

SOARING HEIGHTS CHARTER SCHOOL

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2022

SOARING HEIGHTS CHARTER SCHOOL

***Soaring Heights Charter School
Board of Trustees
Jersey City, New Jersey***

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

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022***

Prepared By

***Soaring Heights Charter School
Finance Department***

And

Barre & Company, CPA's

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Angelica Allen-McMillan, Ed.D, Acting Commissioner
State Board of Education

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INTRODUCTORY SECTION



Soaring Heights Charter School

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Jersey City, NJ 07305
Phone: 201-434-4800
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February 9, 2023

Honorable President and
Members of the Board of Trustees
Soaring Heights Charter School
County of Hudson
Jersey City, New Jersey

Dear Board Members:

The annual comprehensive financial report of the Soaring Heights Charter School (Charter School) for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results 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.

The Annual Comprehensive Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (U.S. Uniform Guidance) and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An elected seven-member Board of Trustees (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of the Charter School funds.

The Lead Person of the Charter School is responsible to the Board for total educational and support operations. The Management Collaborative is responsible to the Lead Person for the instructional program of the school. The Business Administrator of the Charter School is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, investing idle funds as permitted by New Jersey law, and assuring the Board complies with all required legal and ethical responsibilities.

1. **REPORTING ENTITY AND ITS SERVICES:**

Soaring Heights Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14, as amended. All funds and account groups of the school are included in this report. Soaring Heights Charter School, Board of Trustees, constitutes the Charter School’s reporting entity.

Since 1997, Soaring Heights Charter School has provided a full range of educational services to students in kindergarten through eighth grade. These services included regular, as well as special education instruction. Soaring Heights Charter School’s mission is to ensure that all students secure the academic knowledge and skills to prepare them further education and to instill in them the core values of caring, respect, responsibility and honesty. Soaring Heights is one of the highest achieving charters schools in the state and focuses on standardized classroom procedures, regular testing to track student progress, more time on task, a focus on values.

Language arts and math classes are taught for more minutes each week than most schools. In addition, all students are provided with general music instruction and learn to master a musical instrument.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2021-2022	268	0.37%
2020-2021	267	0.00%
2019-2020	267	12.18%
2018-2019	240	2.15%
2017-2018	234	N/A
2016-2017	229	N/A

2. **ECONOMIC CONDITION AND OUTLOOK:** The Charter school will continue to experience full enrollment due to a waiting list with over 500 students. The increase in the number of students served continues. The Charter School has successfully been approved by the Commissioner of Education to increase maximum number to 450 until the renewal of its charter in 2021. The increase in students and the need to serve additional students has prompted the Charter School to review its options to expand the facility at its current, or other locations.

3. **MAJOR INITIATIVES:** The Charter School has developed a comprehensive strategic plan to support its mission and vision and serves as a blueprint for the achievement of its goals. Since opening in 1997, the Charter School has continued to encourage high achievement for disadvantaged students through its after-school and Saturday tutoring programs. Special education students are fully included in the general education curriculum. This is achieved through in class support or within a self-contained class as indicated in each child's individual education plan.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control designed to ensure that 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). 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 state financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. 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 internal controls, including that portion related to 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 legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund. 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2022.

6. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement" Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen's compensation.

8. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board of Trustees. 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

9. ANTI-BULLYING: On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act ("Act") requires initial and on-going training for all staff members, anti-bullying specialists, anti-bullying coordinators, administrative staff and board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. In **2021-2022**, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

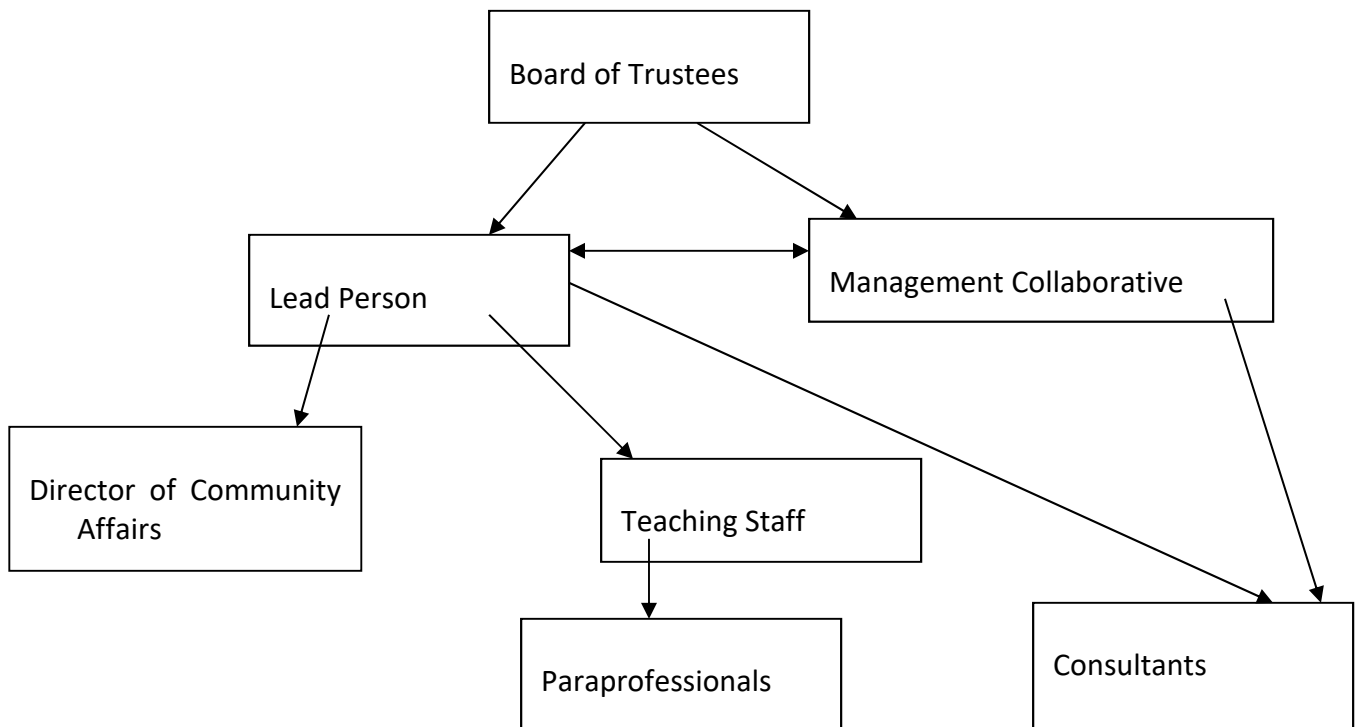
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Soaring Heights Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,

A handwritten signature in cursive script that reads "Angelo A. Vilardi". The signature is written in dark ink on a light-colored background.

Business Administrator/Board Secretary

Soaring Heights Charter School Organizational Chart



**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2022**

MEMBERS OF THE BOARD OF TRUSTEES

<u>Name of Member</u>	<u>Position</u>	<u>Term Expire</u>
Lisa McConagly	President	06/30/2025
Mary Golden	Vice President	06/30/2025
Jane Mercante	Secretary	06/30/2025
Irene Guirguis-Roberts	Trustee	06/01/2025
JoAnn D'Auria	Trustee	01/30/2025
Natasha Persaud	Trustee	01/30/2025
Stephanie Miller	Trustee	01/30/2025

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Tom Johnston
151 Forest Street, Suite A
Montclair, New Jersey 07042

SBA Consultant

Angelo A. Vilardi
Morris Plains, New Jersey

Official Depository

Valley National Bank
Jersey City, New Jersey

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
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Independent Auditor’s Report

Honorable President
Members of the Board of Trustees
Soaring Heights Charter School
County of Hudson
Jersey City, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Soaring Heights Charter School (Charter School), in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Soaring Heights 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

Adoption of New Accounting Principle

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

Consistency of Financial Statements

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

Prior Period Restatement

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Soaring Heights 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Soaring Heights Charter School'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 Soaring Heights Charter School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, schedule of expenditures of federal awards, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and related major fund supporting statements and schedule and schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon.


Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated February 9, 2023 on our consideration of the Soaring Heights Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards and the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
February 9, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

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

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

Financial Highlights

Key financial highlights for 2022 are as follows:

- ❖ General revenues accounted for \$6,278,602 or 97% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$207,951 or 3% of total revenues of \$6,486,553.
- ❖ The Charter School had \$5,072,185 in expenses; only \$207,951 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$6,278,602 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had 6,730,639 in revenues and \$7,139,137 in expenditures. The General Fund's fund balance decreased \$369,377 over 2021. This decrease was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2022?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

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

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

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

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

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

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type Activity — The Charter School does not have any proprietary funds.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 30 of this report.

