revenues - local sources	<u>4,010,345</u>	<u>16,332</u>	<u>4,026,677</u>
Federal sources	-	1,497,638	1,497,638
State sources	3,022,801	32,389	3,055,190
Reimbursed TPAF-Social Security (non-budgeted)	153,979	-	153,979
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	<u>-</u> <u>873,728</u>	<u>-</u> <u>-</u>	<u>-</u> <u>873,728</u>
Total revenues	<u>8,060,853</u>	<u>1,546,359</u>	<u>9,607,212</u>
Current expense:			
Instruction	2,016,304	695,436	2,711,740
Administrative	1,852,386	-	1,852,386
Support services	1,467,881	787,705	2,255,586
Capital outlay	-	63,218	63,218
Reimbursed and on-behalf payments:	-	-	-
Reimbursed TPAF-Social Security (non-budgeted)	153,979	-	153,979
TPAF pension and post retirement medical benefits on-behalf payments (non-budgeted)	<u>-</u> <u>873,728</u>	<u>-</u> <u>-</u>	<u>-</u> <u>873,728</u>
Total expenditures	<u>6,364,278</u>	<u>1,546,359</u>	<u>7,910,637</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,696,575</u>	<u>-</u>	<u>1,696,575</u>
Other financing sources/(uses)/special items:			
Transfer to cover food deficit	-	-	-
Special item - Paycheck Protection Program (PPP) loan forgiven	<u>746,846</u>	<u>-</u>	<u>746,846</u>
Total other financing sources/(uses)/special items	<u>746,846</u>	<u>-</u>	<u>746,846</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>2,443,421</u>	<u>-</u>	<u>2,443,421</u>
Fund balances, beginning of year	1,065,051	2,982	1,068,033
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year (restated)	<u>1,065,051</u>	<u>2,982</u>	<u>1,068,033</u>
Fund balances, end of year	<u>\$ 3,508,472</u>	<u>\$ 2,982</u>	<u>\$ 3,511,454</u>

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2022

B-3

Total net change in fund balances - governmental funds (B-2) \$ 1,696,575

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

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

	Depreciation expense	\$ (19,825)	
	Capital outlays	<u>63,218</u>	
			43,393

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

	Amortization expense		(330,731)
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Adoption of GASB 87 resulted in an increase in lease liabilities offset by the current year principal payments on lease liabilities. Principal payments on lease liabilities decrease liabilities in the statement of net position, but are included in the governmental funds as expenses

	Principal payments		375,352
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Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period

			625,464
--	--	--	---------

			<u>\$ 2,410,053</u>
--	--	--	---------------------

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

Proprietary Funds

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Proprietary Funds

B-4

Statement of Net Position

June 30, 2022

Assets	
Current assets:	
Cash and cash equivalents	\$ 373,463
Accounts receivable:	-
Federal	28,898
State	370
Interfund receivable - general fund	13
Total current assets	<u>\$ 402,744</u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	\$ -
Accounts payable	-
Total current liabilities	<u>\$ -</u>
Net position	
Unrestricted	402,744
Total net position	<u><u>\$ 402,744</u></u>

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Proprietary Funds

B-5

Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2022

Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Daily sales - nonreimbursable programs	10,119
Miscellaneous revenue	304,002
Total operating revenues	<u>314,121</u>
Operating expenses:	
Cost of sales - reimbursable programs	185,913
Cost of sales - nonreimbursable programs	-
Salaries	133,713
Employee benefits	-
Professional /technical service	-
Other purchased services	100
Supplies and materials	10,430
Depreciation	-
Miscellaneous	-
Total operating expenses	<u>330,156</u>
Operating income (loss)	<u>(16,035)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	3,521
Federal sources:	
National School Lunch Program	149,764
Healthy, Humger Free Kids Act	-
National School Breakfast Program	60,442
Fresh Fruits and Vegetable Program	22,216
Child and Adult Care Food Program	31,572
Total nonoperating revenues	<u>267,515</u>
Net income/(loss) before contributions & transfers	251,480
Other financing sources:	
Transfer in/(out) - board contribution	-
	<u>-</u>
Change in net position	251,480
Total net position-beginning of year	<u>151,264</u>
Total net position-end of year	<u>\$ 402,744</u>

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Proprietary Fund

B-6

Statement of Cash Flows

Year ended June 30, 2022

Cash flows from operating activities

Operating loss	\$ (16,035)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(13,916)
Due to/(from) general fund	1
Accounts payable	-
Net cash used in operating activities	<u>(29,950)</u>

Cash flows from noncapital financing activities

Cash received from state reimbursements	3,521
Cash received from federal reimbursements	263,994
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	<u>267,515</u>

Cash flows from investing activities

Net decrease in cash and cash equivalents	237,565
Cash and cash equivalents, beginning	135,898
Cash and cash equivalents, ending	<u>\$ 373,463</u>

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

**Fiduciary Funds
Not Applicable**

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Notes to Basic Financial Statements

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

1 Description of the Charter School and Reporting Entity

Dr. Lena Edwards Academic Charter School (the “Charter School” was incorporated in the State of New Jersey in 2010 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.

Dr. Lena Edwards Academic Charter School Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies

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

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

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

A Basis of Presentation

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

Charter School Government-wide Financial Statements

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

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

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

Fund Financial Statements

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

B Fund Accounting

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

Governmental Funds

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

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Proprietary Funds

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

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

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

Fiduciary Funds

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

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

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

C Measurement Focus and Basis of Accounting

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

Measurement Focus

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

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

Basis of Accounting

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

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

D Budgets/Budgetary Control

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

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

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

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

E Cash, Cash Equivalent and Investments

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

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

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

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

F Short-Term Interfund Receivables/Payables

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

G Inventories and Prepaid Expenses

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

H Capital Assets

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

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

<u>Description of Capital Assets</u>	<u>Estimated Lives (Years)</u>
Building improvements	5-20
Buildings	50
Furniture and equipment	5-10

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

I Compensated Absences

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific events that are outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific events that are outside the control of the Charter School and its employees, are accounted for in the period in which such service is rendered or in which such events take place. In governmental and similar trust funds, compensated absences that are expected to be liquidated with the expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. In proprietary and similar trust funds, compensated absences are required as an expense and liability of the fund that will pay for them.

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

J Accrued Liabilities and Long-Term Obligations

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

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

K Deferred Revenue

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

L Fund Balance and Equity

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

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

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

M Net Position

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

N Management Estimates

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

O On-Behalf Payments

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

P GASB Pronouncements

Adoption of New Accounting Standard

During the prior fiscal year ended June 30, 2021, the Charter School adopted **GASB Statement No. 84, *Fiduciary Activities (GASB 84)***. GASB 84 enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Specifically, GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

As part of the adoption, the Charter School no longer considers activities in the Unemployment Fund Account, Payroll Agency Fund and Student Activities as fiduciary activities applicable under GASB 84. As a result, the Charter School no longer presents a Statement of Fiduciary Net Position, and records payroll deductions and withholding payable, unemployment activities in the General Fund in the Governmental Fund financial statements.

During the year ended June 30, 2022, the Charter School adopted **GASB Statement No. 87, *Leases***. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 20, 2020.

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

2 Summary of Significant Accounting Policies - *continued*

Q Fair Value of Financial Instruments

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

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

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

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

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

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

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

3 Deposits and Investments

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

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

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

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

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Operating A/C	\$ 2,106,591	\$ 2,982	\$ 373,463	\$ -	\$ 2,483,036
Restricted	140,980	-	-	-	140,980
Total	\$ 2,247,571	\$ 2,982	\$ 373,463	\$ -	\$ 2,624,016

Operating cash accounts are held in the Charter School’s name by one banking institution. At June 30, 2022, the Charter School’s carrying amount of deposits was \$2,624,016 and the bank balance was \$2,768,996. Of the bank balance, up to a maximum of \$250,000 of the Charter School’s cash deposits on June 30, 2022 were secured by federal deposit insurance and \$2,518,996 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act (“GUDPA”).

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

3 Deposits and Investments - *continued*

Establishment of an Escrow Account

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

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

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

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

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

Investments

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

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

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

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4 Capital Assets

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

Governmental activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets not depreciated:	\$ -	\$ -	\$ -
Capital assets, being depreciated:			
Buildings improvements	52,400	63,218	115,618
Machinery and equipment	42,078	-	42,078
	<u>94,478</u>	<u>63,218</u>	<u>157,696</u>
Less accumulated depreciation			
Buildings improvements	46,394	15,264	61,658
Machinery and equipment	27,999	4,561	32,560
	<u>74,393</u>	<u>19,825</u>	<u>94,218</u>
Total capital assets net	<u>\$ 20,085</u>	<u>\$ 43,393</u>	<u>\$ 63,478</u>

Depreciation expense of \$19,825 was charged to an unallocated function.

