

COMPASS ACADEMY CHARTER SCHOOL

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2023

COMPASS ACADEMY CHARTER SCHOOL

***Compass Academy Charter School
Board of Trustees
Vineland, New Jersey***

***Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023***

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
COMPASS ACADEMY CHARTER SCHOOL
VINELAND, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023***

***Prepared By
Compass Academy Charter School
Finance Department***

And

Barre & Company, CPA's

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INTRODUCTORY SECTION

Compass Academy Charter School

Where all children learn, lead, and become the future.



November 27, 2023

Honorable President and
Members of the Board of Trustees
Compass Academy Charter School
Vineland, New Jersey

Dear Board Members:

The annual comprehensive financial report of the Compass Academy Charter School (Charter School) for the fiscal year ended June 30, 2023, 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 nine-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 School Principal is responsible to the Board for total educational and support operations. The Business Administrator is the Chief Financial Officer of the Charter School, 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, and investing idle funds as permitted by New Jersey law.

1- REPORTING ENTITY AND ITS SERVICES: Compass Academy 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 are included in this report. Compass Academy Charter School’s Board of Trustees, constitutes the Charter School’s reporting entity.

During the eighth year of operation, the 2022-2023 school year, Compass Academy Charter School provided a full range of educational services to students in grades Kindergarten through Grade 5. These services included regular, as well as special education instruction. Compass Academy Charter School’s mission is to increase each child’s success in learning, and as a result, academic achievement. By utilizing and applying its innovative approach, the Charter School leadership and teachers help students develop a stronger sense of self-help as learners. The Charter School has demonstrated success in its early years, and there is much hope and great promise for the future. With a focus on leadership, civics, community service, and academics, the Charter School is armed with a strong Board, experience staff, a well-developed mission and accompanying core values.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Actual Student Enrollment</u>	<u>Percent Change-ADE</u>
2022-2023	170	-5.17%
2021-2022	188	-7.94%
2020-2021	200	-7.80%
2019-2020	210	0.00%
2018-2019	210	-2.43%

2- ECONOMIC CONDITION AND OUTLOOK: Vineland is mainly a rural area with its economy somewhat tied to Philadelphia and Wilmington; however Vineland remains primarily self-sufficient and most people work locally. Glassmaking and agriculture are the primary industries. Some new investment is attracting business and visitors to its downtown areas. Recent job growth has increased, and is positive for the future. Its population has grown 11.02 percent since 2000. The city is strategically located between the Delaware Valley and the New Jersey beaches. The increasing number of businesses within the community results in an increase in the employment level which results in an increased tax base, both residential and industrial. This expansion is expected to continue which suggests Vineland will continue to prosper.

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. The plan includes objectives, such as pupil achievement as measured by standardized tests and teacher assessment instruments; formal professional development for the certified and non-certified staff; and the implementation of a technology plan in all classrooms.

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 federal and 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 federal and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

5- BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with 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, 2023.

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*.

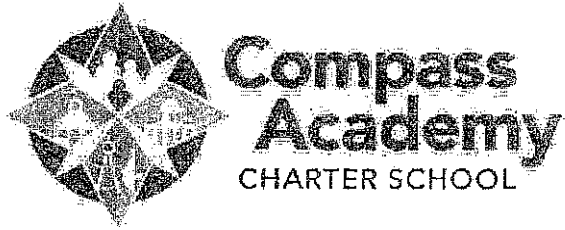
The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

9- ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Compass Academy 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.

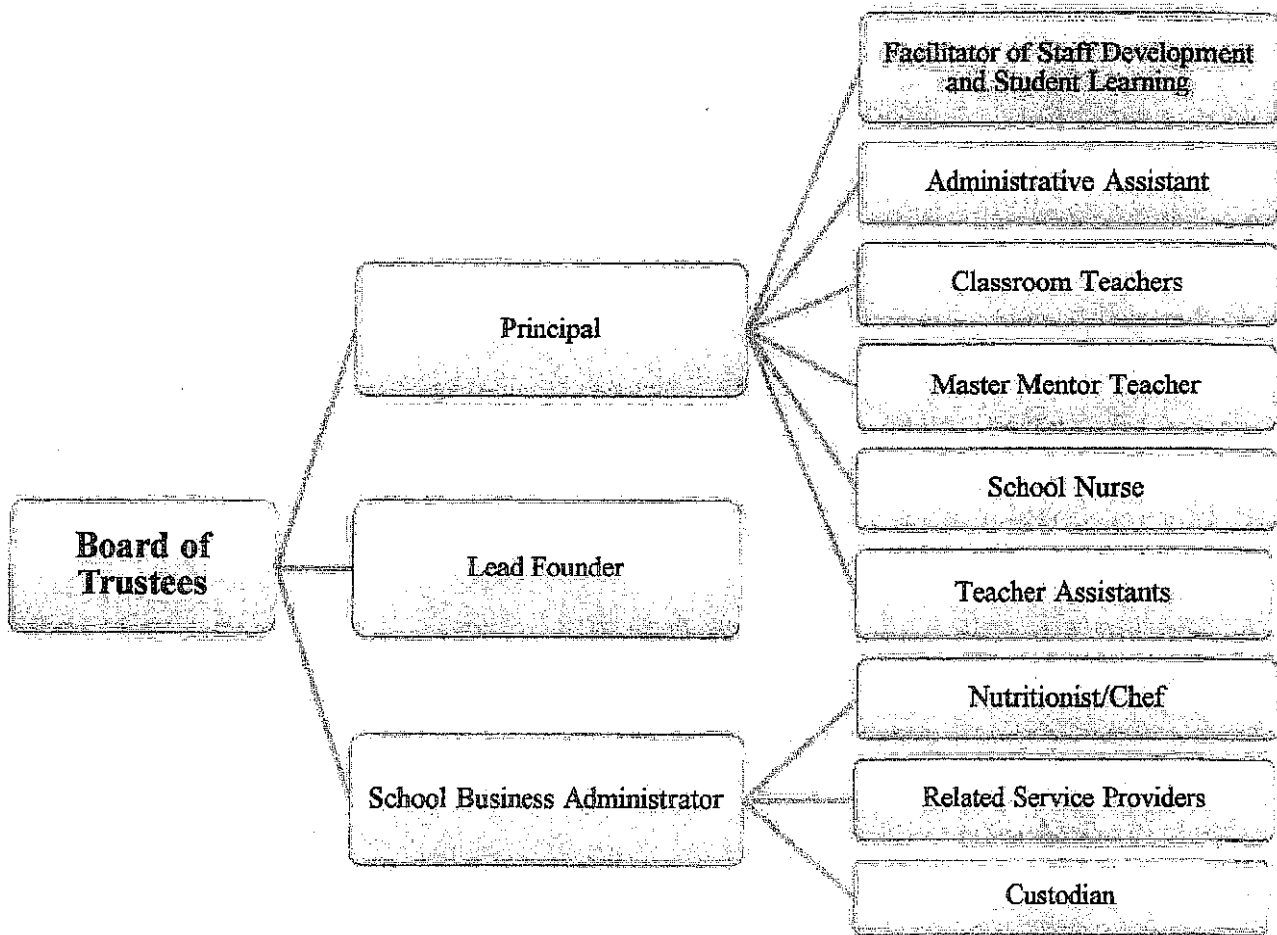
Respectfully submitted,

A handwritten signature in brown ink that reads "Douglas C. McGarry". The signature is written in a cursive style with a long, sweeping underline.

Douglas C. McGarry
School Business Administrator



Compass Academy Charter School Organization Chart



**COMPASS ACADEMY CHARTER SCHOOL
VINELAND, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2023**

MEMBERS OF THE BOARD OF TRUSTEES

Suzanne Youngblood, President

Patricia Bacon, Member

Joel Johnston, Ex-Officio

Lynne E. Lichtenberger, Member

Dr. Gladwyn Baptist, Member

OTHER OFFICIALS

Todd Hackett-Slimm, Principal

Douglas C. McGarry, Board Secretary/Business Administrator

**COMPASS ACADEMY CHARTER SCHOOL
VINELAND, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Capehart Scatchard
8000 Midlantic Drive
Suite 300S
Mt. Laurel, NJ 08054

Official Depository

Century Savings Bank
1376 W. Sherman Avenue
Vineland, New Jersey 08360

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Compass Academy Charter School
Vineland, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund the Compass Academy Charter School (Charter School), in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2023, 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 Compass Academy Charter School, in the County of Cumberland, State of New Jersey, as of June 30, 2023, 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 Compass Academy 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.