The Charter School as a Whole

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

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

The Charter School's combined Net Position were \$1,329,661 for 2022 and -\$208,561 for 2021.

Governmental Activities

The Charter School's total revenues were \$6,486,553 for 2022 and \$5,007,744 for 2021, this includes \$113,204 for 2022 and \$90,187 for 2021 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$5,072,185 for 2022 and \$4,290,386 for 2021. Instruction comprises 60% for 2022 and 59% for 2021 of Charter School expenses.

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

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

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

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

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

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

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

The Charter School's Funds`

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$6,486,553 for 2022 and \$4,643,590 for 2021 and expenditures were \$6,316,448 for 2022 and \$3,888,969 for 2021. The net change in fund balance was most significant in the general fund, an increase of \$1,587,556 in 2022 and a decrease of -\$754,621 in 2021.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2022, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2021	Percent of Increase/ (Decrease)
Local Sources	\$ 1,619,767	27.20%	\$ 631,952	63.97%
Intermediate Sources	-	0.00%	-	0.00%
State Sources	3,266,094	54.85%	7,748	0.24%
Federal Sources	1,069,028	17.95%	671,599	168.99%
Total	\$ 5,954,889	100.00%	\$ 1,311,299	

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

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2021	Percent of Increase/ (Decrease)
Instruction	\$ 2,274,188	35.85%	\$ 430,197	23.33%
Administration	1,410,136	22.24%	184,091	15.02%
Support Services	929,789	14.66%	110,856	13.54%
Capital Outlay	1,727,830	27.24%	1,727,830	100.00%
Total	\$ 6,341,943	100.00%	\$ 2,452,974	

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

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

General Fund Budgeting Highlights

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

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

Capital Assets (Net of Depreciation) and Debt Administration

The Charter School had \$102,788 for 2022 and \$3,237 for 2021 invested in building improvements. The Charter School had no debt for 2022 and 2021.

For the Future

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

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Angelo Vilardi, School Business Administrator, at Soaring Heights Charter School, Jersey City, New Jersey .

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

SOARING HEIGHTS CHARTER SCHOOL

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 2,019,260	\$ -	\$ 2,019,260
Restricted	78,274	-	78,274
Receivables	820,234	-	820,234
Right of Use Asset, Net of Amortization	1,328,646		1,328,646
Capital Assets, Net	<u>102,788</u>	<u>-</u>	<u>102,788</u>
Total Assets	<u>4,349,202</u>	<u>-</u>	<u>4,349,202</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	<u>114,881</u>		<u>114,881</u>
Total Deferred Outflows of Resources	<u>114,881</u>	<u>-</u>	<u>114,881</u>
LIABILITIES:			
Accounts Payable	365,179		365,179
Unearned Revenue	6,306		6,306
Other Current Liabilities	1,457		1,457
Noncurrent Liabilities:			
Due Within One Year	177,003		177,003
Due Beyond One Year	1,535,379		1,535,379
Pensions	<u>534,061</u>		<u>534,061</u>
Total Liabilities	<u>2,619,385</u>	<u>-</u>	<u>2,619,385</u>
DEFERRED INFLOWS OF RESOURCES:			
Pensions	<u>515,037</u>		<u>515,037</u>
Total Deferred Inflows of Resources	<u>515,037</u>	<u>-</u>	<u>515,037</u>
NET POSITION:			
Net Investment in Capital Assets	1,431,434		1,431,434
Restricted for:			
Student Activities	7,818		7,818
Building Fund	36,850		36,850
Other Purposes	75,000	-	75,000
Unrestricted	<u>(221,441)</u>	<u>-</u>	<u>(221,441)</u>
Total Net Position	<u>\$ 1,329,661</u>	<u>\$ -</u>	<u>\$ 1,329,661</u>

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

SOARING HEIGHTS CHARTER SCHOOL

Statement of Activities
For The Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 2,299,856	\$ 767,070	\$ -	\$ 43,815	\$ -	\$ (3,023,111)	\$ -	\$ (3,023,111)
Administration	882,611	114,463		113,204		(883,870)		(883,870)
Support Services	567,354	52,096	50,932			(568,518)		(568,518)
Interest on Long Term Debt	118,036					(118,036)		(118,036)
Unallocated Depreciation	270,699					(270,699)		(270,699)
Total Governmental Activities	<u>4,138,556</u>	<u>933,629</u>	<u>50,932</u>	<u>157,019</u>	<u>-</u>	<u>(4,864,234)</u>	<u>-</u>	<u>(4,864,234)</u>
BUSINESS-TYPE ACTIVITIES:								
Food Service and After Care	-							
Total Primary Government	<u>\$ 4,138,556</u>		<u>\$ 50,932</u>	<u>\$ 157,019</u>	<u>\$ -</u>	<u>\$ (4,864,234)</u>	<u>\$ -</u>	<u>\$ (4,864,234)</u>
GENERAL REVENUES								
General Purposes						\$ 2,779,276	\$ -	\$ 2,779,276
Federal and State Aid Not Restricted						2,338,707		2,338,707
Investment Earnings						1,389		1,389
Miscellaneous Income						1,159,230		1,159,230
Total General Revenues						<u>6,278,602</u>	<u>-</u>	<u>6,278,602</u>
Change in Net Position						1,414,368	-	1,414,368
Net Position - Beginning						272,881	-	272,881
Prior Period Adjustments						(357,588)		(357,588)
Net Position, July 1 (Restated)						(84,707)	-	(84,707)
Net Position - Ending						<u>\$ 1,329,661</u>	<u>\$ -</u>	<u>\$ 1,329,661</u>

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

SOARING HEIGHTS CHARTER SCHOOL
Governmental Funds
Balance Sheet
June 30, 2022

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 2,008,864	\$ 10,396	\$ 2,019,260
Cash - Restricted	78,274		78,274
Receivables:			
Interfund Receivables	769,249	-	769,249
Receivables From Other Governments	44,509	775,555	820,064
Other Receivables	170	-	170
	2,901,066	785,951	3,687,017
Total Current Assets			
Total Assets	\$ 2,901,066	\$ 785,951	\$ 3,687,017
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 769,249	\$ 769,249
Payroll Deductions and Withholdings	365,179	-	365,179
Deferred Revenue		6,306	6,306
Accrued Expenses (Interest)			
Other Current Liabilities	1,457	-	1,457
	366,636	775,555	1,142,191
Total Current Liabilities			
Total Liabilities	366,636	775,555	1,142,191
Fund Balances:			
Assigned To:			
Encumbrances	44,732		44,732
Restricted For:			
Charter School Escrow Reserve	75,000		75,000
Student Activities		10,396	10,396
Building Fund Reserve	36,850		36,850
Unassigned:			
General Fund	2,377,848		2,377,848
	2,534,430	10,396	2,544,826
Total Fund Balances			
Total Liabilities and Fund Balances	\$ 2,901,066	\$ 785,951	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$234,283 and the accumulated depreciation is \$131,495.

102,788

Right of use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,639,495 and the accumulated depreciation is \$1,310,849.

1,328,646

Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds. Long-term debt included as net position from lease liabilities

(1,712,382)

Net pension liability of \$534,061, deferred inflows of resources of \$515,037 less deferred outflows of resources of \$114,881 related to pensions are not reported in the governmental funds

(934,217)

Net Position of Governmental Activities

\$ 1,329,661

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

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

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 1,566,872	\$ -	\$ 1,566,872
Interest on Investments	1,389		1,389
Contributions/Donations	574		574
Miscellaneous	-	50,932	50,932
Total Local Sources	1,568,835	50,932	1,619,767
State Sources	3,243,992	22,102	3,266,094
Federal Sources		1,069,028	1,069,028
Total Revenues	4,812,827	1,142,062	5,954,889
EXPENDITURES:			
Current:			
Instruction	1,499,822	774,366	2,274,188
Administration	1,384,641		1,384,641
Support Services	698,396	231,393	929,789
Capital Outlay	1,599,345	128,485	1,727,830
Total Expenditures	5,182,204	1,134,244	6,316,448
Excess (Deficiency) of Revenues over Expenditures	(369,377)	7,818	(361,559)
OTHER FINANCING SOURCES (USES):			
Transfers	1,956,933		1,956,933
Total Other Financing Sources and Uses	1,956,933	-	1,956,933
NET CHANGE IN FUND BALANCES	1,587,556	7,818	1,595,374
FUND BALANCES, JULY 1	1,304,462	2,578	1,307,040
PRIOR PERIOD ADJUSTMENTS	(357,588)	-	(357,588)
FUND BALANCE, JULY 1, RESTATED	946,874	2,578	949,452
FUND BALANCES, JUNE 30	\$ 2,534,430	\$ 10,396	\$ 2,544,826