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

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

Governmental Activities	Beginning Balance July 1, 2021	Net Additions	Ending Balance June 30, 2022
Right-to-use lease assets			
Premises	\$ 4,960,966	\$ -	\$ 4,960,966
Total cost	4,960,966	-	4,960,966
Less - accumulated depreciation			
Premises	3,307,311	330,731	3,638,042
Total accumulated depreciation	3,307,311	330,731	3,638,042
Right-to-use lease assets - net	\$ 1,653,655	\$ (330,731)	\$ 1,322,924

5 Lease Obligations

Lease Agreements – Implementation of GASB 87

The Charter School leases its premises and equipment under the terms of several non-cancelable leases. Certain leases are automatically renewed upon the charter renewal and can be extended through various dates through June 30, 2037.

The leases required aggregate monthly cash payments of approximately \$39,231 during the year ended June 30, 2022. Interest expense on the leases was \$95,420 for the year ended June 30, 2022 which is reflected as lease interest expense on the accompanying budgetary comparison schedule – general fund (exhibit C-1).

The value of the right-to-use assets and lease liabilities was \$4,960,966 and \$1,703,526, respectively as of June 30, 2022 which was calculated using a discount rate of 5% (the Charter School’s estimated incremental borrowing rate as of July 1, 2021).

The net value of the lease liabilities and right-to-use assets at July 1, 2021 was \$1,653,655. Amortization of the related right-to-use lease assets was \$330,731 for the year ended June 30, 2022.

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

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5 Lease Obligations - continued

Lease Agreements – Implementation of GASB 87 - continued

Year ending June 30:	Principal	Interest	Amortization
2023	\$ 394,556	\$ 76,216	\$ 330,731
2024	414,742	56,030	330,731
2025	435,961	34,811	330,731
2026	458,267	12,505	330,731
2027	-	-	-
Thereafter	-	-	-
	\$ 1,703,526	\$ 179,562	\$ 1,322,924

Description of Lease Terms

Facilities Lease

The Charter School entered into a lease agreement, dated July 1, 2011, with Saint Patrick and Assumption/All Saints Parish. The lease agreement can be renewed every five years and has expired on June 30, 2020. It has an option to renew from July 1, 2020 to June 30, 2025, at a 5% increase or Consumer Price Index (“CPI”), whichever is greater for the option period. The base rent is in the amount of \$33,333 per month. The rent is triple net with the tenant responsible for heat, light, taxes, water and sewerage, insurance and service contracts for all machinery, boiler, elevator, etc. The current monthly rent is \$39,231 or \$470,772 per annum. Rent expense amounted to \$470,772 for the year ended June 30, 2022.

Equipment Leases

The Charter School leases office equipment (computers and copiers) under several operating lease agreements. For the year ended June 30, 2022, the Charter School incurred \$13,133 in equipment lease expenditures.

The following is the minimum future lease payments:

Year ending June 30:	Facilities Lease	Equipment Leases	Total
2023	\$ 470,772	\$ -	\$ 470,772
2024	470,772	-	470,772
2025	470,772	-	470,772
2026	470,772	-	470,772
Thereafter	-	-	-
	\$1,883,088	\$ -	\$1,883,088

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6 Pension Plans

Description of Plans

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

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

Teachers' Pension and Annuity Fund (TPAF)

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

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6 Pension Plans - *continued*

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

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

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6 Pension Plans - *continued*

Annual Pension Costs (APC)

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

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

The Charter School's contribution to PERS for the year ended June 30, 2022 was \$148,876.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$153,976 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$873,728 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

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7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

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

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity.

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

Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$9,255,279 as measured on June 30, 2021 and \$12,307,100 as measured on June 30, 2020.

For the year ended June 30, 2022, the Charter School recognized pension expense of \$217,781 and revenue of \$217,781 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2022 is based upon changes in the collective net pension liability with a measurement period of June 30, 2020 through June 30, 2021. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2020 and June 30, 2021.

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7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

	June 30, 2021	June 30, 2020
Collective deferred outflows of resources	\$ 6,230,825,389	\$ 9,458,881,999
Collective deferred inflows of resources	\$27,221,092,460	\$14,424,322,612
Collective net pension liability (non-employer State of New Jersey)	\$48,075,188,642	\$65,848,796,740
State's portion of the net pension liability that was associated with the Charter School	\$ 9,255,279	\$ 12,307,100
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.019252%	0.018690%

Actuarial Assumptions

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

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

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

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7 Pension Plans – GASB 68 Disclosures - *continued*

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

Actuarial Assumptions - continued

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

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

Long-Term Expected Rate of Return - continued

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

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

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7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return - continued

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

Discount Rate

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

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7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

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

Pension Plan Fiduciary Net Position

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

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7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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

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

At June 30, 2022, the Charter School reported a liability of \$1,505,964 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2020. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2021 and 2020. At June 30, 2021, the Charter School's proportion was 0.0127123164% which was a decrease of 0.0006700190% from its proportion measured as of June 30, 2020 which was 0.0133823354%.

For the year ended June 30, 2022, the Charter School recognized pension expense of \$148,876. At June 30, 2022, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,751	\$ 10,781
Changes in assumptions	7,843	536,133
Net difference between projected and actual earnings on pension plan investments	-	396,711
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	252,143	168,202
Subtotal	283,737	1,111,827
Charter School's contributions subsequent to the measurement date	148,876	-
Total	\$ 432,613	\$ 1,111,827

\$148,876 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability measured as of June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Pension Expense
2022	\$ (322,637)
2023	(230,362)
2024	(157,068)
2025	(118,068)
2026	46
Thereafter	-
	\$ (828,090)

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7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

	June 30, 2021	June 30, 2020
Collective deferred outflows of resources	\$ 1,164,739,169	\$ 2,347,583,337
Collective deferred inflows of resources	\$ 8,339,123,762	\$ 7,848,949,467
Collective net pension liability (Non-State Local Group)	\$ 11,846,499,172	\$ 16,307,384,832
Charter School's portion of the net pension liability	\$ 1,505,964	\$ 2,182,309
Charter School's proportion (percentage)	0.01271231%	0.01338234%

Actuarial Assumptions

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

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

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

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

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Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return

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

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

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7 Pension Plans – GASB 68 Disclosures - *continued*

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

Discount Rate

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

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Year Ended June 30, 2022

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

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

	2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	\$ 2,072,680	\$ 1,505,965	\$ 1,054,703
	2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	\$ 2,768,765	\$ 2,182,309	\$ 1,716,406

Pension Plan Fiduciary Net Position

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits

Plan Description and Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms.

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

Active plan member = 213,901

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

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

Total plan members = 364,328

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits – *continued*

Total Non-employer OPEB Liability

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

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

Actuarial Assumptions and Other Inputs

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

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits – *continued*

Actuarial Assumptions and Other Inputs - *continued*

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

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

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

Health Care Trend Assumptions

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

Discount Rate

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits – continued

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

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

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

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

	2021		
	At 1% Decrease (1.16%)	At 1% Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB liability attributable to the Charter School	\$ 4,978,498	\$ 4,156,219	\$ 3,508,724
	2020		
	At 1% Decrease (1.21%)	At 1% Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB liability attributable to the Charter School	\$ 5,099,466	\$ 4,229,986	\$ 3,550,136

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits – continued

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

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

	2021		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 3,364,473	\$ 4,156,219	\$ 5,219,476
	2020		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 3,414,587	\$ 4,229,986	\$ 5,200,945

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

For the fiscal year ended June 30, 2022 the Charter School recognized OPEB expense of \$784,583 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

8 Post Retirement Benefits – continued

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

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

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

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

9 Deferred Compensation

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

10 Economic Dependency

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

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

Of the \$1,061,051 General Fund balance at June 30, 2022, \$140,980 is reserved for escrow cash account, \$920,071 is the net fund deficit.

