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PASSAIC ASCS

Passaic Arts and Science Charter School

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

PREPARED BY

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL

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PASSAIC ARTS AND SCIENCE CHARTER SCHOOL

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November 30, 2025

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

Dear Commissioner:

We hereby submit the Annual Comprehensive Financial Report (ACFR) of Passaic Arts and Science Charter School (the "Charter School" or "PASCS") for the fiscal year ended June 30, 2025.

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

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

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

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

Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

1) Reporting Entity and Its Services

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

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

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

By the end of 2023-2025 school year, the Charter School had a student enrollment of 2,169 students. The following details the changes in student enrollment of the school over the last ten years:

1) Reporting Entity and Its Services - *continued*

Fiscal Year	Average Student Daily Enrollment	Percentage Change
2024-2025	2,169	5.55%
2023-2024	2,055	6.26%
2022-2023	1,934	7.15%
2021-2022	1,805	6.49%
2020-2021	1,695	23.27%
2019-2020	1,375	4.80%
2018-2019	1,312	5.30%
2017-2018	1,246	45.73%
2016-2017	855	17.93%
2015-2016	725	42.72%

2) Economic Condition and Outlook

The City of Passaic is located in the southeastern portion of Passaic County, New Jersey. Its 3.2 square miles of land area contain mixed industrial, commercial, and residential land uses developed at a population density of 22,043 persons per square mile. According to the United States Census Bureau, Passaic has an estimated population of 70,537 in 2020. Currently, Passaic is almost totally developed.

The City of Passaic is within Passaic County, 12 miles west of New York City. Passaic is situated on the Passaic River in a portion of lowlands between the First Watchung Mountains to the West and the low ridges on the westerly side of the Hackensack Meadows to the East.

The racial and ethnic demographics of the City of Passaic from the 2020 United States Census reflects a majority Hispanic/Latino population of 52,762 (74.8%), a White population of 10,863 (15.4%), an African American population of 5,713 (8.1%), and other population (inclusive of Native Americans, Asians, Pacific Islanders, and East Indians) of 2,398 (3.4%).

In 2023-2025 the City of Passaic continued to experience financial hardships common to urban municipalities in New Jersey including high unemployment, violence and high rates of poverty.

2) Economic Condition and Outlook - *continued*

During the 2023-2025 School-Year, the school serviced the following number of students per grade:

Grades	Students
Kindergarten	201
Grade 1	203
Grade 2	202
Grade 3	202
Grade 4	201
Grade 5	196
Grade 6	186
Grade 7	203
Grade 8	135
Grade 9	135
Grade 10	135
Grade 11	105
Grade 12	65
	2,169

Growth

During the year ended June 30, 2025, the Charter School enrolled 2,169 students in kindergarten through twelfth grade. The Charter School offers a safe learning environment for students, causing them to look forward to coming to school each day to learn. Staff continue to build relationships with students and parents consistent with the Charter School's ongoing theme of community. In turn, parents believe in the Charter School and trust that the staff are committed to developing their children to be productive citizens in the 21st century.

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

3) Major Initiatives

Passaic Arts & Science Charter School (Passaic ASCS) continues to advance a comprehensive and future-focused portfolio of initiatives designed to expand academic opportunity, enhance student well-being, and strengthen community partnerships across all K–12 campuses. These initiatives reflect iLearn Schools' mission to prepare students for college, career, and citizenship through a rigorous standards-aligned curriculum, robust social-emotional supports, innovative technology integration, meaningful community engagement, and a wide range of enrichment opportunities.

As a fully implemented K–12 district, Passaic ASCS has continued to expand its educational model to meet the evolving needs of families in the City of Passaic, where demand for high-quality school options remains significant. Our current major initiatives emphasize academic acceleration, personalized learning, talent development, and a strong STEAM focus supported by growing partnerships with regional organizations, colleges, businesses, and cultural institutions. These initiatives also reflect iLearn's commitment to developing programs that cultivate leadership, foster service, and ensure equitable access to enriching experiences for every student. Key district-wide priorities—such as iReady-driven instruction and assessment through **iRise**, the development of future administrators through **iLead**, expanded tutoring services via the **iTutor–NJTC Partnership**, the growth of alumni engagement structures, and a deep investment in STEM education—continue to guide Passaic ASCS toward higher levels of achievement. The district also remains committed to supporting families in times of need through **iSupport**, providing coordinated assistance for those impacted by financial hardship, natural disasters, or other crises.