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

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

Total net change in fund balances - governmental fund (from B-2)		\$ 1,595,374
Amounts reported for governmental activities in the statement of activities (A-2) which are different:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (25,697)	
Amortization Expense	(270,699)	
Capital Outlay	1,727,830	1,431,434
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
New long-term debt issued		(1,956,933)
Principal payment on long-term debt		244,552
Increase in accrued interest payable		
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds. Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		99,941
Change in net position of governmental activities		\$ 1,414,368

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

***PROPRIETARY FUNDS
(NOT APPLICABLE)***

NOTES TO THE FINANCIAL STATEMENTS

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

The Charter School is a non-profit corporation organized under the laws of the State of New Jersey, established in 2002 to operate and maintain a public school under a charter granted by the State of New Jersey. The Charter School consists of seven members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

The primary criterion for including activities within the Charter School's reporting entity are set forth in Statement No. 14, as amended, of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14) as codified in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*. Under GASB Statement No. 14, as amended, the financial reporting entity is determined by the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which it exercises operating control. The operations of the Soaring Heights Charter School include two schools a Grade K-8 located in the City of Jersey City. There are no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements – Government-Wide Statements

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the Charter School. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. There are no business-type activities.

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

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Charter School.

D. Basic Financial Statements – Fund Financial Statements

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

The following fund types are used by the Charter School:

Governmental Fund Types

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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

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

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

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

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local government, including New Jersey school districts and their charter schools. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, or fiscal year 2020-2021. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. After considering the criteria and guidance, it was determined that Payroll, Payroll Agency, and Unemployment Compensation Insurance (Fund 60 activities are more appropriately reported in a general fund (Fund 10). Additionally, the activity of the Student Activity (Fund 90) are more appropriately reported in a special revenue fund (Fund 20).

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

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

E. Budgets/Budgetary Control

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

	2022	2021
Total Revenues & Expenditures (Budgetary Basis)	\$ 1,145,859	\$ 500,550
Adjustments:		
Less Encumbrances at June 30, 2022	(3,797)	-
Plus Encumbrances at June 30, 2021	-	-
Total Revenues and Expenditures (GAAP Basis)	\$ 1,142,062	\$ 500,550

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

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

1. Deposits and Investments

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

2. Short-term Interfund Receivables/Payables

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

3. Inventories

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

4. Capital Assets

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

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

Land and Construction in Progress are not depreciated.

GASB No. 34 requires the Charter School to report and depreciate new infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Charter School has included all infrastructure assets in the current fiscal year.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Right of use assets

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

5. Leases

As a result of the adoption of GASB 87, leases are recognized as a right-of-use asset and a corresponding lease liability in other financial liabilities at the date at which the leased asset is available for use by the School. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment. The lease liability is measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily available. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the School and payment of penalties for termination of a lease when the lease term reflects the lessee exercising a termination option. Each lease payment is allocated between the repayment of the principal portion of lease liability and the interest portion. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period and is recorded in financing expense. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of income.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Fund Equity

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

7. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

8. Prepaid Expenses

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

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

9. Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the Charter School-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.

10. Revenues — Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Revenues — Exchange and Non-exchange Transactions (continued)

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

11. Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

13. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

14. Accrued Salaries and Wages:

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

G. Fund Balance Reserves

The Charter School implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

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

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

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

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

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

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

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Impact of Recently Issued Accounting Principles

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

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

GASB No. 87, *Leases*, is effective with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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

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

I. PENSIONS

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

A. Deposits and Investments

Deposits

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

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

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

	General Fund	Special Revenue	Total
Operating			
Account	\$ 2,087,138	\$ 10,396	\$2,097,534

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

The carrying amount of the Board's cash and cash equivalents at June 30, 2022 was \$1,897,983 and the bank balance was \$2,001,207. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

Deposits and Investments (continued)

Deposits (continued)

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

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

Investments

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

- a. When authorized by resolution adopted by a majority vote of all its board members, the Charter School may use moneys which may be in hand for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Charter School;
 - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
 - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;
 - (4) Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;
 - (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by charter schools;
 - (6) Local government investment pools;
 - (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

Deposits and Investments (continued)

Investments (continued)

- (8) Agreements for the repurchase of fully collateralized securities, if:
- a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

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

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

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

Receivables

Receivables at June 30, 2022, consisted of accounts, intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Funds			Total
	General Fund	Special Revenue Fund	Total Governmental Activities	
State Awards	\$ 44,509	\$ -	\$ 44,509	\$ 44,509
Federal Awards	-	775,555	775,555	775,555
Other	170	-	170	170
Gross Receivables	44,679	775,555	820,234	820,234
Less: Allowance for Uncollectibles	-	-	-	-
Total Receivables, Net	<u>\$ 44,679</u>	<u>\$ 775,555</u>	<u>\$ 820,234</u>	<u>\$ 820,234</u>

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

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

A. Interfund Receivables and Payables

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

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 769,249	\$ -
Special Revenue Fund		769,249
Total	\$ 769,249	\$ 769,249

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

B. Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 105,798	\$ -	\$ -	\$ 105,798
Machinery and Equipment	-	128,485	-	128,485
Totals at Historical Cost	105,798	128,485	-	234,283
Less Accumulated Depreciation For:				
Building and Building Improvements	105,798	-	-	105,798
Total Accumulated Depreciation	105,798	25,697	-	131,495
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	-	102,788	-	102,788
Government Activity Capital Assets, Net	\$ -	\$ 102,788	\$ -	\$ 102,788

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by charter schools in the State of New Jersey is increased to \$2,000.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Capital Assets (Continued)

The previous threshold was \$500. Applying the higher capitalization threshold retroactively will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives.

There was no depreciation expense charged in the current year.

NOTE 3: LEASES

RIGHT OF USE LEASE ASSETS

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

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

Leased Assets	Beginning Balance	Additions	Deductions	Ending Balance
Leased Assets Being Amortized				
Leased - Equipment Expense	0	39,121	0	39,121
Leased - Real Estate Expense	2,600,374	0	0	2,600,374
Total Leased Assets Being Amortized	2,600,374	39,121	0	2,639,496
Less: Accumulated Amortization				
Leased - Equipment Expense	0	(10,662)	0	(10,662)
Leased - Real Estate Expense	(1,040,150)	(260,037)	0	(1,300,187)
Total Accumulated Amortization	(1,040,150)	(270,699)	0	(1,310,849)
Total, Net of Accumulated Amortization	1,560,224	(231,578)	0	1,328,647

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4: LONG-TERM OBLIGATIONS

A. LEASES

On January 1, 2003, Romar Avenue LLC located at 1-7 Romar Ave, Jersey City, New Jersey and Soaring Heights Charter School entered into a five year lease with an option to renew for six successive five year periods. The lease was subsequently extended for two more extension periods with the current lease extension commencing on January 1, 2013 and ending on December 31, 2021. The school renewed the lease on January 1, 2022 for an additional five year period in accordance with the lease terms. Lease payments of \$350,640 have been made as of June 30, 2022. As a result of the lease, the school has recorded a right of use asset with a net book value of \$1,328,647 on June 30, 2022.

The equipment agreement was executed on February 25, 2020, to lease a copy machine and requires 60 monthly payments of \$995.63. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 5%, which is the stated rate in the lease agreement. As a result of the lease, the school has recorded a right of use asset with a net book value of \$28,460 on June 30, 2022.

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

Maturity Analysis	Principal	Interest	Total
07/01/2022 - 06/30/2023	275,461	101,154	376,616
07/01/2023 - 06/30/2024	309,025	82,182	391,208
07/01/2024 - 06/30/2025	341,430	60,995	402,425
07/01/2025 - 06/30/2026	372,270	37,938	410,208
07/01/2026 - 06/30/2027	414,195	12,417	426,612
Total	1,712,382	294,686	2,007,068
Lease Liability	1,712,382		

B. LONG-TERM LIABILITY ROLLFORWARD SCHEDULE

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Lease Liabilities	\$ -	\$ 1,712,382	\$ -	\$ 1,712,382	166,593
Net Pension Liability	795,894		(261,833)	534,061	-
Governmental Activity long-term liabilities	\$ 795,894	\$ 1,712,382	\$ (261,833)	\$ 2,246,443	\$ 166,593

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Benefits Provided(continued)

Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

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

NOTE 3: PENSION PLANS (CONTINUED)

Allocation Methodology and Reconciliation to Financial Statements

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

**Allocation Methodology and Reconciliation to Financial Statements
(continued)**

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

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

Contributions

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Contributions (Continued)

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for payments due not be included in their unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The Charter School contributions to PERS amounted to \$ 54,825 for fiscal year 2022.