12 Contingent Liabilities

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School's attorney's letters advises the following:

- a. A parent/guardian filed complaints in the Superior Court of New Jersey, Hudson County on behalf of their minor child (a former student of the Charter School). The complaint (dated October 9, 2019) generally allege that the minor child was subjected to bullying and harassment by students and staff during 2017-2018 school year. In 2020, the Court granted the Charter School's (defendant's) motion to dismiss on two counts of the complaint, leaving the parent/guardian's (plaintiff's) negligence claims against all parties and a battery claim against the individual teacher. The Charter School's attorney confirmed that the Charter School's insurance carrier retained a reputable highly experienced New Jersey law firm to defend the matter. As of March 20, 2023, the attorney confirmed that the Appellate Division affirmed the Law Division's arbitration award of \$25,000. "Contract has been made with the counsel for plaintiff to arrange for distribution of the judgment amount and this should close the matter."
- b. A complaint was filed in December 2020 in New Jersey Superior Court by an individual who alleges a sexual assault in 2015 by a former teacher. An answer has not yet been filed. The Charter School has referred the matter to its insurance carrier. The Charter School attorney represented that the matter is continuously proceeding with discovery expiring April 15, 2023. Voluntary mediation is scheduled for April 6, 2023 and non-binding arbitration is scheduled for May 17, 2023.

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

13 Risk Management

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

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Annual Comprehensive Financial Report. **New Jersey Unemployment Compensation** - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State.

14 Interfund Receivables, Payables and Transfers

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,453,722	\$ -
Special Revenue Fund	-	1,453,735
Enterprise Fund	13	-
Trust and Agency Fund	-	-
	<u>\$ 1,453,735</u>	<u>\$ 1,453,735</u>

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

15 Receivables

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

State aid	\$ 43,101
Federal aid	1,526,536
Other	<u>103,769</u>
Total receivables	<u><u>\$ 1,673,406</u></u>

16 Note Payable – Paycheck Protection Program Loan – Forgiven in 2022

During the previous year ended June 30, 2020, the Charter School applied for and was approved a \$746,845 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for 24 months after the funding of the loan. The Charter School is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government.

The loan was funded on May 6, 2020. The Charter School applied for the loan forgiveness during the year ended June 30, 2022 which was approved by the SBA on June 21, 2022. The entire loan amount is being recognized as revenue during the current fiscal year ended June 30, 2022.

17 Subsequent Events

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

18 Risk and Uncertainties – COVID-19 and Its Impact

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

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

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

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

19 Academic Probation

By his letter dated May 23, 2019, the New Jersey Commissioner of Education placed the Charter School on academic and organizational deficiencies probation.

On October 15, 2019, the Charter School submitted its renewal application. New Jersey Department of Education conducted a comprehensive review of the Charter School including but not limited to the renewal application, annual reports, student performance on statewide assessments, a structured interview with school officials, public comments, and fiscal impact on sending districts in order to make a renewal decision. Based on this review, the Commission renewed the Charter School’s charter, however with continued probation for a period of five years through June 30, 2025.

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

20 Reconciliation of Government-Wide and Fund Financial Statements

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

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

Fund balance per B-1	\$ 3,511,454
Cost of capital assets net accumulated depreciation	63,478
Pension deferred outflows	283,737
Pension deferred inflows	(1,111,827)
Deferred pension liability as of June 30, 2022	(1,505,964)
Cost of right-to-use lease assets, net of accumulated depreciation	1,322,924
Principal balance of lease liabilities	<u>(1,703,526)</u>
Net position (per A-1) as of June 30, 2022	<u><u>\$ 860,276</u></u>

Required Supplementary Information

Part II

Budgetary Comparison

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Local Sources:					
Local tax levy	\$ 3,881,652	\$ -	\$ 3,881,652	\$ 3,881,652	\$ -
Miscellaneous	-	-	-	128,693	128,693
Total revenues -local sources	<u>3,881,652</u>	<u>-</u>	<u>3,881,652</u>	<u>4,010,345</u>	<u>128,693</u>
State sources:					
State aid	3,185,988	-	3,185,988	3,022,801	(163,187)
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	153,979	153,979
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	165,347	165,347
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	707,698	707,698
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	683	683
Total -state sources	<u>3,185,988</u>	<u>-</u>	<u>3,185,988</u>	<u>4,050,508</u>	<u>864,520</u>
Total revenues	<u>7,067,640</u>	<u>-</u>	<u>7,067,640</u>	<u>8,060,853</u>	<u>993,213</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	1,565,859	(190,498)	1,375,361	1,282,591	92,770
Other salaries for instruction	601,005	132,852	733,857	680,371	53,486
Purchased profesional technical services	100,000	(16,055)	83,945	21,240	62,705
Other purchased services	175,000	(92,246)	82,754	1,164	81,590
General educational supplies	210,000	(148,530)	61,470	5,601	55,869
Textbooks	50,000	-	50,000	-	50,000
Miscellaneous expenses	30,000	(4,663)	25,337	25,337	-
	<u>2,731,864</u>	<u>(319,140)</u>	<u>2,412,724</u>	<u>2,016,304</u>	<u>396,420</u>

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Administrative cost:					
Salaries	662,940	(65,395)	597,545	595,140	2,405
Total benefit costs	1,002,157	(58,436)	943,721	840,037	103,684
Professional /Technical service	351,000	194,041	545,041	236,037	309,004
Other purchased services	90,000	7,537	97,537	79,228	18,309
Communications and Telephones	40,000	22,452	62,452	60,687	1,765
Supplies and materials	12,000	24,311	36,311	24,645	11,666
Miscellaneous expenses	28,000	(20,000)	8,000	16,612	(8,612)
	<u>2,186,097</u>	<u>104,510</u>	<u>2,290,607</u>	<u>1,852,386</u>	<u>438,221</u>
Support services:					
Salaries	628,355	17,725	646,080	574,374	71,706
Purchased prof/tech service	-	-	-	-	-
Other purchased services	-	131,945	131,945	89,303	42,642
Rent on land and buildings - other than Lease Purchase Agreements	470,772	99,979	570,751	96,393	474,358
Insurance-fidelity, liability property	165,000	(25,000)	140,000	126,646	13,354
Supplies and materials	20,000	28,726	48,726	9,972	38,754
Energy & Utilities	85,000	12,543	97,543	97,543	-
Miscellaneous expenses	5,000	639	5,639	2,878	2,761
Transportation other than to/from school	10,000	(10,000)	-	-	-
Lease interest expense	-	-	-	95,420	(95,420)
Principal payments on lease liabilities	-	-	-	375,352	(375,352)
Food Services - Transfer to cover deficit	-	-	-	-	-
Total support services	<u>1,384,127</u>	<u>256,557</u>	<u>1,640,684</u>	<u>1,467,881</u>	<u>172,803</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital outlay:					
Instructional equipment	50,000	(20,827)	29,173	-	29,173
Non-instructional equipment	-	-	-	-	-
Purchase land/improvements	40,000	(40,000)	-	-	-
Miscellaneous expenses	-	18,900	18,900	-	18,900
Total capital outlay	<u>90,000</u>	<u>(41,927)</u>	<u>48,073</u>	<u>-</u>	<u>48,073</u>
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	153,979	(153,979)
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	165,347	(165,347)
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	707,698	(707,698)
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	683	(683)
Total expenditures	<u>6,392,088</u>	<u>-</u>	<u>6,392,088</u>	<u>6,364,278</u>	<u>900,855</u>
Excess (deficiency) of revenues over (under) expenditures	675,552	-	675,552	1,696,575	1,021,023
Other financing sources/(uses)/special items:					
Transfer to cover food deficit	-	-	-	-	-
Special item - Paycheck Protection Program (PPP) loan forgiven	-	-	-	746,846	(746,846)
Total other financing sources/(uses)/special items	<u>-</u>	<u>-</u>	<u>-</u>	<u>746,846</u>	<u>(746,846)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	675,552	-	675,552	2,443,421	274,177
Fund balances, beginning of year	<u>1,065,051</u>	<u>-</u>	<u>1,065,051</u>	<u>1,065,051</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,740,603</u>	<u>\$ -</u>	<u>\$ 1,740,603</u>	<u>\$ 3,508,472</u>	<u>\$ 274,177</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Special Revenue Fund**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$ 1,497,638	\$ -	\$ 1,497,638	\$ 1,497,638	\$ -
State sources	32,389	-	32,389	32,389	-
Local sources	16,332	-	16,332	16,332	-
Total revenues -all sources	<u>1,546,359</u>	<u>-</u>	<u>1,546,359</u>	<u>1,546,359</u>	<u>-</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	361,402	-	361,402	361,402	-
Purchased Prof. and technical services	54,705	-	54,705	54,705	-
Other purchased services	42,952	-	42,952	42,952	-
General supplies	236,175	-	236,175	236,175	-
Miscellaneous expenditures	202	-	202	202	-
Total instruction	<u>695,436</u>	<u>-</u>	<u>695,436</u>	<u>695,436</u>	<u>-</u>
Support services					
Support services salaries	262,876	-	262,876	262,876	-
Employee benefits	92,154	-	92,154	92,154	-
Purchased professional services	366,074	-	366,074	366,074	-
Other purchased services	19,199	-	19,199	19,199	-
Rental	-	-	-	-	-
Supplies	47,402	-	47,402	47,402	-
Miscellaneous expenditures	-	-	-	-	-
Total support services	<u>787,705</u>	<u>-</u>	<u>787,705</u>	<u>787,705</u>	<u>-</u>
Capital Outlay:					
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	63,218	-	63,218	63,218	-
Total facilities acquisition and construction services	<u>63,218</u>	<u>-</u>	<u>63,218</u>	<u>63,218</u>	<u>-</u>
Total expenditures	<u>\$ 1,546,359</u>	<u>\$ -</u>	<u>\$ 850,923</u>	<u>\$ 1,546,359</u>	<u>\$ -</u>