Passaic ASCS's long-standing STEAM mission remains central to these initiatives, ensuring that learning experiences are interdisciplinary, inquiry-based, and connected to real-world problem solving. Investments in STEM pathways, expanded access to hands-on laboratory learning through partners such as Students2Science (including opportunities connected to its Whippany facility and Apollo Center), enhanced digital literacy tools, high-quality arts programming, and dual enrollment opportunities with regional colleges all reflect the school's broader vision of preparing students for success in an increasingly complex, technological, and interconnected world.

These initiatives work collectively to ensure that Passaic ASCS students have access to a safe, supportive, and enriching environment where they can develop the skills, knowledge, and character necessary to pursue higher education and meaningful careers. They also honor iLearn Schools' belief that strong schools are built through strong partnerships among students, educators, families, and the community at large. Within our academic framework, the following explains key design elements and evidence of innovative practices:

1. ***Academic Achievement***

Academic achievement remains a defining priority at Passaic ASCS, where rigorous instruction, targeted interventions, and data-informed decision-making guide all aspects of teaching and learning. As a fully expanded K–12 district, Passaic ASCS offers a multidimensional curriculum aligned with the New Jersey Student Learning Standards, supported by research-based instructional strategies and robust assessment systems designed to meet the diverse needs of students across all grade levels.

Passaic ASCS employs a comprehensive academic model rooted in strong literacy and mathematics instruction. Through iReady Reading and Math diagnostics and personalized pathways, teachers access real-time data to identify trends, plan targeted whole-group and small-group lessons, monitor growth, and differentiate instruction with precision. Students work within adaptive online platforms that reinforce grade-level content while building foundational skills, enabling them to progress along individualized learning trajectories. These tools ensure that instruction is both rigorous and responsive, helping students meet the expectations of state assessments and develop the competencies needed for long-term academic success.

Academic acceleration and recovery are supported through the district's iRise program, which provides targeted intervention based on diagnostic and formative assessment data. Students engage in small-group instruction, focused skill-building sessions, and structured progress monitoring cycles that address learning gaps and promote measurable growth. Multilingual learners benefit from scaffolds aligned to language development standards, targeted vocabulary instruction, and strategic supports that strengthen both content mastery and linguistic proficiency. Together, these systems help Passaic ASCS maintain strong academic growth rates, high levels of proficiency across disciplines, and a culture committed to equitable access to high-quality learning experiences.

Strong instructional coaching further enhances academic achievement at Passaic ASCS. Instructional coaches partner closely with teachers to refine lesson design, deepen standards alignment, strengthen checks for understanding, and develop effective classroom practices. Through classroom observations, co-teaching, data reviews, and professional learning communities, teachers collaborate to analyze student work, calibrate expectations, and continuously improve instructional quality. Leadership development is sustained through the iLead Teacher Academy, which prepares emerging leaders to support curriculum implementation, feedback systems, and schoolwide academic initiatives.

College and career readiness is a hallmark of Passaic ASCS, supported by multiple pathways that prepare students for life beyond graduation. Students participate in the districtwide 30 College Credits Program and benefit from strong dual enrollment partnerships with Passaic County Community College, Bergen Community College, William Paterson University, and Ramapo College. These partnerships offer students the opportunity to engage in college-level coursework, earn transferable credits, and gain early exposure to postsecondary expectations. Passaic ASCS maintains a college acceptance rate consistently above 90%, reflecting strong advising practices, early college awareness, and comprehensive supports that include application workshops, college tours, scholarship guidance, and family information sessions.

The district's STEAM philosophy continues to shape the academic experience by promoting inquiry-driven learning and interdisciplinary thinking. Students participate in science fairs, competitions, engineering challenges, coding programs, robotics, and advanced mathematics opportunities that cultivate curiosity and critical thinking. Partnerships with organizations such as Students2Science further strengthen academic achievement by providing hands-on and virtual lab experiences that deepen scientific understanding and connect students with real-world STEM applications.

Across all grade levels, Passaic ASCS strives to develop well-rounded scholars who possess strong academic skills, digital literacy, and the confidence to excel in high school, college, and beyond. Through rigorous curriculum implementation, personalized learning supports, strategic interventions, and strong college-readiness structures, Passaic ASCS ensures that every student is equipped with the tools necessary to succeed in an increasingly complex and dynamic world.

2. ***Digital Learning Environment***

Passaic ASCS continues to strengthen its digital learning environment to ensure students develop the technological fluency and problem-solving skills necessary for success in a modern, digitally connected world. Classrooms throughout the district are equipped with Smart Boards, reflective cameras, digital response systems, and interactive instructional tools that support blended learning and make lessons more engaging and accessible. Students in grades 4–12 have full 1:1 Chromebook access, with expanding access for early elementary grades to build foundational digital literacy skills from the earliest years.