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

Supplementary Information

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

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

Other Information

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

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

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

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated November 27, 2023 on our consideration of the Compass Academy 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey and the Office of School Finance, Department of Education, State of New Jersey in considering the Charter School's internal control over financial reporting and compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.



BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



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

Union, New Jersey
November 27, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**COMPASS ACADEMY CHARTER SCHOOL
VINELAND, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

The discussion and analysis of Compass Academy Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2023. 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 2023 are as follows:

- ❖ General revenues accounted for \$3,468,513 or 97% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$109,123 or 3% of total revenues of \$3,577,636.
- ❖ The Charter School had \$3,467,407 in expenses; only \$109,123 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$3,468,513 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$2,615,398 in revenues and \$2,290,896 in expenditures. The General Fund's fund balance increased \$324,502 over 2022. This increase was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Compass Academy 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 Compass Academy 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 2023?" 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

**COMPASS ACADEMY CHARTER SCHOOL
VINELAND, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

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

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

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**COMPASS ACADEMY CHARTER SCHOOL
VINELAND, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 34 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 \$115,038 for 2023 and \$4,809 for 2022.

Governmental Activities

The Charter School's total revenues were \$3,451,147 for 2023 and \$3,102,510 for 2022, this includes \$66,489 for 2023 and \$70,749 for 2022 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$3,317,042 for 2023 and \$2,899,110 for 2022. Instruction comprises 32% for 2023 and 53% for 2022 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.

**COMPASS ACADEMY CHARTER SCHOOL
VINELAND, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

Business-Type Activities

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

- ❖ Food service revenues exceeded expenses by -\$23,876 for 2023 and by \$6,210 for 2022.
- ❖ Charges for services represent \$10,044 for 2023 and \$52 for 2022 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were \$88,393 for 2023 and \$120,606 for 2022.

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 \$3,451,147 for 2023 and \$3,655,229 for 2022 and expenditures were \$3,128,495 for 2023 and 2,882,366 for 2022. The net change in fund balance was most significant in the general fund, an increase of in 2023 and a decrease of \$220,971 in 2022.

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, 2023, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	2023 Amount	Percent of Total	Increase/ (Decrease) From 2022	Percent of Increase/ (Decrease)
Local Sources	\$ 438,108	12.69%	\$ (10,664)	-2.38%
State Sources	2,229,320	64.60%	(2,663)	-0.12%
Federal Sources	783,719	22.71%	381,537	94.87%
Total	\$ 3,451,147	100.00%	\$ 368,210	

**COMPASS ACADEMY CHARTER SCHOOL
VINELAND, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2023, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	2023 Amount	Percent of Total	Increase/ (Decrease) From 2022	Percent of Increase/ (Decrease)
Instruction	\$ 1,479,613	47.29%	\$ 310,171	26.52%
Administration	882,630	28.22%	424,754	92.77%
Support Services	766,252	24.49%	503,784	191.94%
Total	\$ 3,128,495	100.00%	\$ 1,238,709	

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)

The Charter School had \$0 for 2023 and \$0 for 2022 invested in building improvements.

For the Future

The Compass Academy 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, Compass Academy 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.

**COMPASS ACADEMY CHARTER SCHOOL
VINELAND, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Douglas C. McGarry, School Business Administrator at Compass Academy Charter School, 23 W. Chestnut Avenue, Vineland, New Jersey 08360.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

COMPASS ACADEMY CHARTER SCHOOL
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Cash and Cash Equivalents	\$ 387,777	\$ 90,630	\$ 478,407
Investments			-
Internal balances	250,979		250,979
Other Receivables	183,600	40,676	224,276
Inventories			-
Other Assets			-
Restricted Assets:			
Cash and Cash Equivalents	79,496		79,496
Right of Use Asset, Net of Amortization	389,559		389,559
Total Assets	1,291,411	131,306	1,422,717
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	122,462		122,462
Total Deferred Outflows of Resources	122,462	-	122,462
LIABILITIES:			
Cash Overdraft			-
Interfund Payable	134,574	116,405	250,979
Payable to State Government	34,293		34,293
Unearned Revenue	76,943		76,943
Due Within One Year	93,955		93,955
Due Beyond One Year	337,714		337,714
Net Pension Liability	393,641		393,641
Total Liabilities	1,071,120	116,405	1,187,525
DEFERRED INFLOWS OF RESOURCES:			
Pensions	242,616		242,616
Total Deferred Inflows of Resources	242,616	-	242,616
NET POSITION:			
Net Investment in Capital Assets			-
Restricted for:			
Other Purposes	75,128		75,128
Student Activities	4,368		4,368
Encumbrances			-
Unrestricted (Deficit)	20,641	14,901	35,542
Total Net Position (Deficit)	100,137	\$ 14,901	\$ 115,038

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

COMPASS ACADEMY CHARTER SCHOOL
 Statement of Activities
 For The Fiscal Year Ended June 30, 2023

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	\$ 1,052,360	\$ -	\$ -	\$ -	\$ -	\$ (1,052,360)	\$ -	\$ (1,052,360)
Administration	1,470,447					(1,470,447)		(1,470,447)
Support Services	581,002		6,054			(574,948)		(574,948)
Interest on Long Term Debt	30,500					(30,500)		(30,500)
Unallocated Amortization and Depreciation	182,733					(182,733)		(182,733)
Total Governmental Activities	3,317,042	\$ -	6,054	-	-	(3,310,988)	-	(3,310,988)
BUSINESS-TYPE ACTIVITIES:								
Food Service	150,365		10,044	93,025		(47,296)		(47,296)
Total Business-Type Activities	150,365		10,044	93,025		(47,296)		(47,296)
Total Primary Government	\$ 3,467,407		\$ 16,098	\$ 93,025	\$ -	\$ (3,310,988)	\$ (47,296)	\$ (3,358,284)
GENERAL REVENUES								
General Purposes						\$ 426,816	\$ -	\$ 426,816
Federal and State Aid Not Restricted						\$ 3,013,039	\$ -	\$ 3,013,039
Miscellaneous Income						5,238	23,420	28,658
Total General Revenues						3,445,093	23,420	3,468,513
Change in Net Position						134,105	(23,876)	110,229
Net Position (Deficit) - Beginning of Year						(33,968)	38,777	4,809
Net Position (Deficit) - Ending						\$ 100,137	\$ 14,901	\$ 115,038

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

COMPASS ACADEMY CHARTER SCHOOL

Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 280,195	\$ 107,582	\$ 387,777
Restricted	75,128	4,368	79,496
Receivables:			
Interfund Receivables	250,979		250,979
Receivables From Other Governments	79,665	103,935	183,600
Total Current Assets	685,967	215,885	901,852
Total Assets	\$ 685,967	\$ 215,885	\$ 901,852
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 134,574	\$ 134,574
Payable to State Government	34,293		34,293
Unearned Revenue		76,943	76,943
Total Current Liabilities	34,293	211,517	245,810
Total Liabilities	34,293	211,517	245,810
Fund Balances:			
Restricted For:			
Student Activities		4,368	4,368
Other Purposes	75,128		75,128
Unassigned:			
General Fund	576,546		576,546
Total Fund Balances	651,674	4,368	656,042
Total Liabilities and Fund Balances	\$ 685,967	\$ 215,885	

Amounts reported for *governmental activities* in the statement of net assets (A-1) -

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

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 \$572,292 and the accumulated depreciation is \$182,733. 389,559

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 (431,669)

Net pension liability of \$393,641, deferred inflows of resources of \$242,616 less deferred outflows of resources of \$122,462 related to pensions are not reported in the governmental funds (513,795)

Net Position of Governmental Activities	\$ 100,137
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

COMPASS ACADEMY CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 426,816	\$ -	\$ 426,816
Student Activities		6,054	6,054
Miscellaneous	5,238		5,238
Total Local Sources	432,054	6,054	438,108
State Sources	2,183,344	45,976	2,229,320
Federal Sources		783,719	783,719
Total Revenues	2,615,398	835,749	3,451,147
EXPENDITURES:			
Current:			
Instruction	1,052,360	427,253	1,479,613
Administration	882,630		882,630
Support Services	355,906	410,346	766,252
Total Expenditures	2,290,896	837,599	3,128,495
Excess (Deficiency) of Revenues over Expenditures	324,502	(1,850)	322,652
NET CHANGE IN FUND BALANCES BEFORE STATE AID REPAYMENT	324,502	(1,850)	322,652
NET CHANGE IN FUND BALANCES	324,502	(1,850)	322,652
FUND BALANCES, JULY 1	327,172	6,218	333,390
FUND BALANCES, JUNE 30	\$ 651,674	\$ 4,368	\$ 656,042