Notes to Required Supplementary Information

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Note to Required Supplementary Information
Budget to GAAP Reconciliation

C-3

Year ended June 30, 2022

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1] [C-2]	\$ 8,060,853		\$ 1,546,359
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$ 8,060,853		\$ 1,546,359
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] [C-2]	\$ 6,364,278		\$ 1,546,359
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfer (outflows) to general fund		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 6,364,278		\$ 1,546,359

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

L-1

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Charter School's proportion of the net pension liability (assets)	0.0127123164%	0.0133823354%	0.0125284588%	0.0111295435%	0.0117600172%	0.0122515477%
Charter School's proportionate share of the net pension liability (assets)	\$ 1,505,964	\$ 2,182,309	\$ 2,254,438	\$ 2,191,352	\$ 2,737,544	\$ 3,628,557
Charter School's covered employee payroll	\$ 1,050,381	\$ 959,604	\$ 959,604	\$ 931,650	\$ 965,801	\$ 1,041,687
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	143.37%	227.42%	234.93%	235.21%	283.45%	348.33%
Plan fiduciary net position as a percentage of the total pension liability - local	70.33%	56.27%	56.27%	53.60%	48.10%	40.14%

Note

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 148,876	\$ 146,911	\$ 123,853	\$ 123,709	\$ 112,773	\$ 108,841
Contribution in relation to the contractually required contribution	<u>(148,876)</u>	<u>(146,911)</u>	<u>(123,853)</u>	<u>(123,709)</u>	<u>(112,773)</u>	<u>(108,841)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 1,050,381	\$ 959,604	\$ 959,604	\$ 931,650	\$ 965,801	\$ 1,041,687
Contributions as a percentage of covered employee payroll	14.17%	15.31%	12.91%	13.28%	11.68%	10.45%

Note

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

L-3

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

	Fiscal Year Ended June 30,					
	2021	2020	2019	2018	2017	2016
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 9,255,279	\$ 12,307,100	\$ 11,890,458	\$ 11,198,355	\$ 12,065,691	\$ 14,034,236
Total	<u>\$ 9,255,279</u>	<u>\$ 12,307,100</u>	<u>\$ 11,890,458</u>	<u>\$ 11,198,355</u>	<u>\$ 12,065,691</u>	<u>\$ 14,034,236</u>
Charter School's covered employee payroll	\$ 1,829,660	\$ 1,776,459	\$ 1,776,459	\$ 2,050,225	\$ 2,413,251	\$ 1,057,478
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%

**Note

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

M-1

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

	Fiscal Year Ending					
	2021	2020	2019	2018	2017	2016
Total OPEB Liability						
Service cost	\$ 650,871	\$ 351,230	\$ 281,358	\$ 372,612	\$ 443,988	**
Interest cost	107,817	90,500	83,328	112,647	91,090	**
Changes of benefit terms	(4,424)	-	-	-	-	**
Difference between expected and actual experiences	(749,958)	817,119	33,662	(1,110,468)	-	**
Changes of assumptions	4,100	772,673	33,844	(218,642)	(457,457)	**
Member contributions	2,756	2,232	2,065	1,761	2,387	**
Gross benefit payments	(84,929)	(73,641)	(69,678)	(50,947)	(64,815)	**
Net change in total OPEB liability	(73,767)	1,960,113	364,579	(893,037)	15,193	**
Total OPEB liability - beginning	4,229,986	2,269,873	1,905,294	2,798,331	2,783,138	**
Total OPEB liability, ending	<u>\$ 4,156,219</u>	<u>\$ 4,229,986</u>	<u>\$ 2,269,873</u>	<u>\$ 1,905,294</u>	<u>\$ 2,798,331</u>	<u>\$ 2,783,138</u>
Covered employee payroll - PERS and TPAF	\$ 999,143	\$ 890,022	\$ 757,679	\$ 563,615	\$ 703,936	**
Total OPEB liability as a percentage of covered employee payroll	416%	475%	300%	338%	398%	0.00%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.01%	0.01%	0.00%	0.00%	0.01%	0.00%
Charter School's contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

** Information not available.

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to Required Supplementary Information
Year Ended June 30, 2022

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

Benefit Changes

There were none.

Changes of Assumptions

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

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

Benefit Changes

There were none.

Changes of Assumptions

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

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

Benefit Changes

There were none.

Changes of Assumptions

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

Other Supplementary Information

School Level Schedules

Special Revenue Fund

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Special Revenue Fund**

E-1

**Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis**

Year ended June 30, 2022

	<u>Title IA</u> <u>2021-2022</u>	<u>Title IIA</u> <u>2021-2022</u>	<u>Title IVA</u> <u>2021-2022</u>	<u>L.D.E.A.</u> <u>Basic</u> <u>2021-2022</u>	<u>L.D.E.A.</u> <u>Preschool</u> <u>2021-2022</u>	<u>CARES Emergenev</u> <u>Relief Grant</u> <u>2020</u>	<u>ARP</u> <u>L.D.E.A.</u> <u>2021-2022</u>	<u>ARP IDEA</u> <u>Preschool</u> <u>2021-2022</u>	<u>CRRSA</u> <u>ESSER II</u> <u>2020-2023</u>	<u>CRRSA</u> <u>ESSER II</u> <u>Mental</u> <u>Health</u> <u>2020-2023</u>	<u>Emergent</u> <u>Capital</u> <u>Maintenance</u> <u>2020-2022</u>	<u>Sandy &</u> <u>Hudson</u> <u>Gives Grant</u> <u>2021-2022</u>	<u>Student</u> <u>Activity</u> <u>Fund</u>	<u>Total</u>
Revenues														
Federal sources	\$ 270,267	\$ 20,995	\$ 41,876	\$ 94,726	\$ 1,473	\$ 60,270	\$ 23,493	\$ 1,989	\$ 942,787	\$ 39,762	\$ -	\$ -	\$ -	\$ 1,497,638
State sources	-	-	-	-	-	-	-	-	-	-	32,389	-	-	32,389
Local sources	-	-	-	-	-	-	-	-	-	-	-	16,332	-	16,332
Total revenues -all sources	\$ 270,267	\$ 20,995	\$ 41,876	\$ 94,726	\$ 1,473	\$ 60,270	\$ 23,493	\$ 1,989	\$ 942,787	\$ 39,762	\$ 32,389	\$ 16,332	\$ -	\$ 1,546,359
Expenditures														
Instruction														
Salaries of teachers	\$ -	\$ -	\$ -	\$ 65,050	\$ -	\$ -	\$ 23,493	\$ 1,989	\$ 270,870	\$ -	\$ -	\$ -	\$ -	361,402
Purchased Prof. and technical services	-	-	-	-	-	-	-	-	54,705	-	-	-	-	54,705
Other purchased services	-	-	-	-	-	-	-	-	42,952	-	-	-	-	42,952
General supplies	30,000	-	-	403	1,473	60,270	-	-	144,029	-	-	-	-	236,175
Miscellaneous expenditures	202	-	-	-	-	-	-	-	-	-	-	-	-	202
Total instruction	30,202	-	-	65,453	1,473	60,270	23,493	1,989	512,556	-	-	-	-	695,436
Support services														
Support services salaries	221,000	-	41,876	-	-	-	-	-	-	-	-	-	-	262,876
Employee benefits	19,065	-	-	29,273	-	-	-	-	43,816	-	-	-	-	92,154
Purchased professional services	-	20,995	-	-	-	-	-	-	305,317	39,762	-	-	-	366,074
Other purchased services	-	-	-	-	-	-	-	-	5,427	-	-	13,772	-	19,199
Rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	44,842	-	-	2,560	-	47,402
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total support services	240,065	20,995	41,876	29,273	-	-	-	-	399,402	39,762	-	16,332	-	787,705
Facilities acquisition and construction services														
Instructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	-	30,829	-	32,389	-	-	63,218
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	30,829	-	32,389	-	-	63,218
Total expenditures	\$ 270,267	\$ 20,995	\$ 41,876	\$ 94,726	\$ 1,473	\$ 60,270	\$ 23,493	\$ 1,989	\$ 942,787	\$ 39,762	\$ 32,389	\$ 16,332	\$ -	\$ 1,546,359
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	2,982	2,982
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year (restated)	-	-	-	-	-	-	-	-	-	-	-	-	2,982	2,982
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,982	\$ 2,982