The district's learning management system, Schoology, serves as the central hub for curriculum access, assignment submission, communication, and blended learning. Through Schoology, students can access materials anytime, while teachers can differentiate instruction, provide timely feedback, and utilize digital formative assessments to guide instruction. The iLEMIS platform further supports instructional and operational efficiency by integrating student information, assessment data, attendance, and evaluation systems, enabling leaders and educators to make informed, data-driven decisions aligned to student needs.

Technology instruction extends beyond basic digital tools. Passaic ASCS continues to promote participation in computer science, coding, robotics, digital arts, engineering, and multimedia design as part of its broader STEAM mission. Students engage in hands-on activities in makerspaces and technology-infused classrooms that promote creativity, design thinking, and computational reasoning. Instructional Technology Coordinators provide ongoing coaching, training, and support to ensure that all teachers can seamlessly integrate technology into instructional practices and maximize student engagement.
The district also maintains a long-term commitment to technology expansion, with continued upgrades to network infrastructure, classroom equipment, and educational platforms. This includes planning connected to the development of a future state-of-the-art STEM Center—an initiative that will deepen student access to advanced robotics, engineering, and scientific inquiry. Through these continued efforts, Passaic ASCS ensures that every student has equitable access to the digital tools, platforms, and learning environments essential for success in school, college, and career.

3. ***Co-curricular Programs***

Passaic ASCS offers a wide range of co-curricular programs that support the development of well-rounded, confident, and engaged students. These programs complement the academic curriculum by providing opportunities for enrichment, leadership, creativity, physical development, and social-emotional growth. Through the arts, athletics, STEM activities, leadership organizations, and community-based programs, Passaic ASCS ensures that students experience a vibrant and dynamic school environment that values diverse talents, interests, and backgrounds.

The district's arts programming continues to thrive, offering students opportunities to develop and showcase their creative strengths. Students participate in theater productions, choral and instrumental music ensembles, dance showcases, and cultural performances that highlight both individual talent and collective collaboration. Visual and digital arts programs—including painting, drawing, photography, and digital media design—give students opportunities to explore artistic expression and develop technical skill. These experiences help cultivate confidence, creativity, and cultural appreciation.

Passaic ASCS's commitment to STEAM is evident in its extensive STEM and academic enrichment offerings. Students participate in science fairs, robotics teams, drone and engineering clubs, coding and computer science programs, Math Olympiads, debate and public speaking, and other inquiry-based learning experiences. Many campuses implement the **iStellar** program to expand access to competitive STEM and academic teams, allowing students to engage in advanced problem-solving, research projects, and interscholastic competitions. These opportunities encourage analytical thinking, creativity, teamwork, and curiosity—skills essential for success in emerging STEM careers.

Athletics remain an integral part of student life at Passaic ASCS, providing students with opportunities to develop physical fitness, teamwork, resilience, and sportsmanship. Athletic offerings vary by campus but commonly include basketball, soccer, volleyball, track and field, cheer and dance teams, and seasonal activities that build wellness and school pride. Participation continues to grow as facilities improve and students benefit from structured training, coaching support, and expanded competitive opportunities.

Beyond athletics, the district offers a wide array of clubs and organizations that support leadership development, civic responsibility, and personal growth. Students participate in National Junior Honor Society and National Honor Society, Student Council, multicultural clubs, service-learning groups, academic teams, and affinity organizations that strengthen peer relationships and nurture student voice. These organizations help students build confidence, develop leadership skills, and engage meaningfully with their school community.

Academic enrichment also remains a priority through the **iLearn Academy**, which provides tutoring, homework support, and NJSLA preparation. The Academy reinforces core academic skills, builds student confidence, and ensures that students have the support needed to meet academic expectations and excel.

Collectively, the co-curricular offerings at Passaic ASCS provide students with opportunities to discover new interests, develop their talents, and build a strong sense of belonging. These programs reflect the district's commitment to educating the whole child and ensuring that every student experiences a rich, diverse, and supportive school environment.

4. ***Community Involvement***

Passaic ASCS places a strong emphasis on building meaningful relationships among students, families, educators, and the broader community. The district believes that strong family–school–community partnerships are essential to student success, school climate, and the overall well-being of the diverse communities it serves. Passaic ASCS is committed to creating welcoming, inclusive environments where families feel connected, informed, and empowered, and where community members play an active role in supporting students' academic and personal growth.

Family engagement remains a key priority. Throughout the year, Passaic ASCS communicates regularly with families through newsletters, digital platforms, parent workshops, curriculum nights, and community updates. Active Parent-Teacher Organizations (PTOs) collaborate closely with school leadership to support events, fundraisers, classroom resources, and schoolwide initiatives. These organizations help strengthen relationships among families, provide input into school programming, and create opportunities for deeper involvement in the school community.