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

At June 30, 2022, the Charter School reported a liability of \$ 534,061 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 which was rolled forward to June 30, 2022. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021 measurement date, the Charter School's proportion was 0.0045081777%, which was a decrease of -0.00037239% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the Charter School recognized pension expense of \$ 54,259 . At June 30, 2022, the Charter School reported deferred outflows of resources and deferred inflows related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,781	\$ 190,129
Changes in Proportion	91,384	187,634
Difference Between Expected and Actual Experience	8,423	3,823
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	12,293	133,451
	\$ 114,881	\$ 515,037

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

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

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

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

Fiscal Year Ending June 30,	Total
2023	\$ (155,907)
2024	(111,317)
2025	(75,900)
2026	(57,054)
2027	22
	<u>\$ (400,156)</u>

Actuarial Assumptions

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

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

Disability retirement rated used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is like that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (continued)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market 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 total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Discount Rate (continued)

The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan investments was applied to projected benefit payment through 2057. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

Measurement Date June 30, 2021			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 735,036	\$ 534,061	\$ 374,030

Measurement Date June 30, 2020			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School proportionate share of the Net Pension Liability	\$ 1,009,776	\$ 795,894	\$ 625,978

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

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

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

Benefit Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Benefit Provided (Continued)

years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective Tier. Deferred retirements is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

Allocation Methodology

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

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific finance amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contribution was less than the actuarial determined amount.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Special Funding Situation (Continued)

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2021, the State of New Jersey contributed to the TPAF for normal pension benefits on behalf of the Charter School \$ 47,318 , which is less than the contractually required contribution of \$ 139,952 .

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

As of June 30, 2022, the State's proportionate share of the net pension liability associated with the Charter School was \$ 5,947,714 . The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021 measurement date, Charter School's proportion was 0.0120267290%, which was an increase of 0.0003450% from its proportion measured as of June 30, 2020.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	5,947,714
Total	\$ 5,947,714

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the Charter School in the amount of \$ 139,952 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

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

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

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

The \$ 6,373,530,834 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$ 27,363,797,905 reported as a deferred inflow of resources resulting from the difference between projected and actual.

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Actuarial Assumptions

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

Inflation Rate		
Price		2.75%
Wages		3.25%
Salary Increases:		
Through 2026		1.55 - 4.45%
		based on years of service
Thereafter		2.75 - 5.65%
		based on years of service
Investment Rate of Return		7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Long Term Expected Rate of Return

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2021 measurement date is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market 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 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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

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

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

Measurement Date June 30, 2021			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 7,050,431	\$ 5,947,714	\$ 5,042,171

Measurement Date June 30, 2020			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.40%)	(5.40%)	(6.40%)
Charter School's proportionate share of the Net Pension Liability	\$ 8,711,614	\$ 7,370,350	\$ 6,258,475

Pension Plan Fiduciary Net Position – TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

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

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

For DCRP, the Charter School did not recognize pension expense for DCRP.

NOTE 6: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Plan Description and Benefits Provided (continued)

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

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

Employees covered by benefit terms:

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

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

Total Nonemployer OPEB Liability

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%			
		TPAF/ABP	PERS	PFRS
Salary Increases				
Through 2026		1.55% to 4.45%	2.00% to 6.00%	3.25% to 15.25%
		based on service	based on service	based on service
		years	years	years
Rate thereafter		2.75% to 5.65%	3.00% to 7.00%	NOT
		based on service	based on service	APPLICABLE
		years	years	

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015- June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013- June 30, 2018 for TPAF, PERS and PFRS, respectively.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

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

Changes in the Total Non-Employer OPEB Liability

The table below summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the Charter School for the fiscal year ended June 30, 2022.

					Total OPEB Liability
Balance at January 0, 1900					\$ 4,833,863
Service cost					457,151
Interest on Total OPEB Liability					116,892
Effect on Changes of Benefit Terms					(4,796)
Difference between expected and actual experience					(812,421)
Effect of Changes of Assumptions					4,446
Contributions - Employee					2,988
Gross Benefits Paid by the State					(92,078)
Net Changes					(327,818)
Balance at June 30, 2022					4,506,045

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)

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

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

	Measurement Date Ended January 0, 1900		
	At 1%	At current	At 1%
	Decrease (1.16%)	discount rate (2.16%)	Increase (3.16%)
Total OPEB Liability	\$ 5,397,535	\$ 4,506,045	\$ 3,804,051

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

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

	Measurement Date Ended January 0, 1900		
	At 1%	Trend Rate	At 1%
	decrease	Trend Rate	Increase
Total OPEB Liability	\$ 3,647,658	\$ 4,506,045	\$ 5,658,795

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 \$ 531,664 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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)

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

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

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

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

Measurement Period Ending June 30	
2022	\$ (88,781)
2023	\$ (88,781)
2024	\$ (88,781)
2025	\$ (88,781)
2026	\$ (63,122)
Total Thereafter	\$ 26,103
	\$ (392,141)

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7: LONG-TERM OBLIGATIONS

A. LEASES

By way of Lease Agreement dated April 23, 2015, the Charter School leased space for their school operations at a building located at 150 Pierce Street, Somerset, NJ. Term of the lease is for five (5) years with successive options to renew. The rental payments amounted to \$900,000 for the year ended June 30, 2022. As a result of the lease, the school has recorded a right of use asset with a net book value of \$6,640,915 on June 30, 2022.

The equipment agreement was executed on January 18, 2022, to lease a copy machine and requires 60 monthly payments of \$1,199. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 5%, which is the stated rate in the lease agreement. As a result of the lease, the school has recorded a right of use asset with a net book value of \$61,722 on June 30, 2022.

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

Maturity Analysis	Principal	Interest	Total
07/01/2022 - 06/30/2023	275,461	101,154	376,616
07/01/2023 - 06/30/2024	309,025	82,182	391,208
07/01/2024 - 06/30/2025	341,430	60,995	402,425
07/01/2025 - 06/30/2026	372,270	37,938	410,208
07/01/2026 - 06/30/2027	414,195	12,417	426,612
Total	1,712,382	294,686	2,007,068
Lease Liability	1,712,382		

B. LONG-TERM LIABILITY ROLLFORWARD SCHEDULE

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Lease Liabilities	\$ -	\$ 1,712,382	\$ -	\$ 1,712,382	166,593
Net Pension Liability	795,894		(261,833)	534,061	-
Governmental Activity long-term liabilities	\$ 795,894	\$ 1,712,382	\$ (261,833)	\$ 2,246,443	\$ 166,593

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8: RISK MANAGEMENT

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

The Charter School is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium (the Consortium). The Consortium is both an insured and self-administered group of school Charter Schools established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school Charter Schools in order to keep local property taxes at a minimum. The Charter School pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

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

NOTE 9: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2022, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$513,014 , \$113,204 , \$119,861 , \$124 respectively.

NOTE 10: CONTINGENCIES

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11: CONCENTRATIONS

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

NOTE 12: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

The General Fund balance at June 30, 2022 is \$2,534,430 of which \$1,304,462 is unassigned, \$44,732 is assigned for encumbrances and \$111,850 is restricted.

NOTE 13: IMPLEMENTATION OF NEW ACCOUNTING STANDARD AND RESTATEMENT OF NET POSITION

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14: SUBSEQUENT EVENTS

The Charter School's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of the audit which was February 9, 2023.