Capital Projects Fund

Enterprise Fund

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2022

	Food Services	After Care Program	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 24,781	\$ 348,682	\$ 373,463
Accounts receivable:	-	-	-
Federal	28,898	-	28,898
State	370	-	370
Miscellaneous	-	-	-
Interfund receivable - general fund	(58,196)	58,209	13
Total current assets	\$ (4,147)	\$ 406,891	\$ 402,744
Liabilities			
Current liabilities:			
Interfund payable - general fund	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Total current liabilities	\$ -	\$ -	\$ -
Net position			
Unrestricted	(4,147)	406,891	402,744
Total net position	\$ (4,147)	\$ 406,891	\$ 402,744

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Enterprise Fund

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2022

	Food Services	After Care Program	Total
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ -	\$ -	\$ -
Daily sales - nonreimbursable programs	-	10,119	10,119
Miscellaneous revenue	46,756	257,246	304,002
Total operating revenues	46,756	267,365	314,121
Operating expenses:			
Cost of sales - reimbursable programs	185,913	-	185,913
Cost of sales - nonreimbursable programs	-	-	-
Salaries	85,268	48,445	133,713
Employee benefits	-	-	-
Professional /technical service	-	-	-
Other purchased services	-	100	100
Supplies and materials	10,430	-	10,430
Depreciation	-	-	-
Miscellaneous	-	-	-
Total operating expenses	281,611	48,545	330,156
Operating income (loss)	(234,855)	218,820	(16,035)
Nonoperating revenues:			
State sources:			
State School Lunch Program	3,521	-	3,521
Federal sources:			
National School Lunch Program	149,764	-	149,764
Healthy, Humger Free Kids Act	-	-	-
National School Breakfast Program	60,442	-	60,442
Fresh Fruits and Vegetable Program	22,216	-	22,216
Child and Adult Care Food Program	-	31,572	31,572
Total nonoperating revenues	235,943	31,572	267,515
Net income/(loss) before contributions & transfers	1,088	250,392	251,480
Other financing sources:			
Transfer in/(out) - board contribution	-	-	-
	-	-	-
Change in net position	1,088	250,392	251,480
Total net position-beginning of year	(5,235)	156,499	151,264
Total net position-end of year	\$ (4,147)	\$ 406,891	\$ 402,744

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2022

	Food Services	After Care Program	Total
Cash flows from operating activities			
Operating loss	\$ (234,855)	\$ 218,820	\$ (16,035)
Adjustment to reconcile operating loss to net cash used in operating activities:			
Changes in assets and liabilities:			
Accounts receivable	(13,916)	-	(13,916)
Due to/(from) general fund	31,572	(31,571)	1
Accounts payable	-	-	-
Net cash used in operating activities	(217,199)	187,249	(29,950)
Cash flows from noncapital financing activities			
Cash received from state reimbursements	3,521	-	3,521
Cash received from federal reimbursements	232,422	31,572	263,994
Operating subsidies and transfers from other funds	-	-	-
Net cash provided by noncapital financing activities	235,943	31,572	267,515
Cash flows from investing activities			
Net change in cash and cash equivalents	18,744	218,821	237,565
Cash and cash equivalents, beginning	6,037	129,861	135,898
Cash and cash equivalents, ending	\$ 24,781	\$ 348,682	\$ 373,463

Fiduciary Fund
Not Applicable

Long Term Debt

Statistical Section

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
Long-Term Debt
Schedule of Obligations Under Renovation Loan

I-2

Year ended June 30, 2022

NONE

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

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
STATISTICAL SECTION**

J SERIES

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the charter school's financial performance and wellbeing 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 charter school provides and the activities it performs.

Charter School Performance Framework Financial Indicators

These schedules contain summary information for the past three (3) years that seek to present the Charter School's financial and sustainability indicators.

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) the relevant year.

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

J-1

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

	Fiscal Year Ended June 30,									
	<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>
Governmental activities										
Invested in capital assets, net of related debt	\$ (317,124)	\$ 20,085	\$ 27,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,174,418	(1,572,844)	(2,261,126)	(1,007,265)	(1,656,822)	(1,189,353)	(645,559)	(70,967)	834,467	884,764
Total governmental activities net position	<u>\$ 857,294</u>	<u>\$ (1,552,759)</u>	<u>\$ (2,233,781)</u>	<u>\$ (1,007,265)</u>	<u>\$ (1,656,822)</u>	<u>\$ (1,189,353)</u>	<u>\$ (645,559)</u>	<u>\$ (70,967)</u>	<u>\$ 834,467</u>	<u>\$ 884,764</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	402,744	151,264	701	-	-	-	(76,128)	34,746	4,884	-
Total business-type activities	<u>\$ 402,744</u>	<u>\$ 151,264</u>	<u>\$ 701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,128)</u>	<u>\$ 34,746</u>	<u>\$ 4,884</u>	<u>\$ -</u>
School-wide										
Invested in capital assets, net of related debt	\$ (317,124)	\$ 20,085	\$ 27,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,577,162	(1,421,580)	(2,260,425)	(1,007,265)	(1,656,822)	(1,189,353)	(721,687)	(36,221)	839,351	884,764
Total charter school net position	<u>\$ 1,260,038</u>	<u>\$ (1,401,495)</u>	<u>\$ (2,233,080)</u>	<u>\$ (1,007,265)</u>	<u>\$ (1,656,822)</u>	<u>\$ (1,189,353)</u>	<u>\$ (721,687)</u>	<u>\$ (36,221)</u>	<u>\$ 839,351</u>	<u>\$ 884,764</u>

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

J-2

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,711,740	\$ 2,683,469	\$ 2,237,681	\$ 1,966,926	\$ 2,583,176	\$ 2,611,300	\$ 2,572,716	\$ 2,424,837	\$ 2,729,811	\$ 2,160,995
Support Services:										
General administration	2,956,854	2,725,175	3,768,484	1,294,550	1,583,973	1,676,366	1,526,627	1,461,557	1,227,872	1,326,297
School administrative services	2,254,903	1,601,667	1,649,868	2,013,683	2,123,733	1,544,844	1,531,040	1,480,916	1,308,304	1,197,048
On-behalf TPAF/FICA Reimbursements	683	1,020	1,133	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	19,825	7,260	7,269	49,496	23,454	2,565	89,316	62,440	110,505	117,729
Total governmental activities expenses	<u>7,944,005</u>	<u>7,018,591</u>	<u>7,664,435</u>	<u>5,324,655</u>	<u>6,314,336</u>	<u>5,835,075</u>	<u>5,719,699</u>	<u>5,429,750</u>	<u>5,376,492</u>	<u>4,802,069</u>
Business-type activities:										
Food service	281,611	156,322	241,600	292,500	325,936	261,854	298,013	288,368	284,774	254,761
Child Care	48,545	108,250	169,406	148,954	41,439	42,897	40,391	40,375	54,504	63,406
Total business-type activities expense	<u>330,156</u>	<u>264,572</u>	<u>411,006</u>	<u>441,454</u>	<u>367,375</u>	<u>304,751</u>	<u>338,404</u>	<u>328,743</u>	<u>339,278</u>	<u>318,167</u>
Total charter school expenses	<u>\$ 8,274,161</u>	<u>\$ 7,283,163</u>	<u>\$ 8,075,441</u>	<u>\$ 5,766,109</u>	<u>\$ 6,681,711</u>	<u>\$ 6,139,826</u>	<u>\$ 6,058,103</u>	<u>\$ 5,758,493</u>	<u>\$ 5,715,770</u>	<u>\$ 5,120,236</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 1,546,359	\$ 650,983	\$ 435,390	\$ 466,321	\$ 385,325	\$ 396,689	\$ 433,779	\$ 371,602	\$ 713,363	\$ 183,516
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>1,546,359</u>	<u>650,983</u>	<u>435,390</u>	<u>466,321</u>	<u>385,325</u>	<u>396,689</u>	<u>433,779</u>	<u>371,602</u>	<u>713,363</u>	<u>183,516</u>
Business-type activities:										
Charges for services										
Food service	46,756	905	2,983	139,657	44,315	90,065	63,355	14,776	19,608	6,707
Child care	267,365	237,424	151,555	-	-	-	-	-	-	-
Operating grants and contributions	267,515	130,728	186,810	12,011	6,754	205,759	248,802	196,436	213,867	199,624
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>581,636</u>	<u>369,057</u>	<u>341,348</u>	<u>151,668</u>	<u>51,069</u>	<u>295,824</u>	<u>312,157</u>	<u>211,212</u>	<u>233,475</u>	<u>206,331</u>
Total charter school program revenues	<u>\$ 2,127,995</u>	<u>\$ 1,020,040</u>	<u>\$ 776,738</u>	<u>\$ 617,989</u>	<u>\$ 436,394</u>	<u>\$ 692,513</u>	<u>\$ 745,936</u>	<u>\$ 582,814</u>	<u>\$ 946,838</u>	<u>\$ 389,847</u>
Net (Expense)/Revenue										
Governmental activities	\$ (6,397,646)	\$ (6,367,608)	\$ (7,229,045)	\$ (4,858,334)	\$ (5,929,011)	\$ (5,438,386)	\$ (5,285,920)	\$ (5,058,148)	\$ (4,663,129)	\$ (4,618,553)
Business-type activities	251,480	104,485	(69,658)	(289,786)	(316,306)	(8,927)	(26,247)	(117,531)	(105,803)	(111,836)
Total charter school-wide net expense	<u>\$ (6,146,166)</u>	<u>\$ (6,263,123)</u>	<u>\$ (7,298,703)</u>	<u>\$ (5,148,120)</u>	<u>\$ (6,245,317)</u>	<u>\$ (5,447,313)</u>	<u>\$ (5,312,167)</u>	<u>\$ (5,175,679)</u>	<u>\$ (4,768,932)</u>	<u>\$ (4,730,389)</u>