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

COMPASS ACADEMY 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, 2023

Total net change in fund balances - governmental fund (from B-2)	\$	322,652
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense		
Amortization		(182,733)
Capital Outlay		70,000
<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		-
Principal payment on long-term debt		84,750
Increase in accrued interest payable		
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		
		(160,564)
Change in net position of governmental activities	\$	134,105

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

PROPRIETARY FUNDS

COMPASS ACADEMY CHARTER SCHOOL
 Proprietary Fund
 Statement of Net Position
 June 30, 2023

	Business-Type Activities
	Food Service
ASSETS:	
Cash and Cash Equivalents	\$ 90,630
Receivables From Other Governments	21,318
Other Receivables	19,358
Total Assets	\$ 131,306
LIABILITIES AND NET POSITION:	
Current Liabilities:	
Interfund Accounts Payable	\$ 116,405
Total Current Liabilities	116,405
Total Liabilities	116,405
NET POSITION:	
Unrestricted	14,901
Total Net Position	14,901
Total Liabilities and Net Position	\$ 131,306

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

COMPASS ACADEMY CHARTER SCHOOL
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities Enterprise Fund Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ 10,044
Total Operating Revenues	10,044
OPERATING EXPENSES:	
Salaries	88,213
Supplies and Materials	-
Cost of Sales	62,092
Miscellaneous Expenses	60
Total Operating Expenses	150,365
OPERATING LOSS	(140,321)
NONOPERATING REVENUES:	
State Source:	
State School Breakfast Program	331
State Lunch Program	2,226
State Supply Chain Assistance	23,420
Federal Source:	
Nutrition Reimbursements	
Federal Breakfast Program	20,872
Federal Lunch Program	64,964
Federal Snack Program	4,632
Total Nonoperating Revenues	116,445
CHANGE IN NET POSITION	(23,876)
TOTAL NET POSITION, JULY 1	38,777
TOTAL NET POSITION, JUNE 30	\$ 14,901

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

COMPASS ACADEMY CHARTER SCHOOL
 Proprietary Funds
 Statement of Cash Flows
 For The Fiscal Year Ended June 30, 2023

	Business-Type Activities
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 10,044
Cash Payments to Suppliers and Employees	(59,912)
Net Cash Used by Operating Activities	(49,868)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	116,445
Net Cash Provided by Noncapital Financing Activities	116,445
Net Decrease in Cash and Cash Equivalents	66,577
Cash and Cash Equivalents, July 1	24,053
Cash and Cash Equivalents, June 30	\$ 90,630
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss Used for Operating Activities	\$ (140,321)
Increase in Intergovernmental Accounts Receivable	50,945
Decrease in Inventory	
Increase in Interfund Accounts Payable	39,508
Increase in Accounts Payable	
Net Cash Used by Operating Activities	\$ (49,868)

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

NOTES TO THE FINANCIAL STATEMENTS

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Compass Academy 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 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14), as amended 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 Compass Academy Charter School include two schools a Grade K-6 and a Grade 7-12 located in the City of Vineland. 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.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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, charter school 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.

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

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

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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

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

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

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

In its accounting and financial reporting, the Charter School follows the pronouncements of the GASB.

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

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

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), previously reported as fiduciary funds, that such activities are more appropriately reported in a general fund (Fund 10).

Additionally, the charter school previously reported the activity of the Student Activity (Fund 90) as a fiduciary fund. Beginning in fiscal year 2022-2023, such activity are more appropriately reported in a special revenue fund (Fund 20).

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

E. Measurement Focus and Basis of Accounting

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

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

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

F. Budgets/Budgetary Control

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end. The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

	2023	2022
Total Revenues & Expenditures (Budgetary Basis)	\$ 837,599	\$ 405,080
Adjustments:		
Less Encumbrances at June 30, 2023	(55,208)	-
Plus Encumbrances at June 30, 2022	55,208	-
Total Revenues and Expenditures (GAAP Basis)	\$ 837,599	\$ 405,080

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the Charter School cannot recognize these payments on the GAAP financial statements.

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.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

G. 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

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

2. Short-term Interfund Receivables/Payables

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

3. Inventories

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

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at 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 Improvements	10-20 years
Other Infrastructure	10-50 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

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

reported in the financial statements. The Charter School has included all infrastructure assets in the current fiscal year.

Right to Use Assets

The Charter School has recorded a right to use lease assets as a result of implementing GASB 87. The right to 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 to use assets are amortized on a straight-line basis over the life of the related lease.

5. Fund Equity

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

6. Use of Estimates

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

7. Net Position/Fund Balance

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. 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.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

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.

H. Fund Balance Reserves

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

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

When an expenditure is incurred for purposes for which both restricted and 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.

I. Impact of Recently Issued Accounting Principles

The GASB has adopted the following as of June 30, 2023

GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA), is effective with the fiscal year ending June 30, 2023. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

As of June 30, 2023, the entity's SBITAs were all 12 months or less and so the entity was exempt from reporting under this pronouncement.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

- GASB Statement No. 100, Accounting Changes and Error Corrections, effective for the years beginning after June 15, 2023.
- GASB Statement No. 101, Compensated Absences, effective for fiscal years beginning after December 15, 2023.

J. 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.

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

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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

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, 2023, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Total
Operating Account	\$ 355,323	\$ 111,950	\$ 90,630	\$ 557,903

The Charter School had no investments at June 30, 2023.

The carrying amount of the Board’s cash and cash equivalents at June 30, 2023 was \$557,903 and the bank balance was \$586,984. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (“GASB 40”), the Charter School’s operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Charter School would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution’s trust department or agent but not in the government’s name. As of June 30, 2023, none of the cash and cash equivalents for Compass Academy 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

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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

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;

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;

Investments (continued)

- (1) 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;
- (2) Local government investment pools;
- (3) 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
- (4) 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, 2023.

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, 2023.

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, 2023.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Receivables

Receivables at June 30, 2023, 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			Proprietary Fund	Total	Total
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Total Business Type Activities	
State Aid	\$ 74,171	\$ 103,935	\$ 178,106	\$ 144	\$ 144	\$ 178,250
Federal Aid	-	-	-	21,174	21,174	21,174
Other	5,494	-	5,494	19,358	19,358	24,852
Gross Receivables	79,665	103,935	183,600	40,676	40,676	224,276
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 79,665	\$ 103,935	\$ 183,600	\$ 40,676	\$ 40,676	\$ 224,276

A. Interfund Receivables and Payables

The following interfund balances remained on the fund financial statements at June 30, 2023:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 250,979	\$ -
Special Revenue Fund		134,574
Proprietary Fund		116,405
Total	\$ 250,979	\$ 250,979

B. Capital Assets

The Charter School had no Capital asset activity for the fiscal year ended June 30, 2023.

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by charter schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives.

Rental Lease

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

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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

terms of the related leases. Right of use asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

Leased Assets	Beginning Balance	Additions	Deductions	Ending Balance
Leased Assets Being Amortized				
Leased - Real Estate Expense	572,292	-	-	572,292
Total Leased Assets Being Amortized	572,292	-	-	572,292
Less: Accumulated Amortization				
Leased - Real Estate Expense	(87,394)	(95,339)	-	(182,733)
Total Accumulated Amortization	(87,394)	(95,339)	-	(182,733)
Total, Net of Accumulated Amortization	484,898	-	-	389,559

Long-Term Obligations

Leases

In April, 2017, a new Lease was entered into between Divine Mercy Parish, of Vineland, New Jersey and Compass Academy Charter School, for the premises located at 23 West Chestnut Street, Vineland, New Jersey, for a term commencing on August 1, 2017 and ending on August 1, 2022. The school renewed the lease for an additional year period in accordance with the lease terms.

The lease requires future annual rental payments as follows:

Long-Term Obligations (Continued)

Maturity Analysis	Principal	Interest	Total
07/01/2023 - 06/30/2024	93,955	24,654	118,609
07/01/2024 - 06/30/2025	100,403	18,352	118,755
07/01/2025 - 06/30/2026	108,814	11,574	120,388
07/01/2026 - 06/30/2027	117,974	4,221	122,196
07/01/2027 - 06/30/2032	10,523	2	10,524
Total	516,418	89,303	605,721

Long-Term Debt Rollforward

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities					
Lease Liabilities	-	431,669	-	\$431,669	93,955
Net Pension Liability	358,708	-	34,933	393,641	-
Governmental Activity long-term liability	<u>\$358,708</u>	<u>\$431,669</u>	<u>-</u>	<u>\$825,310</u>	<u>\$93,955</u>

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: 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; or 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. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 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.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (CONTINUED)

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.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratios of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. 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.