NOTE 15: IMPACT OF COVID-19

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

Although the School cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the School's results of future operations, financial position, and liquidity in fiscal year 2022. Due to the effects of COVID 19, the Charter School is unable to guarantee payment amount for a significant portion of state aid funding for fiscal 2023 which can cause strain on the 2023 fiscal budget.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

SOARING HEIGHTS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	2022				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Levy Budget:					
Equalization Aid Local Share-Charter School Aid	\$ 1,493,352	\$ -	\$ 1,493,352	\$ 1,566,872	\$ 73,520
Total Local Levy Budget	1,493,352	-	1,493,352	1,566,872	73,520
Categorical Aid:					
Equalization Aid State Share-Charter School Aid	1,929,961		1,929,961	1,212,404	(717,557)
State Adjustment Aid	1,370,771		1,370,771	1,142,256	(228,515)
Special Education Categorical Aid	96,429		96,429	43,815	(52,614)
Security Aid	118,046		118,046	99,314	(18,732)
Total Categorical Aid	3,515,207	-	3,515,207	2,497,789	(1,017,418)
Revenues From Other Sources:					
Interest Income				1,389	1,389
Donations and Contributions				574	574
Reimbursed TPAF Social Security Contributions				113,204	113,204
On-Behalf TPAF(Non-Budget)					
Post Retirement Medical Contributions				119,861	119,861
Non-Contributory Insurance Contributions				124	124
Pension Contributions				513,014	513,014
				748,166	748,166
Total Revenues	5,008,559	-	5,008,559	4,812,827	(195,732)
EXPENDITURES:					
Instruction:					
Kindergarten: Salaries of Teachers	1,750,000	-	1,750,000	167,628	1,582,372
Grades 1-5: Salaries of Teachers	-	-	-	794,129	(794,129)
Grades 6-8: Salaries of Teachers	-	-	-	392,629	(392,629)
Other Salaries for Instruction	28,500		28,500	28,500	-
Purchased Prof/Tech Services	50,000	-	50,000	1,962	48,038
Other Purchased Services	30,000	-	30,000	1,095	28,905
General Supplies	80,000	925	80,925	65,371	15,554
Textbooks	60,000	-	60,000	29,146	30,854
Miscellaneous	35,000	-	35,000	19,333	15,667
Total Instruction	2,033,500	925	2,034,425	1,499,793	534,632
Administration:					
Salaries - General Administration	129,843	-	129,843	122,230	7,613
Salaries of Secretarial/Clerical Assistants	114,930	-	114,930	84,185	30,745
Total Benefits Cost	550,000		550,000	307,411	242,589
Purchases Prof/Tech Services	110,000	-	110,000	68,618	41,382
Other Purchased Services	45,000	-	45,000	9,309	35,691
Communications/Telephone	35,000		35,000	20,077	14,923
Supplies and Materials	30,000	-	30,000	4,050	25,950
Miscellaneous Expenses	30,000		30,000	22,558	7,442
Total Administration	1,044,773	-	1,044,773	638,438	406,335

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

SOARING HEIGHTS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	2022				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries - Improvement of Instruction	115,000		115,000	93,955	21,045
Purchased Prof/Tech Services	150,000	-	150,000	48,103	101,897
Rental of Land and Buildings	345,000		345,000	-	345,000
Right to Use Lease Assets	-		-	362,588	(362,588)
Other Purchased Services	75,000	-	75,000	62,426	12,574
Transportation-Other Than To/From School	4,500		4,500	4,500	4,500
Insurance for Property, Liability and Fidelity	60,000	-	60,000	50,230	9,770
Supplies and Materials	9,000	-	9,000	4,304	4,696
Energy Costs (Heat and Electricity)	55,000	-	55,000	36,029	18,971
Miscellaneous Expenses	90,000	18,133	108,133	40,761	67,372
Total Support Services	903,500	18,133	921,633	698,396	223,237
Capital Outlay:					
Instructional Equipment				29	(29)
Lease Purchase Agreements-Principal				1,599,345	(1,599,345)
Total Capital Outlay	-	-	-	1,599,374	(1,599,374)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				113,204	(113,204)
On-Behalf TPAF (Non-Budgeted)					
Post Retirement Medical Contributions				119,861	(119,861)
Non-Contributory Insurance Contributions				124	(124)
Pension Contributions				513,014	(513,014)
Total Expenditures	3,981,773	19,058	4,000,831	5,182,204	(1,181,373)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,026,786	(19,058)	1,007,728	(369,377)	(1,377,105)
Other Financing Sources (Uses)					
Lease Liabilities Issued			-	1,956,933	(1,956,933)
Total Other Financing Sources (Uses)	-	-	-	1,956,933	(1,956,933)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,026,786	(19,058)	1,007,728	1,587,556	(3,334,038)
FUND BALANCE, JULY 1	1,222,827	-	1,222,827	1,304,462	81,635
PRIOR PERIOD ADJUSTMENT				(357,588)	(357,588)
FUND BALANCE, JULY 1- RESTATED	1,222,827	-	1,222,827	946,874	(275,953)
FUND BALANCE, JUNE 30	\$ 2,249,613	\$ (19,058)	\$ 2,230,555	\$ 2,534,430	\$ (3,609,991)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance	\$ 2,249,613	\$ (19,058)	\$ 2,230,555	\$ 2,534,430	\$ 303,875
Total	\$ 2,249,613	\$ (19,058)	\$ 2,230,555	\$ 2,534,430	\$ 303,875

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

SOARING HEIGHTS CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 229,231	\$ -	\$ 229,231	1,069,028	\$ 839,797
State Sources			-	22,102	22,102
Local Sources			-	50,932	50,932
Total Revenues	229,231	-	229,231	1,142,062	912,831
EXPENDITURES:					
Instruction:					
Salaries of Teachers	726,405		726,405	570,067	156,338
Purchased Prof/Tech Services	34,050	2,400	36,450	144,176	(107,726)
General Supplies	39,544		39,544	60,123	(20,579)
Other Objects			-		-
Total Instruction	801,999	2,400	804,399	774,366	30,033
Support Services:					
Salaries of Supervisors of Instruction	45,058		45,058	39,495	5,563
Personal Services - Employee Benefits	69,345		69,345	56,268	13,077
Purchased Prof/Ed Services	97,882	14,963	112,845	54,228	58,617
Other Purchased Professional Services			-		-
Supplies and Materials	42,956		42,956	15,267	27,689
Miscellaneous Expenditures	23,021		23,021	66,135	(43,114)
Total Support Services	278,262	14,963	293,225	231,393	61,832
Capital Outlay:					
Buildings	22,000		22,000	21,505	495
Instructional Equipment	106,980		106,980	106,980	-
Total Capital Outlay	128,980	-	128,980	128,485	495
Total Expenditures	1,209,241	17,363	1,226,604	1,134,244	92,360
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (980,010)	\$ (17,363)	\$ (997,373)	\$ 7,818	\$ (1,005,191)

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SOARING HEIGHTS CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 Fiscal Year Ended June 30, 2022

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 4,812,827	[C-2] \$ 1,142,062
 Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	_____	_____
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>4,812,827</u>	[B-2] \$ <u>1,142,062</u>
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 7,139,137	[C-2] \$ 1,151,607
 Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.	_____	(17,363)
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>7,139,137</u>	[B-2] \$ <u>1,134,244</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

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

	Fiscal Year Ending June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Charter School's proportion of the net pension liability	0.003380000%	0.003300000%	0.005995400%	0.003439047%	0.004894466%	0.005995400%	0.005242594%	0.004880572%	0.004508178%
Charter School's proportionate share of the net pension liability	\$ 587,681	\$ 609,067	\$ 759,005	\$ 1,018,547	\$ 1,137,363	\$ 1,180,467	\$ 944,636	\$ 795,894	\$ 534,061
Charter School's covered payroll (Plan Measurement Date)	\$ 224,970	\$ 233,240	\$ 236,590	\$ 236,590	\$ 372,552	\$ 310,525	\$ 301,336	\$ 393,834	\$ 439,988
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	261%	261%	321%	431%	305%	380%	313%	202%	121%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	48.72%	52.08%	47.93%	45.37%	45.37%	45.37%	58.32%	51.52%

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

	Fiscal Year Ending June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 24,508	\$ 24,508	\$ 24,508	\$ 31,495	\$ 121,929	\$ 61,644	\$ 52,800	\$ 54,825	\$ 54,259
Contributions in relation to the contractually required contribution	<u>(24,508)</u>	<u>(24,508)</u>	<u>(24,508)</u>	<u>(31,495)</u>	<u>(121,929)</u>	<u>(61,644)</u>	<u>(52,800)</u>	<u>(54,825)</u>	<u>(54,259)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered payroll (Fiscal Year)	\$ 224,970	\$ 233,240	\$ 236,590	\$ 236,590	\$ 372,552	\$ 310,525	\$ 301,336	\$ 393,834	\$ 439,988
Contributions as a percentage of covered payroll	10.89%	10.51%	10.36%	13.31%	32.73%	19.85%	17.52%	13.92%	12.33%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

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

	Fiscal Year Ending June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable of the Charter School	0.0140738%	0.0140738%	0.0109894%	0.1058680%	0.0102757%	0.01098937%	0.01155112%	0.01202673%	0.01237169%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 5,211,512	\$ 5,779,021	\$ 6,594,731	\$ 6,928,239	\$ 6,991,204	\$ 6,991,204	\$ 7,089,033	\$ 7,919,456	\$ 5,947,714
Charter School's covered payroll (Plan Measurement Date)	\$ 1,047,500	\$ 1,074,730	\$ 1,057,990	\$ 1,303,076	\$ 1,332,667	\$ 1,429,091	\$ 1,374,360	\$ 1,553,796	\$ 1,763,783
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	497.52%	537.72%	623.33%	531.68%	524.60%	489.21%	515.81%	509.68%	337.21%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	22.33%	36.03%	26.95%	24.48%	35.52%