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

J-2

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,881,652	\$ 1,028,990	\$ 1,674,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions	4,050,508	6,027,124	4,310,569	5,505,726	5,459,377	4,892,027	4,725,810	4,615,099	4,710,172	4,938,467
Miscellaneous income	128,693	41,576	158,183	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>8,060,853</u>	<u>7,097,690</u>	<u>6,142,920</u>	<u>5,505,726</u>	<u>5,459,377</u>	<u>4,892,027</u>	<u>4,725,810</u>	<u>4,615,099</u>	<u>4,710,172</u>	<u>4,938,467</u>
Business-type activities:										
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>\$ 8,060,853</u>	<u>\$ 7,097,690</u>	<u>\$ 6,142,920</u>	<u>\$ 5,505,726</u>	<u>\$ 5,459,377</u>	<u>\$ 4,892,027</u>	<u>\$ 4,725,810</u>	<u>\$ 4,615,099</u>	<u>\$ 4,710,172</u>	<u>\$ 4,938,467</u>
Change in Net Position										
Governmental activities	\$ 1,663,207	\$ 730,082	\$ (1,086,125)	\$ 647,392	\$ (469,634)	\$ (546,359)	\$ (560,110)	\$ (443,049)	\$ 47,043	\$ 319,914
Business-type activities	251,480	104,485	(69,658)	(289,786)	(316,306)	(8,927)	(26,247)	(117,531)	(105,803)	(111,836)
Total charter school	<u>\$ 1,914,687</u>	<u>\$ 834,567</u>	<u>\$ (1,155,783)</u>	<u>\$ 357,606</u>	<u>\$ (785,940)</u>	<u>\$ (555,286)</u>	<u>\$ (586,357)</u>	<u>\$ (560,580)</u>	<u>\$ (58,760)</u>	<u>\$ 208,078</u>

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

J-3

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Unreserved	\$ 3,508,472	\$ 1,065,051	\$ 85,107	\$ (1,007,265)	\$ (1,656,822)	\$ (1,189,353)	\$ (645,559)	\$ (70,967)	\$ 834,467	\$ 884,764
Total general fund	<u>\$ 3,508,472</u>	<u>\$ 1,065,051</u>	<u>\$ 85,107</u>	<u>\$ (1,007,265)</u>	<u>\$ (1,656,822)</u>	<u>\$ (1,189,353)</u>	<u>\$ (645,559)</u>	<u>\$ (70,967)</u>	<u>\$ 834,467</u>	<u>\$ 884,764</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue fund	2,982	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 2,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Charter School's Records

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

J-4

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

Function	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Local tax levy	\$ 3,881,652	\$ 1,028,990	\$ 1,674,168	\$ 1,427,202	\$ 1,178,437	\$ 1,180,100	\$ 1,195,204	\$ 1,174,944	\$ 1,244,648	\$ 1,214,144
Miscellaneous	128,693	41,576	158,183	-	-	-	-	-	-	-
State sources	4,082,897	6,027,124	4,310,569	4,078,524	4,280,940	3,711,927	3,530,606	3,440,155	3,465,524	3,724,323
Federal sources	1,497,638	650,508	435,390	466,321	385,325	396,689	433,779	371,602	713,363	183,516
Total revenue	9,590,880	7,748,198	6,578,310	5,972,047	5,844,702	5,288,716	5,159,589	4,986,701	5,423,535	5,121,983
Expenditures										
Instruction	2,711,740	2,683,469	2,237,681	2,527,654	2,302,214	2,221,056	2,317,559	2,424,837	2,729,811	2,160,995
Administration	1,852,386	1,536,929	1,547,960	1,465,738	1,495,530	1,554,702	1,446,603	1,461,557	1,227,872	1,313,430
Support Services	2,255,586	1,602,687	1,651,001	2,175,441	2,045,845	1,440,823	1,466,193	1,480,916	1,308,304	1,197,048
Capital Outlay	63,218	-	-	42,601	21,289	-	77,425	92,163	97,158	158,516
Total expenditures	6,882,930	5,823,085	5,436,642	6,211,434	5,864,878	5,216,581	5,307,780	5,459,473	5,363,145	4,829,989
(Excess of expenditures over revenues)/										
Excess of revenues over expenditures	2,707,950	1,925,113	1,141,668	(239,387)	(20,176)	72,135	(148,191)	(472,772)	60,390	291,994
Other (uses)/financing										
Transfers in/(out)	-	-	-	-	-	-	(26,247)	(147,393)	(110,687)	(223,624)
Net change in fund balances	\$ 2,707,950	\$ 1,925,113	\$ 1,141,668	\$ (239,387)	\$ (20,176)	\$ 72,135	\$ (174,438)	\$ (620,165)	\$ (50,297)	\$ 68,370

Source: Charter School's Records

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

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

<u>Function</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Fiscal Year Ended June 30,</u>		<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
					<u>2018</u>	<u>2017</u>				
Other local revenues										
Miscellaneous	\$ 128,693	\$ 41,576	\$ 158,183	\$ 190,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other local revenue	<u>\$ 128,693</u>	<u>\$ 41,576</u>	<u>\$ 158,183</u>	<u>\$ 190,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Charter School's Records

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

J-10

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

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

NO LONG TERM DEBT FOR THE CHARTER SCHOOL

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

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Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2013	261,109	\$ 12,498,504,503	\$ 47,867	11.10%
2014	264,009	13,479,243,504	51,056	11.50%
2015	266,286	14,583,951,648	54,768	6.60%
2016	267,446	14,973,231,756	55,986	6.60%
2017	270,753	15,158,377,458	55,986	6.60%
2018	270,753	15,158,377,458	55,986	4.70%
2019	270,753	16,143,106,119	59,623	3.00%
2020	270,753	16,143,106,119	59,623	3.00%
2021	270,753	16,143,106,119	59,623	3.00%
2022	270,753	16,143,106,119	59,623	3.00%

Source:

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

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

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

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

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Principal Employers
Current Year
(Unaudited)

<u>Employer</u>	2022		
	a	a	a
	<u>Employees</u>	<u>Rank</u> <u>[Optional]</u>	<u>Percentage of</u> <u>Total Municipal</u> <u>Employment</u>
HealthCare Staffing and Consulting	2,000	1	1.67%
Deutsche Bank Trust Co., NJ Ltd	1,833	2	1.53%
Insurance Service Office, Inc.	1,217	3	1.01%
Fleet, NJ Company Development Corp.	1,000	4	0.83%
Equiserve, Inc.	850	5	0.71%
Provident Bank	850	6	0.71%
Bon Secours NJ Health System, Inc.	818	7	0.68%
JP Morgan Chase Bank	600	8	0.50%
Port Authority Trans-Hudson, Inc.	600	9	0.50%
Saint Francis Hospital, Inc.	600	10	0.50%
National Discount Broker Group, Inc.	568	11	0.47%
Lehman Commercial Paper, Inc.	525	12	0.44%
US News World Report, LLC	500	13	0.42%
Top Job Personnel, Inc.	500	14	0.42%