Community celebrations and family-centered events are integral to the Passaic ASCS experience. These events highlight the district's cultural richness and support students' sense of belonging. Throughout the year, Passaic ASCS hosts a wide range of schoolwide programs and celebrations, including:

- **Back-to-School Nights & Curriculum Nights**
- **Patriots Day / 9/11 Observances**
- **Hispanic Heritage Month Celebrations**
- **Week of Respect & Anti-Bullying Programs**
- **Cultural Festivals & Multicultural Celebrations**
- **Safety Assemblies & Community First-Responder Visits**
- **Grandparents' & Family Heritage Nights**
- **Violence Awareness Week Activities**
- **Fall Festivals & Halloween Parades**
- **Veterans Day Assemblies**
- **Parent–Teacher Conferences & Family Workshops**
- **Winter & Spring Concerts and Performing Arts Showcases**
- **Academic Celebrations & Award Ceremonies**
- **Black History Month, Women's History Month, and AAPI Recognitions**
- **Thanksgiving Food Drives & Community Meals**
- **School Choice Week Activities**
- **Read Across America Celebrations**
- **College & Career Readiness Events (FAFSA Nights, College Essay Workshops)**
- **Book Fairs, Family Literacy Nights & STEAM Nights**
- **Talent Shows, Art Exhibitions & Virtual Showcases**
- **8th Grade Promotions & High School Graduations**
- **Spirit Weeks, Field Days & Pep Rallies**

These events strengthen relationships among students, families, staff, and the wider community while celebrating the district's diversity and fostering a culture of pride and engagement.

Passaic ASCS remains deeply committed to supporting families in times of need through **iSupport**, which provides coordinated assistance for those experiencing financial hardship, food insecurity, housing challenges, natural disasters, or other emergencies. With the help of community partners, local businesses, and donors, iSupport mobilizes resources to ensure that families receive essential items and support services when they need them most.

The district is also expanding its **alumni network**, connecting graduates to current students through mentorship opportunities, career panels, volunteer programs, and networking events. Many alumni return to support school functions, share their postsecondary experiences, or even join the district as staff members. These ongoing relationships strengthen community bonds and help inspire future generations of Passaic ASCS students.

Through these collective efforts, Passaic ASCS continues to build vibrant, supportive, and connected school communities where students thrive academically, socially, and emotionally—supported by families, empowered by partnerships, and anchored in a shared commitment to excellence.

PARTNERSHIP PROGRAMS

Passaic Arts & Science Charter School has cultivated an extensive network of partnerships that enrich academics, expand student opportunities, strengthen community connections, and enhance the professional capacity of staff. These collaborations play a vital role in supporting the school's mission by bringing real-world expertise, high-quality programming, and postsecondary pathways directly to students. Passaic ASCS continues to strengthen and expand these partnerships each year to ensure students benefit from meaningful, future-focused educational experiences.

A central component of our partnership work is our collaboration with **Students2Science**, which provides Passaic ASCS students with access to cutting-edge STEM learning through hands-on laboratory experiences, remote V-Labs, and structured mentoring. Students participate in authentic scientific investigations using industry-grade equipment, both virtually and on-site at the **Whippany Technology Center** and the **Apollo STEM Innovation Center in East Hanover**. These facilities introduce students to STEM career pathways, expose them to biotechnology and chemistry labs, and allow them to interact directly with scientists and STEM professionals. These experiences significantly enhance the school's overall STEM programming and complement ongoing efforts to establish a state-of-the-art STEM Center within the network.

Passaic ASCS also benefits from its growing network of **higher education partnerships**, which provide students with early college access and dual enrollment opportunities. Through partnerships with **Passaic County Community College**, **Bergen Community College**, **William Paterson University**, and **Ramapo College**, students can earn college credits while still in high school, participate in specialized workshops, and enroll in advanced academic courses aligned with future majors. These programs help reduce financial barriers, strengthen college readiness, and allow students to explore academic interests in supportive environments. Additional partnerships with institutions such as **St. Elizabeth University** and **Fairleigh Dickinson University** further expand opportunities, including participation in FDU's Middle College Program, which introduces students to university-level coursework and expectations.

Beyond direct student programming, Passaic ASCS also collaborates with colleges and universities to build a sustainable teacher pipeline. Partnerships with institutions such as **Ramapo College**, **Grand Canyon University**, and **Rutgers University** support teacher development, practicum placements, and supervisory certification programs. Rutgers University, in particular, has assisted the school through the **School Systems Improvement Project**, providing structured evaluation tools, training, and data-driven systems that elevate instructional quality and strengthen school leadership capacity.