***SCHEDULE M - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OPEB (GASB 75)***

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

	Fiscal Years Ending				
	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
OPEB Liability at Beginning of Measurement Period	\$ 3,722,391	\$ 3,580,567	\$ 2,893,179	\$ 2,775,925	\$ 4,833,863
Service cost	380,703	313,856	235,295	210,505	457,151
Interest on Total OPEB Liability	115,808	138,095	119,487	103,109	116,892
Effect on Changes of Benefit Terms	-	-	-	-	(4,796)
Difference between expected and actual experience	-	(732,643)	(430,738)	942,946	(812,421)
Effect of Changes of Assumptions	(558,455)	(332,007)	41,389	882,981	4,446
Contributions - Employee	3,054	2,674	2,526	2,551	2,988
Gross Benefits Paid by the State	(82,934)	(77,363)	(85,213)	(84,154)	(92,078)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Change in Total OPEB Liability	(141,824)	(687,388)	(117,254)	2,057,938	(327,818)
OPEB Liability at Beginning of Measurement Period	<u>3,722,391</u>	<u>3,580,567</u>	<u>2,893,179</u>	<u>2,775,925</u>	<u>4,833,863</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability at End of Measurement Period	<u>\$ 3,580,567</u>	<u>\$ 2,893,179</u>	<u>\$ 2,775,925</u>	<u>\$ 4,833,863</u>	<u>\$ 4,506,045</u>

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

Notes to Schedule:

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

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

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

Changes in Assumptions:

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

SOARING HEIGHTS CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2022

A. Benefit Changes

There were none.

B. Changes in Assumptions

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

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

A. Benefit Changes

There were none.

B. Changes in Assumptions

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

OTHER SUPPLEMENTARY INFORMATION

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

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

SOARING HEIGHTS CHARTER SCHOOL

Combining Schedule of Revenues and Expenditures

Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	Title I	Title IV	Title II Part A	Corona Fund	Charter School Program Grant	Student Activity Fund	IDEA Part B	ARP (Title I) Basic	ARP (Title I) Program	CRRSA Act ESSER II	CRRSA Act Learning Acquisition Grant	CRRSA Act Mental Health Grant	ARP ESSER	CARES Relief	Addressing Learning Loss	Shelter Grant	SDC Emergent Cap Maint.	Center ZI	Total	
Revenues:	\$ 186,673	10,000	\$ 15,041	\$ 40,349	\$ 255,124	\$ -	\$ 37,623	\$ 14,464	\$ 1,228	\$ 867,789	\$ 33,500	\$ 27,112	\$ 16,875	\$ 35,469	\$ 251,156	\$ -	\$ 22,102	\$ 24,725	\$ 1,062,028	
State Source	\$ 186,673	\$ 10,000	\$ 15,041	\$ 40,349	\$ 255,124	\$ 40,932	\$ 37,623	\$ 14,464	\$ 1,228	\$ 867,789	\$ 33,500	\$ 27,112	\$ 16,875	\$ 35,469	\$ 251,156	\$ -	\$ 22,102	\$ 24,725	\$ 1,142,062	
Local Source	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,932	
Total Revenues	\$ 186,673	\$ 10,000	\$ 15,041	\$ 40,349	\$ 255,124	\$ 40,932	\$ 37,623	\$ 14,464	\$ 1,228	\$ 867,789	\$ 33,500	\$ 27,112	\$ 16,875	\$ 35,469	\$ 251,156	\$ -	\$ 22,102	\$ 24,725	\$ 1,142,062	
Expenditures:																				
Salaries of Teachers	\$ 106,106	\$ -	\$ -	\$ -	\$ 194,182	\$ -	\$ 20,477	\$ -	\$ -	\$ 867,789	\$ 26,389	\$ -	\$ -	\$ 30,400	\$ 144,176	\$ -	\$ -	\$ -	\$ 570,067	
Purchased Prof/Fac Services	-	-	-	-	-	-	3,195	5,351	1,228	-	-	-	-	-	-	-	-	-	64,176	
General Supplies	106,106	10,000	-	40,349	194,182	-	23,672	5,351	1,228	867,789	26,389	-	-	30,400	144,176	-	-	-	64,176	
Total Instruction	\$ 212,212	\$ 10,000	\$ -	\$ 40,349	\$ 194,182	\$ -	\$ 23,672	\$ 5,351	\$ 1,228	\$ 867,789	\$ 26,389	\$ -	\$ -	\$ 30,400	\$ 144,176	\$ -	\$ -	\$ -	\$ 718,366	
Support Services:																				
Salaries of Supervisors of Instruction	31,468	-	15,041	-	19,437	43,114	10,945	9,113	-	8,111	8,111	4,800	16,875	5,009	-	-	-	-	39,446	
Salaries of Supervisors of Support Services	-	-	-	-	20,000	43,114	2,087	874	-	-	-	22,312	-	-	-	-	-	-	54,228	
Purchased Prof/Fac Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,247	
Supplies and Materials	-	-	-	-	39,637	43,114	13,951	9,113	-	8,111	8,111	27,112	16,875	5,009	-	-	-	-	22,102	
Miscellaneous Expenditures	-	-	-	-	21,595	43,114	-	-	-	-	-	-	-	-	-	-	-	-	65,152	
Total Support Services	\$ 31,468	\$ -	\$ 15,041	\$ -	\$ 39,637	\$ 43,114	\$ 13,951	\$ 9,113	\$ -	\$ 8,111	\$ 8,111	\$ 27,112	\$ 16,875	\$ 5,009	\$ -	\$ -	\$ -	\$ -	\$ 221,383	
Facilities Acquisition and Construction Services:																				
Buildings	-	-	-	-	21,595	-	-	-	-	-	-	-	-	-	106,900	-	-	-	128,495	
Total Facilities Acquisition and Construction Services	\$ -	\$ -	\$ -	\$ -	\$ 21,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,900	\$ -	\$ -	\$ -	\$ 128,495	
Total Expenditures	\$ 186,673	\$ 10,000	\$ 15,041	\$ 40,349	\$ 255,124	\$ 43,114	\$ 37,623	\$ 14,464	\$ 1,228	\$ 867,789	\$ 33,500	\$ 27,112	\$ 16,875	\$ 35,469	\$ 251,156	\$ -	\$ 22,102	\$ 24,725	\$ 1,152,244	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,618

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

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

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

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

**STATISTICAL SECTION
(UNAUDITED)**

Soaring Heights Charter School has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for ten (10) years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

These schedules contain information to help the reader assess the Charter School'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.

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

FINANCIAL TRENDS

SOARING HEIGHTS CHARTER SCHOOL

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2022	2021	2020	2020	2019	2018	2017	2016	2015	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 1,431,434	\$ -	\$ -	\$ -	\$ 3,237	\$ 7,664	\$ 12,091	\$ 10,852	\$ 14,470	\$ 18,187
Restricted	114,428	75,000	106,577	117,988	413,789	421,040	407,519	431,055	327,497	346,103
Unrestricted	(216,201)	95,094	(831,318)	(733,198)	(415,026)	(280,675)	(232,896)	430,866	428,397	227,842
Total Governmental Activities Net Assets/ Position	\$ 1,329,661	\$ 170,094	\$ (724,741)	\$ (615,210)	\$ 2,000	\$ 148,029	\$ 186,714	\$ 872,773	\$ 770,364	\$ 592,132
Charter School-Wide										
Net Investment in Capital Assets	\$ 1,431,434	\$ -	\$ -	\$ -	\$ 3,237	\$ 7,664	\$ 12,091	\$ 10,852	\$ 14,470	\$ 18,187
Restricted	114,428	75,000	106,577	117,988	413,789	421,040	407,519	431,055	327,497	346,103
Unrestricted	(216,201)	95,094	(831,318)	(733,198)	(415,026)	(280,675)	(232,896)	430,866	428,397	227,842
Total Charter School Net Position	\$ 1,329,661	\$ 170,094	\$ (724,741)	\$ (615,210)	\$ 2,000	\$ 148,029	\$ 186,714	\$ 872,773	\$ 770,364	\$ 592,132