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 June 30, 2022 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2023.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (CONTINUED)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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 the fiscal year 2021 measurement date, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

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

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This 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. Charter School contributions to PERS amounted to \$ 32,893 for fiscal year 2023.

At June 30, 2023, the Charter School reported a liability of \$ 393,641 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, 2022, the Charter School's proportion was 0.00260839%, which was an decrease of 0.00081307% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the Charter School recognized pension expense of \$ 47,573. At June 30, 2023, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 1,220	\$ 58,944
Difference Between Expected and Actual Experience	2,841	2,505
Changes in Proportion	119,255	181,167
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(854)	0
	<u>\$ 122,462</u>	<u>\$ 242,616</u>

Changes In Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, 6.44, 5.48 years for the 2022, 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	\$ (98,723.58)
2024	(50,296)
2025	(24,529)
2026	53,512
2027	(118)
	<u>\$ (120,154)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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:	
	2.75-6.55% based on years of service
Investment Rate of Return	7.00%

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (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-2022.

The actuarial assumptions used in the July 01, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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 pension plan investments (7.00% at June 30, 2022) 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of the June 30, 2022 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability as 7.00% as of the June 30, 2022 measurement date. 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

The following presents the Charter School's proportionate share of the collective net pension liability as of the June 30, 2022 measurement date 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, 2022			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 509,997	\$ 396,975	\$ 300,789

Measurement Date June 30, 2021			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 493,695	\$ 362,532	\$ 251,221

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

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (CONTINUED)

Pension Description (Continued)

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 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.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (CONTINUED)

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, 2022. 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

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. 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 included 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 2022, the State's pension contribution was less than the actuarially determined amount.

Special Funding Situation

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

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2023, the State of New Jersey contributed 34,352 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of 403,912 .

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (CONTINUED)

As of June 30, 2022, the State's proportionate share of the net pension liability associated with the Charter School was \$ 4,979,296 . The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 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 District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, Charter School's proportion was 0.0096508%, which was an increase of 0.0008729% from its proportion measured as of June 30, 2021.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>4,979,296</u>
Total	<u>\$ 4,979,296</u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the Charter School in the amount of \$ \$4,979,296 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 3,013,097,864	\$ 19,441,140,477
Difference Between Expected and Actual Experience	699,820,974	122,664,916
Changes in Proportion and differences between employer contributions and proportionate share of contributions	118,969,401	118,969,401
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>1,172,371,073</u>	<u>-</u>
	<u>\$ 5,004,259,312</u>	<u>\$ 19,682,774,794</u>

The \$ 5,004,259,312 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (CONTINUED)

The \$ 19,682,774,794 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30,	Total
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	(14,678,515,482)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 which was rolled forward to June 30, 2022. 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:	
	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-2022.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (CONTINUED)

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, 2022) 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 expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of the June 30, 2022 measurement date is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (CONTINUED)

Discount Rate (Continued)

contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and 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 net pension liability of the State as of the June 30, 2022 measurement date calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date June 30, 2022			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 5,847,629	\$ 4,987,226	\$ 4,262,445

Measurement Date June 30, 2021			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 5,002,417	\$ 4,227,989	\$ 3,577,518

Pension Plan Fiduciary Net Position – TPAF

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

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PENSION PLANS (CONTINUED)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

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

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2023. There were no employee contributions to DCRP for the fiscal year ended June 30, 2023.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

Employees covered by benefit terms.

At June 30, 2022 the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted for the following members:

Active plan member	213,148
Inactive plan members or beneficiaries currently receiving benefits	151,669
Inactive plan members entitled to but not yet receiving benefit payments	-
Total	364,817

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

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:

	TPAF/ABP	PERS	PFRS
Salary Increases	2.75% to 4.25% based on service years	2.75% to 6.55% based on service years	3.25% to 16.25% based on service 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-2022. 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-2022. 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-2023.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2015- June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013- June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

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

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 2,642,253
Service cost	345,478
Interest on Total OPEB Liability	54,565
Effect on Changes of Benefit Terms	-
Difference between expected and actual experience	(378,657)
Effect of Changes of Assumptions	(552,341)
Contributions - Employee	1,734
Gross Benefits Paid by the State	(54,049)
Net Changes	(583,270)
Balance at June 30, 2023	2,058,983

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

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

The following presents the total nonemployer OPEB liability as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2022		
	At 1%	At current	At 1%
	Decrease (1.16%)	discount rate (2.16%)	Increase (3.16%)
Total OPEB Liability	\$ 2,420,118	\$ 2,058,983	\$ 1,769,551

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

The following presents the total nonemployer OPEB liability as of June 30, 2022 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2022		
	At 1%	Healthcare Cost	At 1%
	decrease	Trend Rate	Increase
Total OPEB Liability	\$ 1,701,875	\$ 2,058,983	\$ 2,528,066

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

For the fiscal year ended June 30, 2023 the Charter School recognized OPEB revenue and expense of \$ 393,685 in the government-wide financial statements for the State's proportionate share of the OPEB Plan's OPEB expenses, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2022 measurement date.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At the measurement date of June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ 367,610	\$ 628,631
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	\$ 356,358	700,765
Sub Total	723,968	1,329,397
Contributions Made in Fiscal Year 2021 after June 30, 2020 Measurement Date	TBD	N/A
Total	TBD	1,329,397

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	
2023	\$ (102,332)
2024	\$ (102,332)
2025	\$ (102,332)
2026	\$ (88,441)
2027	\$ (50,572)
Total Thereafter	\$ (159,419)
	\$ (605,429)

NOTE 5: RISK MANAGEMENT

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

Property and Liability Management

The Charter maintains commercial insurance coverage for property, liability, student accident, and surety bonds, as well as 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. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

New Jersey Unemployment Compensation Insurance

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State.

**COMPASS ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

The General Fund balance at June 30, 2023 is \$576,546 and is unassigned and undesignated.

NOTE 7: SUBSEQUENT EVENTS

Compass Academy 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.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

COMPASS ACADEMY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
"Local Levy" Local Share - Charter School Aid	\$ 1,764,928	\$ 77,835	\$ 1,842,763	\$ 426,816	\$ (1,415,947)
Total Local Sources	1,764,928	77,835	1,842,763	426,816	(1,415,947)
Categorical Aid:					
"Local Levy" State Share - Charter School Aid				1,463,873	1,463,873
Special Education	52,000		52,000	61,816	9,816
Security Aid	60,000		60,000	68,598	8,598
Early Childhood Program Aid	199,020		199,020	132,680	(66,340)
Other State Aid					
Total Categorical Aid	311,020	-	311,020	1,726,967	1,415,947
Revenues From Other Sources:					
On-Behalf TPAF Pension Aid (Non-Budgeted)				308,595	308,595
On-Behalf TPAF Post-Retirement Medical Aid (Non-Budgeted)				81,067	81,067
On-Behalf TPAF Long-Term Disability Aid (Non-Budgeted)				226	226
Reimbursed TPAF Social Security Aid (Non-Budgeted)				66,489	66,489
Other Local Sources				900	900
Miscellaneous Revenue				4,338	4,338
Total Revenues From Other Sources	-	-	-	461,615	461,615
Total Revenues	2,075,948	77,835	2,153,783	2,615,398	461,615
EXPENDITURES:					
Instruction:					
Salaries of Teachers	860,686	29,753	890,439	807,487	82,952
Other Salaries for Instruction	204,442	(51,278)	153,164	147,238	5,926
Purchased Prof/Tech Services	41,000	51,099	92,099	75,099	17,000
Other Purchased Services	12,000	7,700	19,700	16,074	3,626
General Supplies		9,497	9,497	6,199	3,298
Textbooks	19,000	(19,000)	-		-
Miscellaneous	6,500	(4,406)	2,094	263	1,831
Total Instruction	1,143,628	23,365	1,166,993	1,052,360	114,633
Administration:					
Salaries - General Administration	132,964	4,022	136,986	136,686	300
Salaries of Secretarial/Clerical Assistants	60,271	(38,599)	21,672	21,672	-
Total Benefits Cost	357,458	(47,318)	310,140	141,988	168,152
Purchases Prof/Tech Services	103,250	9,167	112,417	27,167	85,250
Other Purchased Services	7,000		7,000	22,922	(15,922)
Communications/Telephone	10,750	2,165	12,915	12,915	-
Insurance	39,137	42,091	81,228	43,378	37,850
Supplies and Materials	3,500	690	4,190	4,190	-
Miscellaneous Expenses	13,600	4,353	17,953	15,335	2,618
Total Administration	727,930	(23,429)	704,501	426,253	278,248