Passaic ASCS also maintains strong partnerships that contribute to student well-being, character development, and community service. Collaborations with the **Hazelden Betty Ford Foundation** support the SALSA (Students Advocating Life without Substance Abuse) peer leadership program, which empowers students to lead substance-free initiatives, participate in leadership summits, and promote healthy decision-making across the school community. Community-based organizations such as the **Bergen Volunteer Center**, **Fair Lawn Chamber of Commerce**, **Sonovia Bank**, **Commerce Bank**, and **ShopRite** further strengthen school culture by supporting community drives, holiday events, volunteer opportunities, and financial literacy initiatives.

Several network-wide partners also play major roles in the continuous improvement of Passaic ASCS. The **Lumen Impact Group** supports strategic planning, organizational reflection, community feedback cycles, and multi-year improvement initiatives rooted in student, staff, and family voice. Collaboration with the **Harvard Strategic Data Project (SDP)** enhances the district's capacity to use research-based data systems and long-term analytics to guide academic priorities. The **iTutor/NJTC Partnership** expands academic support by offering flexible tutoring solutions, specialized intervention services, and virtual instructional assistance, ensuring students have equitable access to academic help beyond the school day.

In addition, Passaic ASCS continues to strengthen relationships with organizations that support expanded learning, mentorship, arts education, and community engagement. Partnerships with **Bergen Performing Arts Center**, **SUEZ North America**, and various local businesses and civic organizations provide guest speakers, field experiences, workforce learning opportunities, and cultural enrichment programs. The school also maintains access to the **Isaac Center**, which supports hands-on STEM exploration and collaborative student projects.

Together, these partnerships provide Passaic ASCS students with an expansive and dynamic network of opportunities, broadening their horizons academically, artistically, socially, and professionally. They also reinforce the school's commitment to delivering a holistic, community-rooted, future-focused education that prepares all students to thrive in college, careers, and life.

4) Internal Accounting Controls

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

As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate system of internal controls is in place to ensure compliance with applicable laws and regulations related to those programs. This system of internal control is also subject to periodic evaluation by the Charter School's management. As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of the system of internal controls, including that portion related to federal awards and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

5) Budgetary Controls

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the statutory requirements of charter school budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year.

During the 2023-2025 fiscal school, the Charter School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

6) Accounting System and Report

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and charter school. The accounting system is organized on the basis of funds in accordance with the Uniform Charter of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in "Notes to the Financial Statements", Note 1.

7) Financial Statement Information at Fiscal Year-End

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund and Special Revenue Fund for the fiscal year ended June 30, 2025 fiscal year:

Summary of the General Fund and Special Revenue Fund

Revenue	2025	2024	Increase/ (decrease)	% Change
Local sources	$ 11,305,610	$ 10,110,244	$ 1,195,366	11.82%
State sources	37,236,635	32,385,060	4,851,575	14.98%
Federal sources	2,590,897	5,652,458	(3,061,561)	-54.16%
Special items - ERTC	-	3,288,070	(3,288,070)	100.00%
	$ 51,133,142	$ 51,435,832	$ (302,690)	-0.59%

The Charter School experienced an breakeven in revenue during the year ended June 30, 2025 which was largely due to the Employee Retention Tax Credit (ERTC) revenue that was received and recognized during the prior year ended June 30, 2024.

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2025:

Summary of the General Fund and Special Revenue Fund

Expenditures	2025	2024	Increase/ (decrease)	% Change
Instruction	$ 19,267,579	$ 17,075,036	$ 2,192,543	12.84%
Administrative	20,051,156	15,945,771	4,105,385	25.75%
Support	12,309,425	10,908,148	1,401,277	12.85%
Capital outlay	2,983,121	883,068	2,100,053	237.81%
	$ 54,611,281	$ 44,812,023	$ 9,799,258	21.87%

The Charter School's expenditures increased by about 21.87% over last year's – an increase partly due to significant renovations – leasehold improvements during the year ended June 30, 2025.

8) Risk Management

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

9) Cash Management

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

10) Other Information

Independent Audit

State statute requires an annual audit by independent Certified Public Accountants or registered Municipal Accountants. The Charter School appointed the accounting firm of Olugbenga Olabintan, CPA. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *"Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid"*.

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

The Charter School continues to enjoy a fairly reasonable financial position through careful stewardship of its resources.