Source: Annual Comprehensive Financial Report

SOARING HEIGHTS CHARTER SCHOOL

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental Activities:										
Instruction	\$ 3,066,926	\$ 2,524,435	\$ 2,153,129	\$ 2,047,737	\$ 2,054,094	\$ 7,729,591	\$ 6,094,237	\$ 4,090,815	\$ 2,977,768	\$ 2,302,647
Administration	997,074	903,618	817,221	1,210,922	577,233	4,723,047	2,502,298	2,125,624	1,750,270	1,111,614
Support Services	619,450	836,085	797,612	811,321	764,846	2,792,607	2,679,864	2,237,572	1,483,267	1,109,430
Capital Outlay	-	-	-	56,250	55,970	71,837	-	-	154,589	137,098
Interest on Long-Term Debt	118,036	-	-	-	3,237	1,134	-	1,134	1,134	1,134
Unallocated	270,699	4,264,138	3,767,962	4,126,230	3,455,380	15,318,216	11,277,533	8,455,145	6,367,018	4,661,923
Total Governmental Activities Expenses	\$ 5,072,185	\$ 4,264,138	\$ 3,767,962	\$ 4,126,230	\$ 3,455,380	\$ 15,318,216	\$ 11,277,533	\$ 8,455,145	\$ 6,367,018	\$ 4,661,923
Total Charter School Expenses	\$ 5,072,185	\$ 4,264,138	\$ 3,767,962	\$ 4,126,230	\$ 3,455,380	\$ 15,318,216	\$ 11,277,533	\$ 8,455,145	\$ 6,367,018	\$ 4,661,923
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 50,932	24,324	-	-	-	-	-	-	-	-
Operating Grants and Contributions	157,019	144,085	153,801	59,029	53,031	60,314	362,181	313,411	-	750,754
Total Governmental Activities Expenses	207,951	168,409	153,801	59,029	53,031	60,314	362,181	313,411	-	750,754
Total Charter School Program Revenue	\$ 207,951	\$ 168,409	\$ 153,801	\$ 59,029	\$ 53,031	\$ 60,314	\$ 362,181	\$ 313,411	\$ -	\$ 750,754
Net (Expense)/Revenue										
Governmental Activities	\$ (4,864,234)	\$ (4,095,729)	\$ (3,614,161)	\$ (4,067,201)	\$ (3,402,349)	\$ (15,257,902)	\$ (10,915,352)	\$ (8,141,734)	\$ (6,367,018)	\$ (3,911,169)
Total Charter School Net Expense	\$ (4,864,234)	\$ (4,095,729)	\$ (3,614,161)	\$ (4,067,201)	\$ (3,402,349)	\$ (15,257,902)	\$ (10,915,352)	\$ (8,141,734)	\$ (6,367,018)	\$ (3,911,169)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 2,779,276	\$ 2,790,513	\$ 2,877,318	\$ 2,482,130	\$ 2,162,655	\$ 589,045	\$ 1,298,608	\$ 1,106,799	\$ 808,018	\$ 527,651
Taxes:										
Federal and State Aid Not Restricted	2,338,707	1,341,055	866,846	1,059,604	1,089,584	2,142,812	12,753,308	11,079,761	7,984,084	5,290,858
Investment Earnings	1,389	429	4,127	6,116	21,824	1,790	-	-	-	-
Miscellaneous Income	1,159,230	707,338	1,047,883	357,817	406,529	436,816	39,164	38,087	15,367	63,864
Total Governmental Activities	6,278,602	4,839,335	3,853,074	3,905,667	3,680,592	3,170,463	14,091,080	12,224,647	8,807,469	5,882,373
Total Charter School Wide	\$ 6,278,602	\$ 4,839,335	\$ 3,853,074	\$ 3,905,667	\$ 3,680,592	\$ 3,170,463	\$ 14,091,080	\$ 12,224,647	\$ 8,807,469	\$ 5,882,373
Change in Net Position										
Governmental Activities	\$ 1,414,368	\$ 743,606	\$ 238,913	\$ (161,534)	\$ 278,243	\$ (12,087,439)	\$ 3,175,728	\$ 256,660	\$ 2,440,451	\$ 312,480
Total Charter School	\$ 1,414,368	\$ 743,606	\$ 238,913	\$ (161,534)	\$ 278,243	\$ (12,087,439)	\$ 3,175,728	\$ 256,660	\$ 2,440,451	\$ 312,480

Source: Annual Comprehensive Financial Report

SOARING HEIGHTS CHARTER SCHOOL

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Restricted	\$ 156,582	\$ 19,098	\$ 21,862	\$ 42,988	\$ 131,149	\$ 413,789	\$ 421,040	\$ 407,519	\$ 431,055	\$ 327,497
Unassigned	2,377,848	1,248,514	489,205	228,318	380,264	182,297	288,587	327,953	430,866	428,397
Total General Fund	\$ 2,534,430	\$ 1,267,612	\$ 511,067	\$ 271,306	\$ 511,413	\$ 596,086	\$ 709,627	\$ 735,472	\$ 861,921	\$ 755,894
All Other Governmental Funds										
Restricted	\$ 10,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total All Other Governmental Funds	\$ 10,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Annual Comprehensive Financial Report

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

	2022	2021	2020	2019	2018	2017	2016	2016	2016	2014	2013
Revenues:											
Local Sources:											
Intermediate Sources											
Interest Earning	1,389	429	4,127	6,116	21,824	1,790	-	-	-	-	95
State Sources	3,266,094	3,258,346	2,500,393	2,691,507	2,347,032	4,025,950	1,964,152	8,400,348	5,495,503	4,721,889	4,721,889
Federal Sources	1,069,028	397,429	226,482	233,776	175,337	190,134	184,181	375,579	310,511	229,250	229,250
Total Revenues	5,954,889	4,544,695	3,811,252	3,660,368	3,298,120	3,232,567	2,764,658	8,788,694	5,869,287	4,978,871	4,978,871
Expenditures:											
Instruction	2,274,188	1,843,991	1,544,605	1,682,091	1,512,923	1,550,978	1,599,920	3,313,294	2,423,994	1,923,410	1,923,410
Administration	1,384,641	1,226,045	1,257,208	1,223,606	1,159,876	967,460	732,960	3,030,633	2,374,095	1,535,920	1,535,920
Support Services	929,789	818,933	761,789	752,317	843,604	797,012	796,919	2,110,084	1,411,944	1,064,361	1,064,361
Capital Outlay	1,727,930	-	-	-	-	-	-	-	154,589	137,098	137,098
Total Expenditures	6,316,448	3,888,969	3,563,602	3,658,014	3,516,403	3,315,450	3,129,799	8,454,011	6,364,622	4,660,789	4,660,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	(361,559)	655,726	247,650	2,354	(218,283)	(82,883)	(365,141)	334,683	(495,335)	230,002	230,002
Other Financing Sources (Uses):											
Transfers In	1,956,933	-	-	-	-	-	-	-	-	-	-
Total Other Financing Uses	1,956,933	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ 1,595,374	\$ 655,726	\$ 247,650	\$ 2,354	\$ (218,283)	\$ (82,883)	\$ (365,141)	\$ 334,683	\$ (495,335)	\$ 230,002	\$ 230,002

Source: Annual Comprehensive Financial Report

SOARING HEIGHTS CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

Fiscal Year Ending June 30,	Donations	Interest	Prior Year Refunds	Miscellaneous Revenue	E-Rate	Total
2022	\$ 574	\$ 1,389	\$ -	\$ -	\$ -	\$ 1,963
2021	8,548	429	-	-	-	\$ 8,977
2020	8,111	4,127	-	1,606	-	\$ 13,844
2019	5,619	6,116	-	12,736	-	\$ 24,471
2018	-	21,824	-	-	-	\$ 21,824
2017	-	1,790	-	28,532	2,427	\$ 32,749
2016	-	-	-	-	1,507	\$ 1,507
2015	-	-	-	4,372	2,249	\$ 6,621
2014	-	6	6	6	-	\$ 18
2013	27,542	75	75	75	-	\$ 27,767

Source: Charter School records

DEMOGRAPHIC AND ECONOMIC INFORMATION

OPERATING INFORMATION

SOARING HEIGHTS CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Ten Fiscal Years

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction										
Administrative										
Support Services										
Food Service										
Total	-	-	-	-	-	-	-	-	-	-

NOT AVAILABLE

SOARING HEIGHTS CHARTER SCHOOL
 Operating Statistics
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2022	270	\$ 4,588,618	\$ 16,995	16.68%	23	8.3:1	268	265	0.37%	98.88%
2021	267	\$ 3,888,969	\$ 14,565	9.13%	26	8.3:1	267	260	0.00%	97.38%
2020	267	\$ 3,563,602	\$ 13,347	-12.43%	26	8.3:1	267	260	12.18%	97.38%
2019	240	\$ 3,658,014	\$ 15,242	0.00%	29	8.3:1	238	233	2.15%	97.82%
2018	234						233		N/A	
2017	233						229		N/A	
2016	229						225	NOT AVAILABLE	N/A	NOT AVAILABLE
2015	225						NOT AVAILABLE	AVAILABLE	N/A	AVAILABLE
2014									N/A	
2013									N/A	