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

COMPASS ACADEMY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries - Improvement of Instruction	123,666	68,149	191,815	98,782	93,033
Salaries - Custodial	58,457	21,163	79,620	77,134	2,486
Purchased Prof/Tech Services	1,000		1,000		1,000
Cleaning, Repair, and Maintenance Services	13,000	7,128	20,128	11,856	8,272
Rental of Land and Buildings					
Debt Service - Principal and Interest				115,250	(115,250)
Transportation-Other Than To/From School	4,500	678	5,178	5,178	-
Supplies and Materials	33,500	(27,260)	6,240	3,536	2,704
Energy Costs (Heat and Electricity)	39,760	11,197	50,957	44,170	6,787
Miscellaneous Expenses					
Total Support Services	273,883	81,055	354,938	355,906	(968)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				308,595	(308,595)
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				81,067	(81,067)
On-Behalf TPAF Long-Term Disability Contributions (Non-Budgeted)				226	(226)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				66,489	(66,489)
Total Expenditures	2,145,441	80,991	2,226,432	2,290,896	(64,464)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,493)	(3,156)	(72,649)	324,502	397,151
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(69,493)	(3,156)	(72,649)	324,502	397,151
FUND BALANCE, JULY 1	209,039	-	209,039	327,172	(118,133)
FUND BALANCE, JUNE 30	\$ 139,546	\$ (3,156)	\$ 136,390	\$ 651,674	\$ 279,018
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance	\$ 139,546	\$ (3,156)	136,390	\$ 651,674	\$ 515,284
Total	\$ 139,546	\$ (3,156)	\$ 136,390	\$ 651,674	\$ 515,284

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

COMPASS ACADEMY CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 976,282	\$ 16,300	\$ 992,582	783,719	\$ (208,863)
State Sources	34,217		34,217	45,976	11,759
Local Sources			-	6,054	6,054
Total Revenues	1,010,499	16,300	1,026,799	835,749	(191,050)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	71,225	16,945	88,170	65,402	22,768
Purchased Prof/Tech Services	228,890	(3,081)	225,809	184,122	41,687
General Supplies	90,497	24,020	114,517	177,729	(63,212)
Total Instruction	390,612	37,884	428,496	427,253	1,243
Support Services:					
Personal Services - Employee Benefits	21,943	5,482	27,425	19,030	8,395
Purchased Prof/Ed Services	45,150		45,150		45,150
Other Purchased Professional Services	195,787		195,787	175,412	20,375
Purchased Technical Services	38,195	(13,080)	25,115		(82,885)
Other Purchased Professional Services	159,813	(13,986)	145,827	108,000	145,827
Supplies and Materials	21,100		21,100	7,904	13,196
Total Support Services	481,988	(21,584)	460,404	310,346	142,154
Capital Outlay:					
Buildings			-	30,000	(30,000)
Instructional Equipment	80,671		80,671		10,671
Non-Instructional Equipment			-	70,000	-
Total Capital Outlay	80,671	-	80,671	100,000	(19,329)
Total Expenditures	953,271	16,300	969,571	837,599	124,068
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 57,228	\$ -	\$ 57,228	\$ (1,850)	\$ 59,078

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

COMPASS ACADEMY CHARTER SCHOOL
 Budgetary Comparison Schedule
 Budget-To-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2023

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

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 2,615,398	[C-2]	835,749
 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>\$ 2,615,398</u>	[B-2]	<u>\$ 835,749</u>
 Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 2,290,896	[C-2]	837,599
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.				
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 2,290,896</u>	[B-2]	<u>\$ 837,599</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

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

	Fiscal Year Ending June 30,		
	2018	2019	2021
			2022
Charter School's proportion of the net pension liability	0.002205975%	0.001869753%	0.003114920%
		0.003841036%	0.003027966%
Charter School's proportionate share of the net pension liability	\$ 513,516	\$ 368,145	\$ 561,261
			\$ 626,373
Charter School's covered employees payroll	\$ 141,919	\$ 173,380	\$ 201,136
			\$ 192,238
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	362%	212%	279%
			326%
Plan fiduciary net position as a percentage of the total pension liability	51.55%	51.55%	53.60%
			58.32%
			51.52%

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

COMPASS ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2018	2019	2020	2021
Contractually required contribution	\$ 20,436	\$ 18,598	\$ 30,694	\$ 42,019
Contributions in relation to the contractually required contribution	<u>(20,436)</u>	<u>(18,598)</u>	<u>(30,694)</u>	<u>(42,019)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 141,919	\$ 173,380	\$ 201,136	\$ 192,238
Contributions as a percentage of covered employee payroll	14.40%	10.73%	15.26%	21.86%
				14.06%
				<u>\$ 35,461</u>
				<u>(35,461)</u>

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

COMPASS ACADEMY 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 SIX FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2018	2019	2020	2021
State's proportion of the net pension liability attributable of the Charter School	0.0052712%	0.0067845%	0.0074894%	0.00791688%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 3,554,055	\$ 4,316,177	\$ 4,596,297	\$ 5,213,089
CS / District's covered employees payroll	\$ 879,143	\$ 1,052,523	\$ 1,001,532	\$ 914,747
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	404.26%	410.08%	458.93%	569.89%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	28.71%	25.41%	32.62%
				0.0087780%
				\$ 4,220,018
				\$ 949,219
				444.58%
				35.52%

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

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

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

	Measurement Date Ending				
	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
OPEB Liability at Beginning of Measurement Period	\$ 1,594,961	\$ 1,603,752	\$ 1,460,771	\$ 1,598,503	\$ 3,046,111
Service cost	234,084	193,868	183,792	213,881	418,992
Interest on Total OPEB Liability	51,622	63,686	62,732	62,541	68,543
Effect on Changes of Benefit Terms	-	-	-	-	(2,812)
Difference between expected and actual experience	(241,137)	(195,194)	(85,012)	666,189	(838,947)
Effect of Changes of Assumptions	1,368	(167,631)	23,834	556,420	2,607
Contributions - Employee	-	1,350	1,455	1,607	1,752
Gross Benefits Paid by the State	(37,146)	(39,060)	(49,069)	(53,030)	(53,993)
Net Change in Total OPEB Liability	8,791	(142,981)	137,732	1,447,608	(403,858)
OPEB Liability at Beginning of Measurement Period	1,594,961	1,603,752	1,460,771	1,598,503	3,046,111
Expected OPEB Liability at End of Measurement Period	1,603,752	1,460,771	1,598,503	3,046,111	2,642,253
Total OPEB Liability at End of Measurement Period	1,603,752	1,460,771	1,598,503	3,046,111	2,642,253

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

Notes to Schedule:

Differences Between Expected and Actual Experiences: The \$1,399,200,736 increase in the liability from June 30, 2021 to June 30, 2022 is due to the combined effect of the following:

Update in census information	\$ 1,102,043,610
Premium and Claims Experience	297,157,126
Total	<u>\$1,399,200,736</u>

Changes in Assumptions:

The \$13,566,368,097 decrease in the liability from June 30, 2021 to June 30, 2022 is due to the combined effect of the following:

Trend Update	\$ 1,934,312,842
Mortality Projection Scale Update	(2,690,739,174)
Discount Rate Change	<u>(12,829,941,765)</u>
Total Changes in Assumption	<u>\$ (13,586,368,097)</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

COMPASS ACADEMY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2023

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate remained unchanged from 7.00% as of June 30, 2021 and as of June 30, 2022 in accordance with Paragraph 44 of GASB Statement No. 67.

COMPASS ACADEMY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2023

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 7.00% as of June 30, 2021 to 7.00% as of June 30, 2022 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.