11) Acknowledgments

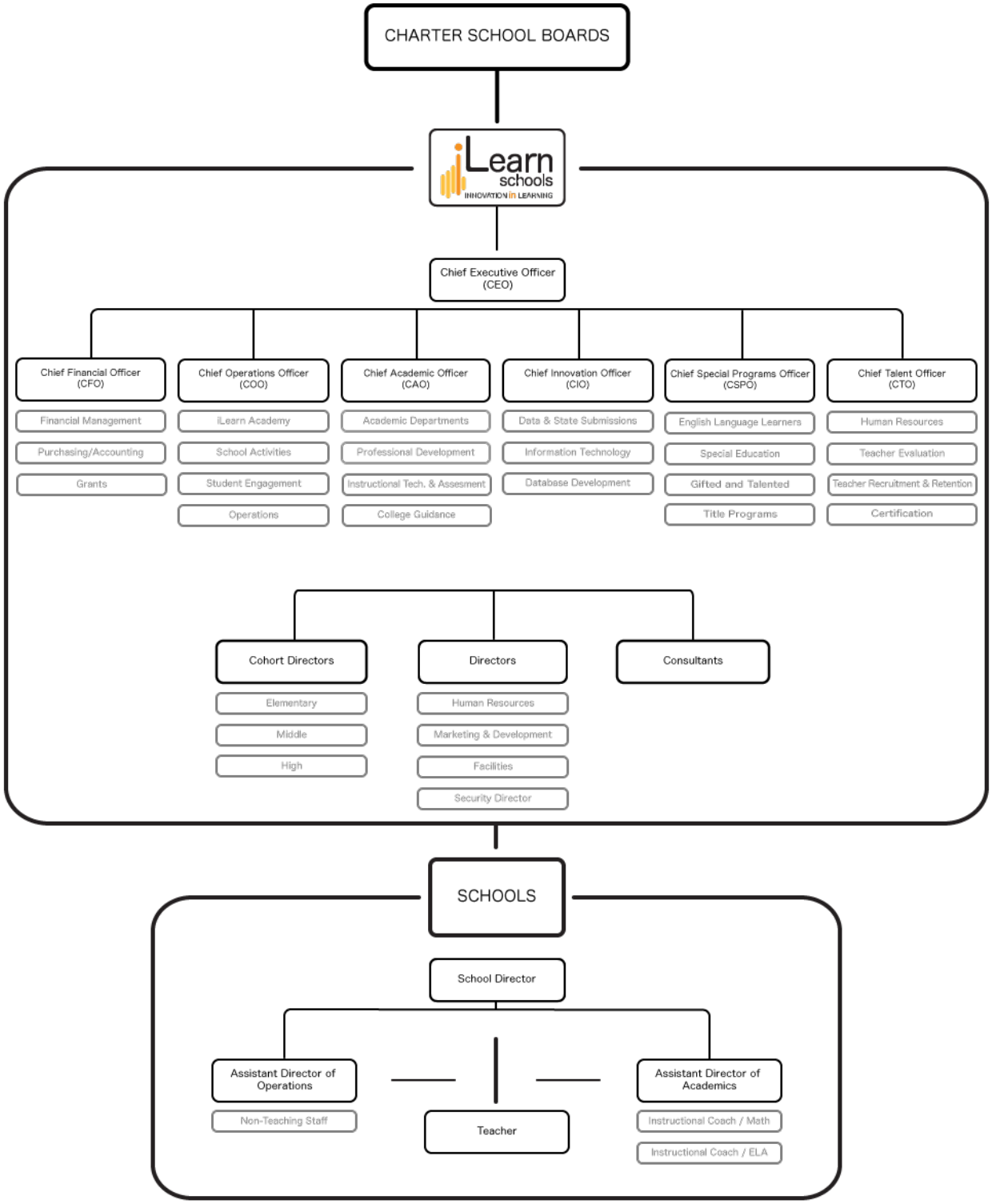
A note of appreciation is extended to the Finance Committee of the Charter School for their ongoing support and commitment to fiscal integrity and to Passaic Arts and Science Charter School Board of Trustees for their selfless dedication to improving student achievement.

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

Respectively submitted



Mustafa Coban
School Business Administrator/Board Secretary


CHARTER SCHOOL BOARDS
iLearn schools
INNOVATION IN LEARNING
Chief Executive Officer (CEO)
Chief Financial Officer (CFO)
Financial Management
Purchasing/Accounting
Grants
Chief Operations Officer (COO)
iLearn Academy
School Activities
Student Engagement
Operations
Chief Academic Officer (CAO)
Academic Departments
Professional Development
Instructional Tech. & Assesment
College Guidance
Chief Innovation Officer (CIO)
Data & State Submissions
Information Technology
Database Development
Chief Special Programs Officer (CSPO)
English Language Learners
Special Education
Gifted and Talented
Title Programs
Chief Talent Officer (CTO)
Human Resources
Teacher Evaluation
Teacher Recruitment & Retention
Certification
Cohort Directors
Elementary
Middle
High
Directors
Human Resources
Marketing & Development
Facilities
Security Director
Consultants
SCHOOLS
School Director
Assistant Director of Operations
Non-Teaching Staff
Teacher
Assistant Director of Academics
Instructional Coach / Math
Instructional Coach / ELA