SOARING HEIGHTS CHARTER SCHOOL
 Insurance Schedule
 June 30, 2022
 (Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Schol Package Policy - N.J. School Boards		
Association Insurance Group		
Property - Blanket Building & Contents	\$ 11,350,337,221	\$ 1,000
Comprehensive General Liability	16,000,000	
Comprehensive Automotive Liability	16,000,000	
Comprehensive		1,000
Collision		1,000
Computer & Scheduled Equipment	37,000	1,000
Boiler & Machinery	100,000,000	1,000
School Boards legal Liability - N.J. School Boards	16,000,000	5,000
Workers Compensation - N.J. School Boards	5,000,000	
Employee Liability Insurance		
Bodily Injury by Accident	2,000,000	each accident
Bodily Injury by Disease	2,000,000	each employee
Bodily Injury by Disease	2,000,000	policy limit
Flood Insurance - N.J. School Boards		
Buildings	50,000,000	500,000
Contents	1,000,000	500,000
Faithful Performance Bond	50,000	500

Source: District Records

New Jersey Performance Framework, Financial Ratios
Soaring Heights Charter School
Audited Performance Indicators

J-21

	2020	2021	2022	Source
	Audit	Audit	Audit	
Cash	\$ 453,422	\$ 1,259,421	\$ 2,097,534	Audit: Exhibit A-1
Current Assets (include cash)	512,524	1,489,091	2,917,768	Audit: Exhibit A-1
Current Liabilities	1,457	182,051	372,942	Audit: Exhibit A-1
Total Expenses	3,767,962	4,290,386	5,072,185	Audit: Exhibit A-2
Change in Net Position	238,913	717,358	1,414,368	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	267.00	267.00	268.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	267	267	270	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense				Auditor/Workpapers
Interest Expense				Auditor/Workpapers
Principal Payments				Auditor/Workpapers
Interest Payments				Auditor/Workpapers

Performance Indicators	2020	2021	2022	3 YR CUM	Calculation****	Target****
Near Term Indicators						
Ia. Current Ratio (working capital ratio)	351.8	8.2	7.8		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
Ib. Unrestricted days cash on hand	44	107	151		Cash (Total Expenses/365)	60 days or 30-60 days with positive trend
Ic. Enrollment Variance	100%	100%	99%	100%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
Id.** Default on loans or delinquent in debt payments	NO	NO	NO		Auditor	not in default
Sustainability Indicators						
2a*** 3 Year Cumulative Cash Flow	453,422	805,999	838,113	2,097,534	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

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

Meets Standard
Does Not Meet Standard
Falls Far Below Standard

SINGLE AUDIT SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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(908) 686-3484
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Soaring Heights Charter School
County of Hudson
Jersey City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities and each major fund of Soaring Heights Charter School (Charter School), in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated February 9, 2023, which contains an emphasis of matter paragraph describing the adoption of a new accounting principle, consistency of financial statements, and prior period adjustment.

Internal Control over Financial Reporting

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

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

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

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


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and state awarding agencies and pass-through entities in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
February 9, 2023

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

The Honorable President and
Members of the Board of Trustees
Soaring Heights Charter School
County of Hudson
Jersey City, New Jersey

Report on Compliance for Each Major State and Federal Program

Opinion on Each Major State and Federal Program

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

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

Basis for Opinion on Each Major State and Federal Program

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

We are required to be independent of Soaring Heights 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 state and Federal program. Our audit does not provide a legal determination of Soaring Heights 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, regulations, rules and provisions of contracts or grant agreements applicable to Soaring Heights Charter School's State and Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Soaring Heights 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 the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Soaring Heights Charter School's compliance with the requirements of each major State and Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Soaring Heights 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 Soaring Heights 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 Uniform Guidance and the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients

of Federal Grants, State Grants and State Aid but not for the purpose of expressing an opinion on the effectiveness of Soaring Heights 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 state and Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



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

Union, New Jersey
February 9, 2023

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2022

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Balance	Balance at June 30, 2022		MEMO
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor					Unearned Revenue/Interfund Payable	Due to Grantor	
State Department of Education													
General Fund:													
State Aid-Public Education Aid	22-495-034-5120-078	\$ 1,212,404	7/1/21	6/30/22	\$ -	\$ -	\$ 1,212,404	\$ (1,212,404)	\$ -	\$ -	\$ -	\$ -	\$ 1,212,404
State Aid-Public Education Aid	21-495-034-5120-071	1,910,999	7/1/20	6/30/21				(43,815)					43,815
Special Education Categorical Aid	22-495-034-5120-089	53,898	7/1/21	6/30/22			99,314	(99,314)					99,314
Security Aid	22-495-034-5120-084	97,991	7/1/21	6/30/22			1,142,256	(1,142,256)					1,142,256
Adjustment Aid	22-495-034-5120-085	1,142,256	7/1/21	6/30/22			2,497,789	(2,497,789)					2,497,789
Total State Aid-Public													
On Behalf:													
TPAF Post-Retirement Medical	22-495-034-5094-001	119,861	7/1/21	6/30/22			119,861	(119,861)					119,861
TPAF Pension Contributions	22-495-034-5094-002	513,014	7/1/21	6/30/22			513,014	(513,014)					513,014
TPAF Non-Contributory Insurance	22-495-034-5094-004	124	7/1/21	6/30/22			124	(124)					124
Reimbursed TPAF - Social Security Contributions	22-495-034-5094-003	113,204	7/1/21	6/30/22			68,695	(113,204)	(44,509)				113,204
Reimbursed TPAF - Social Security Contributions	21-495-034-5094-003	114,847	7/1/20	6/30/21			24,798	(24,798)					
Total General Fund							3,224,281	(3,243,992)	(44,509)				3,243,992
Total All Funds							3,224,281	(3,243,992)	(44,509)				3,243,992
State Financial Assistance Not Subject to Major Program Determination:													
General Funds:													
TPAF Post-Retirement Medical Contributions	22-495-034-5094-001	119,861	7/1/21	6/30/22			(119,861)	119,861					119,861
TPAF Non-Contributory Insurance	22-495-034-5094-004	124	7/1/21	6/30/22			(124)	124					124
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	513,014	7/1/21	6/30/22			(513,014)	513,014					513,014
Total State Financial Assistance Subject to Single Audit							\$ (6,610,993)	\$ (6,610,993)					

SOARING HEIGHTS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Federal Awards and State Financial Assistance
June 30, 2022

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

SOARING HEIGHTS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2022

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

	Federal	State	Total
General Fund	\$ -	\$ 3,243,992	\$ 3,243,992
Special Revenue Fund	1,069,028	22,102	1,091,130
Food Service Fund	-	-	-
Total Awards & Financial Assistance	<u>\$ 1,069,028</u>	<u>\$ 3,266,094</u>	<u>\$ 4,335,122</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the School's schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Soaring Heights Charter School has no loan balances outstanding at June 30, 2022.

NOTE 6. OTHER INFORMATION

The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2022. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2022.

SOARING HEIGHTS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2022

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

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. There are no funds included in schoolwide programs in the charter school.

NOTE 9. MAJOR PROGRAMS

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

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	__X__ None Reported
Noncompliance material to basic financial statements noted?	_____ Yes	__X__ No

Federal Awards

Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	__X__ None Reported
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 510(a)?	_____ Yes	__X__ No

Identification of major state programs:

GMIS Number(s)	Name of Federal Program
	<u>EDUCATION STABILIZATION FUND</u>
84.425D	COVID 19: CARES Emergency Relief Fund
84.425D	CRRSA ESSER II
84.425D	CRRSA Learning Acceleration Grant
84.425D	CRRSA Mental Health Grant
84.425U	ARP ESSER
84.425U	ARP ESSER Addressing Student Learning Loss Grant

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	_____ Yes	__X__ No

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ None Reported <u> X </u>
Noncompliance material to basic financial statements noted?	_____ Yes	<u> X </u> No

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ None Reported <u> X </u>
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with NJ Circular Letter 15-08-OMB, as applicable?	_____ Yes	<u> X </u> No

Identification of major state programs:

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

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Part II – Schedule of Financial Statement Findings

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

No Current Year Findings

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings
And Questioned Costs
For the Fiscal Year Ended June 30, 2022

***Part III – Schedule of Federal and State Award
Findings and Questioned Costs***

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

No Current Year Findings

Soaring Heights Charter School
Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by
Management
For the Fiscal Year Ended June 30, 2022

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Uniform Guidance* and New Jersey OMB's 15-08, as applicable.

STATUS OF PRIOR YEAR FINDINGS

No Prior Year Findings