COMPASS ACADEMY CHARTER SCHOOL
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2023

	Title I	IDEA Part B	Esser II Grant	Esser ARP	Esser Evidence	Esser Learning	Student Activity	CACSEF Grant	SDA Emerg. Fac.	School Sec Grant	Total
Revenues:											
Federal Sources	79,315	\$ 512	124,880	521,732	40,000	17,280	\$ -	\$ -	\$ -	\$ -	\$ 783,719
State Sources							6,054		26,946	19,030	45,976
Local Sources											6,054
Total Revenues	\$ 79,315	\$ 512	\$ 124,880	\$ 521,732	\$ 40,000	\$ 17,280	\$ 6,054	\$ -	\$ 26,946	\$ 19,030	\$ 835,749
Expenditures:											
Instruction:											
Salaries of Teachers	\$ 46,890	512	\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,402
Other Purchased Services			104,176	57,946	22,000						184,122
General Supplies	32,425		20,704	124,600							177,729
Total Instruction	79,315	512	124,880	182,546	40,000	-	-	-	-	-	427,253
Support Services:											
Personal Services/Employee Benefits										19,030	19,030
Purchased Prof/Ed Services				131,186		17,280			26,946		175,412
Other Purchased Professional Services				108,000			7,904				108,000
Purchased Technical Services											7,904
Student Activities											
Total Support Services	-	-	-	239,186	-	17,280	7,904	-	26,946	19,030	310,346
Facilities Acquisition and Construction Services:											
Buildings				30,000							30,000
Noninstructional Equipment				70,000							70,000
Total Facilities Acquisition and Construction Services	-	-	-	100,000	-	-	-	-	-	-	100,000
Total Expenditures	79,315	512	124,880	521,732	40,000	17,280	7,904	-	26,946	19,030	837,599
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,850)	\$ -	\$ -	\$ -	\$ (1,850)

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

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

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

**STATISTICAL SECTION
(UNAUDITED)**

Compass Academy Charter School has been in operation for nine (9) 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 nine (9) 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 district's most significant local revenue source, the property tax.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

FINANCIAL TRENDS

COMPASS ACADEMY CHARTER SCHOOL
 Net Position by Component
 Last Nine Fiscal Years
(accrual basis of accounting)
 Unaudited

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental Activities									
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	\$ 100,137	\$ (33,968)	\$ (217,795)	\$ (349,977)	\$ (175,963)	\$ (47,364)	\$ (59,837)	\$ 17,122	\$ (817)
Total Governmental Activities Net Assets/ Position	<u>\$ 100,137</u>	<u>\$ (33,968)</u>	<u>\$ (217,795)</u>	<u>\$ (349,977)</u>	<u>\$ (175,963)</u>	<u>\$ (47,364)</u>	<u>\$ (59,837)</u>	<u>\$ 17,122</u>	<u>\$ (817)</u>
Business-Type Activities									
Unrestricted	\$ 14,901	38,777	\$ 32,567	\$ 24,128	\$ 31,540	\$ 43,927	\$ 4,106	\$ 973	(6,050)
Total Business-Type Activities Net Assets/Position	<u>\$ 14,901</u>	<u>\$ 38,777</u>	<u>\$ 32,567</u>	<u>\$ 24,128</u>	<u>\$ 31,540</u>	<u>\$ 43,927</u>	<u>\$ 4,106</u>	<u>\$ 973</u>	<u>\$ (6,050)</u>
Charter School-Wide									
Unrestricted	115,038	4,809	(185,228)	(325,849)	(144,423)	(3,437)	(55,731)	18,095	(6,867)
Total Charter School Net Position	<u>\$ 115,038</u>	<u>\$ 4,809</u>	<u>\$ (185,228)</u>	<u>\$ (325,849)</u>	<u>\$ (144,423)</u>	<u>\$ (3,437)</u>	<u>\$ (55,731)</u>	<u>\$ 18,095</u>	<u>\$ (6,867)</u>

Source: Annual Comprehensive Financial Report

COMPASS ACADEMY CHARTER SCHOOL
Changes in Net Position
Last Nine Fiscal Years
(accrual basis of accounting)
Unaudited

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses									
Governmental Activities:									
Instruction	\$ 1,052,360	\$ 1,530,958	\$ 1,666,247	\$ 1,415,495	\$ 1,442,688	\$ 1,255,444	\$ 1,121,299	\$ 955,602	\$ 706,281
Administration	1,470,447	707,121	599,057	589,470	575,662	781,617	385,253	352,358	283,721
Support Services	581,002	541,512	694,580	480,840	461,324	517,626	335,091	165,758	108,719
Interest on Long -Term Debt	30,500	32,125	-	-	1,476	-	28,504	35,458	-
Unallocated Amortization and Depreciation	182,733	87,394	-	-	-	-	-	-	-
Total Governmental Activities Expenses	<u>3,317,042</u>	<u>2,899,110</u>	<u>2,959,884</u>	<u>2,485,805</u>	<u>2,481,150</u>	<u>2,554,687</u>	<u>1,870,147</u>	<u>1,509,176</u>	<u>1,098,721</u>
Business-Type Activities:									
Food Service	150,365	126,886	113,588	89,660	145,759	61,669	85,090	55,852	62,743
Total Business-Type Activities Expenses	<u>150,365</u>	<u>126,886</u>	<u>113,588</u>	<u>89,660</u>	<u>145,759</u>	<u>61,669</u>	<u>85,090</u>	<u>55,852</u>	<u>62,743</u>
Total Charter School Expenses	<u>\$ 3,467,407</u>	<u>\$ 3,025,996</u>	<u>\$ 3,073,472</u>	<u>\$ 2,575,465</u>	<u>\$ 2,626,909</u>	<u>\$ 2,616,356</u>	<u>\$ 1,955,237</u>	<u>\$ 1,565,028</u>	<u>\$ 1,161,464</u>
Program Revenues									
Governmental Activities:									
Charges for Services	6,054	2,255	80	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	\$ 291,990	\$ 235,475	-
Total Governmental Activities Expenses	<u>6,054</u>	<u>2,255</u>	<u>80</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>291,990</u>	<u>235,475</u>	<u>-</u>
Business-Type Activities:									
Charges for Services	10,044	52	1,421	11,570	20,668	21,634	26,283	12,414	16,344
Operating Grants and Contributions	93,025	133,044	120,606	54,178	87,401	74,931	61,940	44,461	28,429

COMPASS ACADEMY CHARTER SCHOOL
 Fund Balances - Governmental Funds
 Last Nine Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund									
Restricted	\$ 4,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,137	\$ -	\$ 1
Unassigned	651,674	327,172	246,274	23,862	73,060	125,667	(61,974)	65,265	11,111
Total General Fund	<u>\$ 656,042</u>	<u>\$ 327,172</u>	<u>\$ 246,274</u>	<u>\$ 23,862</u>	<u>\$ 73,060</u>	<u>\$ 125,667</u>	<u>\$ (59,837)</u>	<u>\$ 65,265</u>	<u>\$ 11,112</u>

Source: Annual Comprehensive Financial Report

COMPASS ACADEMY CHARTER SCHOOL
Changes in Fund Balances - Governmental Funds
 Last Nine Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:									
Local Sources:									
Revenue from Community Services Activities	\$ 432,054	\$ 446,517	\$ 408,749	\$ 421,056	\$ 400,230	\$ 375,328	\$ 288,960	\$ 245,814	174,540
State Sources	6,054	2,255			-	-	-		
Federal Sources	2,229,320	2,231,983	2,115,548	1,817,411	1,810,317	1,769,326	1,317,614	1,109,328	741,759
Total Revenues	783,719	402,182	269,360	73,324	142,004	97,818	186,614	177,973	193,525
Total Revenues	<u>3,451,147</u>	<u>3,082,937</u>	<u>2,793,657</u>	<u>2,311,791</u>	<u>2,352,551</u>	<u>2,242,472</u>	<u>1,793,188</u>	<u>1,533,115</u>	<u>1,109,824</u>
Expenditures:									
Instruction	1,479,613	1,254,007	1,341,765	1,144,840	1,184,485	1,014,347	1,169,442	919,388	721,852
Administration	882,630	1,200,477	1,059,214	796,479	805,624	702,808	385,253	352,358	204,963
Support Services	766,252	548,198	481,387	419,670	413,573	458,183	335,091	165,758	159,977
Capital Outlay		572,292	-	-	1,476	-	28,504	35,458	-
Total Expenditures	<u>3,128,495</u>	<u>3,574,974</u>	<u>2,882,366</u>	<u>2,360,989</u>	<u>2,405,158</u>	<u>2,175,338</u>	<u>1,918,290</u>	<u>1,472,962</u>	<u>1,086,792</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	322,652	(492,037)	(88,709)	(49,198)	(52,607)	67,134	(125,102)	60,153	23,032
Other Financing Uses:									
Transfers In	-	572,292	-	-	-	-	-	(6,000)	(11,920)
Total Other Financing Uses	<u>-</u>	<u>572,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,000)</u>	<u>(11,920)</u>
Net Change in Fund Balance	<u>\$ 322,652</u>	<u>\$ 80,255</u>	<u>\$ (88,709)</u>	<u>\$ (49,198)</u>	<u>\$ (52,607)</u>	<u>\$ 67,134</u>	<u>\$ (125,102)</u>	<u>\$ 54,153</u>	<u>\$ 11,112</u>