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL

Roster of Trustees and Officers

June 30, 2025

Members of Board of Trustees

Name	Position
Mona David	President
Falisa McArthur	Vice President
Julian Cabrera	Trustee
Karen Sano	Trustee
Daya Santos	Trustee
Evelyn Osorio	Trustee
Malu Lopez	Trustee

Executive Board

Nihat Guvercin	Chief School Administrator
Mustafa Coban	School Business Administrator/Board Secretary
Christopher Lessard	Treasurer of School Monies

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL

Consultants and Advisor

Independent Auditors

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

Attorneys At Law

Hope R. Blackburn, Partner
Busch Law Group LLC
450 Main Street
Metuchen, NJ 08840

Official Depository

Provident Bank
Corporate Office
100 Wood Avenue South
Iselin, NJ 08830

Financial Section

Olugbenga Olabintan

Certified Public Accountant/Consultant

137 Camden Street, Suite #3
Newark, NJ 07103

Tel: (201) 230-7518
Fax: (973) 368-8268
E-mail: oolabintan@aol.com

Independent Auditors' Report

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

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Passaic Arts and Science Charter School, in the County of Passaic, State of New Jersey (the "Charter School") as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Charter School as of June 30, 2025, and the respective changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey 0MB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Charter School Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2025 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Charter School's internal control over financial reporting and compliance.

OlugbengaOlabintan, CPA

November 30, 2025
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



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

Required Supplementary Information

Part I

Management's Discussion and Analysis

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2025
(Unaudited)

Introduction

This section of Passaic Arts and Science Charter School's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

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

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- Net position of governmental activities ended the fiscal year with $22,899,439. Net position of business-type activities, which represent food service operations ended the fiscal year with $393,051.

- General revenues accounted for $47,652,440 in revenue or 90 percent of total revenues of $52,714,819. Program specific revenues, in the form of charges for services, grants, and contributions accounted for $5,062,379 or 10 percent of total revenues.

- The Charter School had $52,567,385 in expenses related to governmental activities; $3,469,185 of these expenses is offset by operating grants and contributions. General revenues (primarily State aid) of $47,652,440 helped to provide for the balance of these programs.

- The General Fund reported fund surplus at June 30, 2025, of $25,570,333.

- During the year ended June 30, 2025, the Charter School invested approximately $19.6 million of its excess cash fund in safe federal treasury bills with maturities ranging from 3 months to one year.

Using the Basic Financial Statements

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

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

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

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

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

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

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the fund used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2025?" The statements of Net Position and the Statement of Activities answer this question. These Statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

Statement of Net Position and Statement of Activities-continued

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, assets exceeded liabilities by $23,292,490 at the close of 2025. The following table provides a summary of net position relating to the Charter School's governmental and business type activities:

	Governmental Activities		Business Type Acvtivities		Total	
	2025	2024	2025	2024	2025	2024
Assets and deferred outflows of resources						
Current assets	$ 26,245,185	$ 30,207,034	$ 113,218	$ 270,993	$ 26,358,403	$ 30,478,027
Capital assets, net	3,812,479	1,569,726	37,092	48,052	3,849,571	1,617,778
Right-of-use assets	6,546,544	8,768,802			6,546,544	8,768,802
Deferred outflows of resources	2,467,229	1,778,485	-	-	2,467,229	1,778,485
Total assets and deferred outflows of resources	39,071,437	42,324,047	150,310	319,045	39,221,747	42,643,092
Liabilities and deferred outflows of resources:						
Current liabilities	647,970	1,131,680	(242,741)	(410,809)	405,229	720,871
Long term liabilites	7,089,174	5,906,090	-	-	7,089,174	5,906,090
Lease liabilities	7,539,361	9,940,041			7,539,361	9,940,041
Deferred outflows of resources	895,493	1,001,037	-	-	895,493	1,001,037
Total liabilities and deferred inflows of resources	16,171,998	17,978,848	(242,741)	(410,809)	15,929,257	17,568,039
Net position						
Invested in						
Capital assets (net of related debt)	3,812,479	1,569,726	37,092	48,052	3,849,571	1,617,778
Right-of-use assets, (net of related debt)	(992,817)	(1,171,239)			- (992,817)	- (1,171,239)
Restricted	80,274	75,000	-	-	80,274	75,000
Other purposes	26,882	15,365	-	-	26,882	15,365
Unrestricted	19,972,621	23,856,347	355,959	681,802	20,328,580	24,538,149
Total net position	$ 22,899,439	$ 24,345,199	$ 393,051	$ 729,854	$ 23,292,490	$ 25,075,053

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

The total net position of the Charter School decreased by $1,782,563 during the current fiscal year ended June 30, 2025. The majority of the decrease is attributable to a deficit of $1,445,760 in the Governmental Activities.