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

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

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Instruction	39	39	39	39	39	37	37	38	39	38
Support Services	14	14	14	14	11	12	10	13	7	8
Administrative	8	8	8	8	8	8	8	7	11	12
Total	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>58</u>	<u>57</u>	<u>55</u>	<u>58</u>	<u>57</u>	<u>58</u>

Source: Charter School Personnel Records

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

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Operating Statistics

**Last Ten Fiscal Years
(Unaudited)**

Pupil/Teacher Ratio

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Kindergarten	Elementary				
2013	387	4,671,473	12,071	27.68%	38	1:10	1:10	377	359	7.99%	95.12%
2014	377	5,265,987	13,968	15.72%	39	1:10	1:10	368	346	-2.44%	94.05%
2015	375	5,367,310	14,313	2.47%	38	1:10	1:10	372	350	1.09%	94.05%
2016	383	5,230,355	13,656	-4.59%	38	1:10	1:10	382	364	2.87%	95.09%
2017	385	5,216,581	13,550	-0.78%	38	1:10	1:10	383	363	0.11%	94.81%
2018	378	5,864,878	15,516	14.51%	39	1:10	1:10	378	360	-1.24%	95.08%
2019	394	6,211,434	15,765	1.61%	39	1:10	1:10	394	378	4.09%	96.04%
2020	390	5,436,642	13,940	-11.58%	39	1:10	1:10	394	378	0.00%	96.04%
2021	389	5,823,085	14,969	7.38%	39	1:10	1:10	391	367	-0.66%	93.86%
2022	382	6,819,712	17,853	19.26%	39	1:10	1:10	391	367	0.00%	93.86%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

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School Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
All Grades (K to 8)										
Main building										
Square Feet	33,450	33,450	33,450	33,450	33,450	33,450	33,450	33,450	33,450	33,450
Capacity (students)	396	396	396	396	396	396	396	396	396	396
Enrollment	375	375	375	375	375	375	375	375	377	387
Other										
Gymnasium										
Square Feet	8,050	8,050	8,050	8,050	8,050	8,050	8,050	8,050	8,050	8,050
Science lab, music room and office space										
Square Feet	3,064	3,064	3,064	3,064	3,064	3,064	3,064	3,064	3,064	-

Source: School Records

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

J-19

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

2013	\$	-
2014		-
2015		-
2016		-
2017		-
2018		-
2019		-
2020		906,242
2021		835,628
2022		422,735
		-
Total	\$	<u>2,164,605</u>

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

Source: Charter School records

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

J-20

Insurance Schedule

June 30, 2022
(Unaudited)

	<u>Coverage</u>
Commercial property and general liability:	
Property:	
Personal Property	\$ 10,000,000
Business Income	1,000,000
Electronic Data Processing - Equipment Owned	1,000,000
Employee Dishonesty	500,000
Forgery or Alteration	100,000
Commercial General Liability:	
General Aggregate	500,000,000
Personal & Advertising Injury Limit	1,000,000
Damage to Premises Rented by Insured	300,000
Medical Expense Limit Per Person	5,000
Employee Benefits Liability	1,000,000
Abuse Sublimit - Per Person Limit	1,000,000
Abuse Sublimit - Aggregate Limit	1,000,000
Automobile	1,000,000
Umbrella Liability:	
Each Occurrence Limit	1,000,000
General Aggregate	1,000,000
Retained Limit	10,000
Workman's Compensation:	
Each Accident	1,000,000
Disease Policy Limit	1,000,000
Disease Each Employee	1,000,000
Directors & Officers:	
Each Occurrence Limit	3,000,000
Retained Limit	5,000

Source: Charter School Records

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

J-21

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2022
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 2,624,016	\$ 2,049,054	\$ 760,067
Current assets	1,673,419	240,167	150,047
Capital assets, net	63,478	20,085	27,345
Total assets	<u>4,360,913</u>	<u>2,309,306</u>	<u>937,459</u>
Current liabilities	93,991	875,189	764,306
Long term liabilities	-	-	-
Total liabilities	<u>93,991</u>	<u>875,189</u>	<u>764,306</u>
Net position	<u>\$ 4,266,922</u>	<u>\$ 1,434,117</u>	<u>\$ 173,153</u>
Total revenue	\$ 10,935,694	\$ 8,117,730	\$ 6,919,658
Total expenses	<u>(8,274,161)</u>	<u>(7,283,163)</u>	<u>(8,075,432)</u>
Change in net position	<u>\$ 2,661,533</u>	<u>\$ 834,567</u>	<u>\$ (1,155,774)</u>
Depreciation expense	\$ 19,825	\$ 7,260	\$ 7,260
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	389	389	375
March 30th budgeted enrollment	387	387	387

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Three Year Cumulative</u>
NEAR TERM INDICATORS:				
Current ratio	45.72	2.62	1.19	49.53
Unrestricted days cash	115.75	102.69	34.35	252.80
Enrollment variance	101%	101%	97%	99%
Default	N/A	N/A	N/A	N/A

Source: Charter School Records

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
County of Hudson, New Jersey

J-22

Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2022
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 2,624,016	\$ 2,049,054	\$ 760,067
Current assets	1,673,419	240,167	150,047
Capital assets, net	63,478	20,085	27,345
Total assets	<u>4,360,913</u>	<u>2,309,306</u>	<u>937,459</u>
Current liabilities	93,991	875,189	764,306
Long term liabilities	-	-	-
Total liabilities	<u>93,991</u>	<u>875,189</u>	<u>764,306</u>
Net position	<u>\$ 4,266,922</u>	<u>\$ 1,434,117</u>	<u>\$ 173,153</u>
Total revenue	\$ 10,935,694	\$ 8,117,730	\$ 6,919,658
Total expenses	<u>(8,274,161)</u>	<u>(7,283,163)</u>	<u>(8,075,432)</u>
Change in net position	<u>\$ 2,661,533</u>	<u>\$ 834,567</u>	<u>\$ (1,155,774)</u>
Depreciation expense	\$ 19,825	\$ 7,260	\$ 7,260
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	389	389	375
March 30th budgeted enrollment	387	387	387

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Three Year Cumulative</u>
SUSTAINABILITY INDICATORS:				
Total margin	24%	10.28%	-16.70%	9%
Debt to asset	N/A	N/A	N/A	N/A
Cash flow	\$ 574,962	\$ 1,288,987	\$ 197,639	\$ 2,061,588
Debt service coverage ratio	N/A	N/A	N/A	N/A

Source: Charter School Records

Single Audit Section

Olugbenga Olabintan

Certified Public Accountant/Consultant

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K-1

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

The Honorable Chairperson and
Members of the Board of Trustees
Dr. Lena Edwards Academic Charter School
County of Hudson
Jersey City, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dr. Lena Edwards Academic Charter School, in the County of Hudson, State of New Jersey ("the Charter School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon, dated January 31, 2023.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Olugbenga Olabintan, CPA

January 31, 2023
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

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K-2

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

The Honorable Chairperson and
Members of the Board of Trustees
Dr. Lena Edwards Academic Charter School
County of Hudson,
Jersey City, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

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

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

Those standards, the Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. 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 the Charter School 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 federal and state program. Our audit does not provide a legal determination of the Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 U.S. Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Accordingly, this report is not suitable for any other purpose.

Olugbenga Olabintan, CPA

January 31, 2023
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant

A handwritten signature in black ink, appearing to read 'Olugbenga Olabintan', with a horizontal line underneath it.

Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Federal Grant/ Pass-Through Grantor/ Program Title	Assistance Listing (AL) Number	Federal Assistance Identification Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2021	Deferred Revenue at June 30, 2021	Due to Grantor at June 30, 2021	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2022	Deferred Revenue at June 30, 2022	Due to Grantor at June 30, 2022
Special Revenue Fund:															
U.S. Department of Education, Pass Through Programs:															
Passed-Through New Jersey State Department of Education															
Title I Part A - FY 2021-2022	84.010A	S010A210030	7/1/21-9/30/22	\$ 270,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (270,267)	\$ -	\$ (270,267)	\$ -	\$ -
Title II Part A - FY 2021-2022	84.367A	S367A210029	7/1/21-9/30/22	41,876	-	-	-	-	-	-	(20,995)	-	(20,995)	-	-
Title IV Part A - FY 2021-2022	84.424A	S424A210031	7/1/21-9/30/22	20,995	-	-	-	-	-	-	(41,876)	-	(41,876)	-	-
IDEA Part B - FY 2021-2022	84.027	H027A210100	7/1/21-9/30/22	94,726	-	-	-	-	-	-	(94,726)	-	(94,726)	-	-
IDEA Preschool - FY 2021-2022	84.173	H173A210114	7/1/21-9/30/22	1,473	-	-	-	-	-	-	(1,473)	-	(1,473)	-	-
CARES Emergency Relief Grant	84.425D	S425D200027	3/13/20-9/30/22	242,664	(65,144)	-	-	-	65,144	(60,270)	-	-	(60,270)	-	-
ARP IDEA Basic - FY 2021-2022	84.027X	H027X210100	3/13/20-9/30/22	23,493	-	-	-	-	-	(23,493)	-	-	(23,493)	-	-
ARP IDEA Preschool - FY 2021-2022	84.173X	H173X210114	3/13/20-9/30/22	1,989	-	-	-	-	-	(1,989)	-	-	(1,989)	-	-
CRRSA-ESSER II	84.425D	S425D210027	3/13/20-9/30/23	942,787	-	-	-	-	-	(942,787)	-	-	(942,787)	-	-
CRRSA-Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000	-	-	-	-	-	(39,762)	-	-	(39,762)	-	-
Title I Part A - FY 2020-2021	84.010A	S010A200030	7/1/20-9/30/21	287,629	(5,679)	-	-	-	5,679	-	-	-	-	-	-
IDEA Part B - FY 2020-2021	84.027A	H027A200100	7/1/20-9/30/21	95,268	(4,218)	-	-	-	4,218	-	-	-	-	-	-
IDEA Preschool - FY 2020-2021	84.173A	H173A200114	7/1/20-9/30/21	1,383	(983)	-	-	-	983	-	-	-	-	-	-
Total for U.S. Department of Education, Pass Through Programs				(76,024)	-	-	-	-	76,024	(1,497,638)	-	(1,497,638)	-	-	-
Enterprise Fund:															
U.S. Department of Agriculture, Pass-Through Programs:															
Passed-Through New Jersey State Department of Agriculture															
National School Lunch Program	10.555	221NJ304N1099	7/1/21-6/30/22	149,764	-	-	-	-	133,699	(149,764)	-	-	(16,065)	-	-
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	64,497	(7,357)	-	-	-	7,357	-	-	-	-	-	-
Healthy, Hunger Free Kids Act	10.555	211NJ304N1099	7/1/20-6/30/21	1,279	(146)	-	-	-	146	-	-	-	-	-	-
Subtotal CFDA # 10.555				(7,503)	-	-	-	-	141,202	(149,764)	-	(16,065)	-	-	-
School Breakfast Program	10.553	221NJ304N1099	7/1/21-6/30/22	60,442	-	-	-	-	54,539	(60,442)	-	-	(5,903)	-	-
School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	40,847	(4,800)	-	-	-	4,800	-	-	-	-	-	-
Child and Adult Care Food Program	10.558	221NJ304N1099	7/1/21-6/30/22	31,572	-	-	-	-	29,052	(31,572)	-	-	(2,520)	-	-
Child and Adult Care Food Program	10.558	211NJ304N1099	7/1/20-6/30/21	5,234	(788)	-	-	-	788	-	-	-	-	-	-
Fresh Fruits and Vegetables Program	10.582	221NJ304N1099	7/1/21-6/30/22	22,216	-	-	-	-	17,806	(22,216)	-	-	(4,410)	-	-
Fresh Fruits and Vegetables Program	10.582	211NJ304L1603	7/1/20-6/30/21	15,506	(1,730)	-	-	-	1,730	-	-	-	-	-	-
Total Enterprise Fund/Total U.S. Department of Agriculture, Pass-Through Programs				(14,821)	-	-	-	-	249,917	(263,994)	-	(28,898)	-	-	-
Total Expenditures of Federal Awards				\$ (90,845)	\$ -	\$ -	\$ -	\$ -	\$ 325,941	\$ (1,761,632)	\$ -	\$ (1,526,536)	\$ -	\$ -	\$ -

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

Schedule of Expenditures of State Financial Assistance

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2021	Deferred Revenue at June 30, 2021	Due to Grantor at June 30, 2021	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2022	Deferred Revenue at June 30, 2022	Due to Grantor at June 30, 2022
New Jersey State Department of Education														
General Fund:														
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	\$ 6,523,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,618,990	\$ (6,523,257)	\$ -	\$ (46,261)	\$ -	\$ 49,472
Equalization Aid	21-495-034-5120-078	7/1/19-6/30/20	5,768,785	(56,719)	-	-	-	-	56,719	-	-	-	-	-
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	176,542	-	-	-	-	-	176,542	(176,542)	-	-	-	-
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	204,654	-	-	-	-	-	204,654	(204,654)	-	-	-	-
TPAF/FICA Reimbursements	22-495-034-5094-003	7/1/21-6/30/22	153,979	-	-	-	-	-	111,248	(153,979)	-	(42,731)	-	-
TPAF/FICA Reimbursements	21-495-034-5094-003	7/1/19-6/30/20	149,563	(7,047)	-	-	-	-	7,047	-	-	-	-	-
TPAF Post Retirement Medical Contribution	22-495-034-5094-001	7/1/21-6/30/22	165,347	-	-	-	-	-	165,347	(165,347)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	22-495-034-5094-002	7/1/21-6/30/22	707,698	-	-	-	-	-	707,698	(707,698)	-	-	-	-
TPAF Long Term Disability Insurance Premium	22-495-034-5094-004	7/1/21-6/30/22	683	-	-	-	-	-	683	(683)	-	-	-	-
Total General Fund/Total State Department of Education				(63,766)	-	-	-	-	8,048,928	(7,932,160)	-	(88,992)	-	49,472
Special Revenue Fund:														
Charter & Renaissance School Project Emergent and Capital Maintenance Funds	22-495-034-5120-071	7/1/21-6/30/22	32,389	-	-	-	-	-	-	-	-	-	-	-
Total Special Revenue Fund				-	-	-	-	-	32,389	(32,389)	-	-	-	-
Total New Jersey State Department of Education				(63,766)	-	-	-	-	8,081,317	(7,964,549)	-	(88,992)	-	49,472
New Jersey State Department of Agriculture - Direct Programs														
Enterprise Fund:														
State School lunch program	22-100-010-3350-023	7/1/21-6/30/22	3,521	-	-	-	-	-	3,151	(3,521)	-	(370)	-	-
State School lunch program	21-100-010-3350-023	7/1/20-6/30/21	3,365	(531)	-	-	-	-	531	-	-	-	-	-
Total Enterprise Fund/Total State Department of Agriculture - Direct Programs				(531)	-	-	-	-	3,682	(3,521)	-	(370)	-	-
Total State Financial Assistance				\$ (64,297)	\$ -	\$ -	\$ -	\$ -	\$ 8,084,999	(7,968,070)	\$ -	\$ (89,362)	\$ -	\$ 49,472
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution										165,347				
TPAF Pension Contribution - Normal & NCGI										707,698				
TPAF Long Term Disability Insurance Premium										683				
Total Expenditures of State Financial Assistance Subject to Single Audit										\$ (7,094,342)				

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2022

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2022

3. Relationship to Basic Financial Statements - *continued*

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 7,932,160	\$ 7,932,160
Special Revenue Fund	1,497,638	32,389	1,530,027
Enterprise Fund	263,994	3,521	267,515
Total	<u>\$ 1,761,632</u>	<u>\$ 7,968,070</u>	<u>\$ 9,729,702</u>

4. Relationship to Federal and State Financial Reports

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

5. Other Information

TPAF Social Security contribution in the amount of \$153,976 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2022. The amount reported as TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions in the amount of \$873,728 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2022.

6. On Behalf Programs Not Subject to State Single Audit

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

7. De Minimis Indirect Cost

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Part I - Summary of Auditors' Results

Financial Statements Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards:

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

Internal control over major programs:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	S010190030	Title I, Part A
84.425D	S425D200027	CARES Emergency Relief Grant
84.425D	S425D200027	Coronavirus Response and Relief Supplemental Act (CRRSA) ESSER II
84.425U	S425U210027	American Rescue Plan (ARP) ESSER III

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

Auditee qualifies as low-risk auditee? Yes _____ No

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Part I Summary of Auditors' Results

State Financial Assistance Section

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

Auditee qualifies as low-risk auditee? yes No

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

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(cies) identified that are not
 Considered to be material weaknesses? Yes None reported

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

Identification of Major Programs:

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

DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Schedule of Findings and Questioned Costs
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Part II – Schedule of Financial Statement Findings

NONE

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

Part III – Federal Awards Findings and Questioned Cost

NOT APPLICABLE FOR 2022

Part III – State Financial Assistance Findings and Questioned Cost

NONE

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL
(County of Hudson)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2022**

There were no prior year's audit findings.