COMPASS ACADEMY CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Nine Fiscal Years
(modified accrual basis of accounting)
 Unaudited

Fiscal Year Ending June 30,	Prior Year Refunds	Miscellaneous Revenue	Total
2023	\$ -	\$ 5,238	\$ 5,238
2022	-	31,616	31,616
2021	-	-	-
2020	-	13,338	13,338
2019	-	21,766	21,766
2018	-	3,635	3,635
2017	52,258	2,094	54,352
2016	32,604	503	33,107
2015	-		

Source: Charter School records

OPERATING INFORMATION

COMPASS ACADEMY CHARTER SCHOOL
Full-Time Equivalent Charter School Employees by Function
Last Nine Fiscal Years

<u>Function</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Instruction	17	17	17	17	17	17	17	10	9.0
Administrative	2	2	2	2	2	2	2	2	2
Support Services	6	6	6	6	6	5	5	4	4
Food Service	2	2	2	2	2	-	-	-	-
Total	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>24</u>	<u>24</u>	<u>16</u>	<u>15</u>

COMPASS ACADEMY CHARTER SCHOOL

Operating Statistics
Last Nine 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
2023	170	\$ 2,973,745	\$ 15,818	5.36%	17	10:1	165	157	-5.17%	95.15%
2022	188	3,002,682	\$ 15,013	9.38%	12	11:1	174	172	-7.94%	98.85%
2021	200	2,882,366	13,726	22.08%	12	11:1	189	173	-7.80%	91.53%
2020	210	2,360,989	11,243	-1.78%	12	11:1	205.0	195.0	0.00%	95.12%
2019	210	2,403,682	11,446	29.62%	12	11:1	205.0	195.0	-2.43%	95.12%
2018	214	1,889,786	8,831	17.95%	12	11:1	210.1	196.0	9.48%	93.29%
2017	192	1,437,504	7,487	N/A	12	15:1	191.9	179.4	9.66%	93.50%
2016	175	1,096,792	6,267	0.00%	10	14:1	175	166	23.24%	94.86%
2015	144	-	-	0.00%	7	14:1	142.0	133	36.54%	93.66%

COMPASS ACADEMY CHARTER SCHOOL
School Building Information
Last Nine Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>Charter School Building</u>									
<u>Elementary</u>									
Compass Academy Charter School									
Square Feet	28,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Capacity (students)	228	228	228	228	228	228	228	159	159
Total Enrollment	170	188	200	214	214	192	175	144	104

Number of Schools at June 30, 2023
Primary/Intermediate/Middle = 1
High = 1

Source: Charter School Facilities Office

COMPASS ACADEMY CHARTER SCHOOL
Insurance Schedule
June 30, 2023

SCHOOL PACKAGE POLICY	Coverage	Deductible
Commercial Package		
Blanket Business & Contents	\$ 250,000	\$ 1,000
Extra Expense	62,500	1,000
Valuable Papers & Records	25,000	1,000
Demolition & Increased Cost of Construction	25,000,000	1,000
Fire Department Service Charge	10,000	1,000
Arson Reward	10,000	1,000
Pollutant Cleanup and Removal	250,000	1,000
Accounts Receivable	250,000	1,000
Flood	75,000,000	10,000
Earthquake	50,000,000	1,000
Terrorism	1,000,000	1,000
Boiler & Machinery Equipment Breakdown (Extensions)	250,000	1,000
Commercial General Liability		
Bodily Injury & Property Damage, per Occurrence	\$ 16,000,000	1,000
Products & Completed Operation	16,000,000	1,000
Sexual Abuse	16,000,000	1,000
Sexual Abuse Annual NJSIG Aggregate	17,000,000	1,000
Person Injury and Advertising Injury	16,000,000	1,000
Employee Benefits Liability	16,000,000	1,000
Premises Medical Payments - per accident/limit per person	10,000/5,000	1,000
Terrorism/per occurrence/annual NJSIG Aggregate	1,000,000	1,000
Business Automobile	16,000,000	
WORKERS COMPENSATION		
Bodily Injury by Accident - Each Accident	\$ 2,000,000	
Bodily Injury by Disease - Each Accident	2,000,000	
Bodily Injury by Disease - Aggregate Limit	2,000,000	
SCHOOL LEADERS E&O LIABILITY COVERAGE - COVERAGE A		
Coverage B - Limit of Liability (Each Claim/Each Policy Period)	16,000,000	10,000
Public Official Bonds - Business Administrator	100,000/300,000	10,000
Public Official Bonds - Treasurer	125,000	
	125,000	
COMMERCIAL CRIME COVERAGE		
Per Loss - Employee Dishonesty/Faithful Performance	\$ 100,000	500
Electronic Data Processing Coverage	\$ 63,500	1,000
BASIC STUDENT ACCIDENT INSURANCE		
Maximum Benefit	\$ 1,000,000	
CATASTROPHIC STUDENT ACCIDENT INSURANCE		
Accident Medical Expense Limit	\$ 5,000,000	\$ 25,000

Source: Charter School Records

COMPASS ACADEMY CHARTER SCHOOL
 New Jersey Performance Framework Financial Ratios
 Audited Performance Indicators
 Last Three Fiscal Years

	2021 Audit	2022 Audit	2023 Audit	Source
Cash	168,908	172,062	557,903	Audit: Exhibit A-1
Current Assets (include cash)	385,692	485,071	916,753	Audit: Exhibit A-1
Current Liabilities	99,990	112,904	245,810	Audit: Exhibit A-1
Total Expenses	3,073,472	3,025,996	3,467,407	Audit: Exhibit A-2
Change in Net Position	132,319	190,037	110,229	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	210.00	200.00	188.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	210	200	188	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	-	-	-	Auditor/Workpapers
Interest Expense	-	-	30,500	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	30,500	Auditor/Workpapers

	3 YR CUM			Target****
	2021	2022	2023	
Performance Indicators				
Near Term Indicators				
1a.	3.86	4.30	3.73	Current Assets/Current Liabilities > 1.1 or between 1.0-1.1 with positive trend
1b.	20	21	59	Cash/(Total Expenses/365) 60 days or 30-60 days with positive trend
1c.	100%	100%	100%	Average Daily Enrollment/Budgeted Enrollment >95% or >95% for 3 yr cum
1d.**	NO	NO	#NAME?	Auditor not in default
Sustainability Indicators				
2a***	122,803	3,154	385,841	Net change in cash flow from prior years 3 yr cum positive with most recent year positive
2b	N/A	N/A	4.61	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
 *** 2023 =2023 Cash -2022 Cash; 2022 =2022 Cash -2021 Cash; 2021 =2021 Cash -2020 Cash
 **** Refer to NJ Performance Framework

Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
“GOVERNMENTAL AUDITING STANDARDS”**

The Honorable President and
Members of the Board of Trustees
Compass Academy Charter School
Vineland, 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, the business-type activities, and each major fund of the Compass Academy Charter School (Charter School), in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2023, 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 November 27, 2023. Which contains an emphasis of matter paragraph describing the adoption of a new accounting principle and consistency of financial statements.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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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**

The Honorable President and
Members of the Board of Trustees
Compass Academy Charter School

Vineland, New Jersey

Report on Compliance for Each Major State and Federal Program

Opinion on Each Major State and Federal Program

We have audited The Compass Academy 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, 2023. The Compass Academy 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 Compass Academy Charter School, in the , State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state and Federal programs for the fiscal year ended June 30, 2023.

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 Compass Academy 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 program. Our audit does not provide a legal determination of Compass Academy 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 Compass Academy Charter School's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Compass Academy 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 The Compass Academy 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 Compass Academy 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 Compass Academy 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 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 Compass Academy 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 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.

Purpose of this Report

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 New Jersey Circular 15-08 OMB. 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
November 27, 2023

COMPASS ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2022	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Passed Through to Recipients	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2023	Due to Grantor
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
No Child Left Behind Cluster:																
Title I Part A Carryover	84.010A 84.010A	N/A N/A	S010A150030	NCLB - 23 NCLB - 22	\$ 79,315	7/1/22 7/1/21	630,923 630,922	\$ - (12,132)	\$ 116,575 128,707	(79,315) (79,315)	-	-	-	-	\$ 37,260	\$ -
Total No Child Left Behind Cluster																
Individuals with Disabilities Cluster:																
ID, E.A. Part B Basic Carryover	84.027 84.027	84.027A 84.027A	H027A150100 H027A150100	IDEA - 23 IDEA - 22	512	7/1/22 7/1/21	630,923 630,922	-	381,195 381,195	(512) (512)	-	-	-	-	37,683	\$ -
Total Individuals with Disabilities Cluster																
Other Special Revenue Funds:																
CRRS Act - ARP ESSER	84.425	COVID-19, 84.425D	S425D210027	N/A	124,880	9/1/21	823,122	(25,092)	124,880	(124,880)	-	-	-	(25,092)		
CRRS Act - Mental Health	84.425	COVID-19, 84.425D	S425D210027	N/A	521,732	9/1/21	823,122	(2,215)	521,732	(521,732)	-	-	-	(2,215)		
CRRS Act - Learning Acceleration Grant	84.425	COVID-19, 84.425D	S425D210027	N/A	17,280	9/1/21	823,122	(33,238)	17,280	(17,280)	-	-	-	(33,238)		
NISS Mental Health	84.425	COVID-19, 84.425D	S425D210027	N/A	40,000	9/1/21	823,122	(43,400)	40,000	(40,000)	-	-	-	(43,400)		
Total Other Special Revenue Funds									703,892	(703,892)	-	-	-	(103,929)		
Total Special Revenue Fund									970,794	(970,719)	-	-	-	(103,929)	74,943	
U.S. Department of Agriculture																
Passed-through State Department of Agriculture																
Enterprise Fund:																
COVID-19: School Breakfast Program	10.553	COVID-19	171N204N1089	N/A	20,872	7/1/22	630,923	(1,799)	19,746	(20,872)	-	-	-	(1,127)		
COVID-19: National School Lunch Program	10.555	COVID-19	171N204N1089	N/A	64,964	7/1/22	630,923	(2,169)	61,166	(64,964)	-	-	-	(3,798)		
COVID-19: National School Lunch Program	10.555	COVID-19	171N204N1089	N/A	-	7/1/21	630,922	(2,169)	5,689	(64,964)	-	-	-	(15,869)		
COVID-19: School Sneak Program	10.555	COVID-24	171N204N1089	N/A	4,632	7/1/22	630,923	(4,632)	4,352	(4,632)	-	-	-	(280)		
Total Enterprise Fund									92,721	(90,468)	-	-	-	(21,174)		
Total Federal Financial Awards									963,515	(874,187)	-	-	-	(125,109)	74,943	\$ -

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

COMPASS ACADEMY CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Balance	Balance at June 30, 2022		Balance at June 30, 2023	
			From	To					Unearned Revenue (Accounts Receivable)	Due to Grantor	(Accounts Receivable)	Unearned Revenue/ Interfund Payable
State Department of Education												
General Fund:												
State Aid-Public Cluster												
Equalization Aid	23-495-034-5120-071	\$ 1,890,689	7/1/22	6/30/23	\$ -	\$ 1,816,518	(1,890,689)	\$ -	\$ (74,171)	\$ -	\$ -	\$ -
Special Education Categorical Aid	23-495-034-5120-089	61,816	7/1/22	6/30/23	-	61,816	(61,816)	-	-	-	-	-
Security Aid	23-495-034-5120-084	68,598	7/1/22	6/30/23	-	68,598	(68,598)	-	-	-	-	-
Early Childhood Program Aid	23-495-034-5120-085	132,680	7/1/22	6/30/23	(99,179)	132,680	(132,680)	-	(74,171)	-	-	-
Total State Aid-Public Cluster						2,178,795	(2,153,783)					
Other State Aid	23-495-034-5120-071	-	7/1/22	6/30/23	-	81,067	(81,067)	-	-	-	-	-
TPAF Post-Retirement Medical Contributions	23-495-034-5095-001	81,067	7/1/22	6/30/23	-	81,067	(81,067)	-	-	-	-	-
TPAF Long-Term Disability Aid	23-495-034-5095-001	226	7/1/22	6/30/23	-	226	(226)	-	-	-	-	-
On-Behalf TPAF Pension Contributions	23-495-034-5095-006	308,595	7/1/22	6/30/23	(6,148)	309,395	(308,595)	-	(5,494)	-	-	-
Reimbursed TPAF - Social Security	23-495-034-5095-002	66,489	7/1/22	6/30/23	(105,321)	67,143	(66,489)	-	(79,665)	-	-	-
Total General Fund						2,635,816	(2,610,160)		(79,665)			
Special Revenue Fund:												
School Security Grant	23-495-034-5120-086	19,030	7/1/22	6/30/23	-	19,030	(19,030)	-	-	-	-	-
SDA Emergence Facility Grant	23-XXXX-XX-XXXX-XXX	26,946	7/1/22	6/30/23	-	26,946	(26,946)	-	-	-	-	-
CACSEF Grant	22-XXXX-XX-XXXX-XXX	2,000	7/1/22	6/30/23	-	2,000	-	-	2,000	-	-	-
Total Special Revenue Fund						47,976	(45,976)					
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (State Share)	23-100-010-3350-023	2,557	7/1/22	6/30/23	-	2,413	(2,557)	-	(144)	-	-	-
National School Lunch Program (State Share)	22-100-010-3350-023	-	7/1/21	6/30/22	(131)	131	(23,420)	-	-	-	-	-
Supply Chain Assistance Funding	22-100-010-3350-023	23,420	7/1/22	6/30/23	-	23,420	(23,420)	-	-	-	-	-
Total Enterprise Fund						25,964	(25,977)		(144)			
Total All Funds						2,709,756	(2,682,113)		(79,809)		2,000	\$ -
State Financial Assistance Not Subject to Major Program Determination:												
General Funds:												
TPAF Post-Retirement Medical Contributions	23-495-034-5095-001	81,067	7/1/22	6/30/23	-	81,067	(81,067)	-	-	-	-	-
TPAF Long-Term Disability Aid	23-495-034-5095-001	226	7/1/22	6/30/23	-	226	(226)	-	-	-	-	-
On-Behalf TPAF Pension Contributions	23-495-034-5095-006	308,595	7/1/22	6/30/23	(105,452)	309,595	(308,595)	-	(79,809)	-	-	-
Total State Financial Assistance Subject to Single Audit						2,319,868	(2,292,225)		(79,809)		2,000	\$ -

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

COMPASS ACADEMY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2023

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, Compass Academy 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 schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards and the New Jersey OMB Circular 15-08, "Single Audit Policy of Receipts of Federal Grants, and State Aid"*. Therefore, some amounts presented in this schedule 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 accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

COMPASS ACADEMY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2023

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	\$ -	\$ 2,183,344	\$ 2,183,344
Special Revenue Fund	783,719	45,976	829,695
Food Service Fund	90,468	25,977	116,445
Total Awards & Financial Assistance	\$ 874,187	\$ 2,255,297	\$ 3,129,484

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Compass Academy Charter School has no loan balances outstanding at June 30, 2023.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2023. 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, 2023.

COMPASS ACADEMY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2023

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.

NOTE 9. MAJOR PROGRAMS

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

COMPASS ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards

Internal control over major programs:

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

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

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ Circular Letter 15-08-OMB, as applicable? _____ Yes X No

Identification of major state programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425U	CRRS Act - ARP ESSER
84.425U	CRRS Act - ESSER II
84.425U	CRRS Act - ESSER Evidence
84.010A	TITLE I PART A

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

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

State Awards

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

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

Internal control over major programs:

- 1) Material weakness(es) identified? Yes No
- 2) Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

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

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
<u>23-495-034-5120-071</u>	<u>STATE AID – PUBLIC</u>
<u>23-495-034-5120-089</u>	<u>EQUALIZATION AID</u>
<u>23-495-034-5120-084</u>	<u>SPECIAL EDUCATION AID</u>
	<u>SECURITY AID</u>

COMPASS ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II – Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses and fraud, noncompliance 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

***Section III – Federal Awards and State Financial Assistance
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

No Current Year Findings
compas

CURRENT YEAR STATE AWARDS

No Current Year Findings

COMPASS ACADEMY CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs As Prepared by Management
For the Fiscal Year Ended June 30, 2023

STATUS OF PRIOR-YEAR FINDINGS

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

STATUST OF PRIOR YEAR FINDINGS

No Prior Year Findings