The table that follows reflects the change in net position for fiscal year 2025.

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charge for services	$0	$0	$102,472	$94,152	$102,472	$94,152
Operating grants and contributions	3,469,185	5,896,721	1,490,722	1,490,052	4,959,907	7,386,773
Total program revenues	3,469,185	5,896,721	1,593,194	1,584,204	5,062,379	7,480,925
General revenues:						
Local aid	9,603,143	8,816,290	-	-	9,603,143	8,816,290
Federal and state aid	36,505,940	32,230,663	-	-	36,505,940	32,230,663
Miscellaneous	1,543,357	1,197,749	-	-	1,543,357	1,197,749
Special items - ERTC	-	3,288,070	-	-	-	3,288,070
Total general revenues	47,652,440	45,532,772	-	-	47,652,440	45,532,772
Total revenues	51,121,625	51,429,493	1,593,194	1,584,204	52,714,819	53,013,697
Expenses:						
Instructions	19,267,579	17,075,036	-	-	19,267,579	17,075,036
Administrative & support services	30,337,178	24,855,717	-	-	30,337,178	24,855,717
Unallocated depreciation/ and amortization	2,962,628	3,038,008	-	-	2,962,628	3,038,008
Food service	-	-	1,921,252	1,769,173	1,921,252	1,769,173
After school programs	-	-	8,745	5,377	8,745	5,377
Total expenses	52,567,385	44,968,761	1,929,997	1,774,550	54,497,382	46,743,311
Change in net position	$ (1,445,760)	$ 6,460,732	$ (336,803)	$ (190,346)	$ (1,782,563)	$ 6,270,386

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2025.

Governmental Activities - *continued*

	Total Cost of Services	Net Cost of Services
Instruction	$ 19,267,579	$ 17,212,530
Administrative & support services	30,337,178	29,634,977
Unallocated depreciation and amortization	2,962,628	2,250,693
Total Expenses	$ 52,567,385	$ 49,098,200

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation and the Summer Enrichment/After-School programs. These programs had revenues of $1,593,194 (including a board contribution of $-0-) and operating expenses of $1,929,997 for fiscal year 2025. The Charter School intended to have food services be self-operating without assistance from the General Fund.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of $51,133,142 and expenditures of $54,611,281. The negative change in fund balance for the year was $(3,489,656). The cumulative surplus fund balance from the prior years was $29,075,354 which helped to absorb the current year's deficit.

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

During the course of fiscal 2025, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management teams.

For the General Fund, final budgeted revenues were $41,649,040, which included a local tax levy of $9,603,143. Expenditures and other financing uses were budgeted at $47,101,017. The Charter School anticipated budgeted fund balance of $23,608,012 in its 2024-2025 budget year.

The State of New Jersey reimbursed the Charter School $1,099,750 during the year ended June 30, 2025 for the employer's share of social security contributions for TPAF members. Also, the State paid $4,391,395 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. The unbudgeted amounts were included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2025, the Charter School had $3,812,479 invested in capital assets in its governmental activities.

The Charter School's 2025-2026 budget anticipates approximately $500,000 spending on capital projects.

Long-term debt

The Charter School had $7,089,174 at June 30, 2025 in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long term obligations is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2025-2026. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

Contacting the Charter School's Financial Management

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
Business Office, 33-00 Broadway, Suite 301
Fair Lawn, New Jersey 07410
Tel: (201) 773-9140* Fax: (201) 773-9141

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Charter School's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the Year Ended June 30, 2025.

Statement of Net Position

June 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 3,115,650	$ (565)	$ 3,115,085
Restricted cash - escrow	80,274		80,274
Investments	19,608,242		19,608,242
Accounts receivable	2,772,212	90,201	2,862,413
Other current assets	668,807	23,582	692,389
Interfund receivables	-	-	-
Capital assets (net of accumulated depreciation of $3,962,046)	3,812,479	37,092	3,849,571
Right-of-use lease asset, (net of accumulated anortization of $15,967,982)	6,546,544	-	6,546,544
Total assets	36,604,208	150,310	36,754,518
Deferred outflows of resources			
Pension deferred outflows	2,467,229	-	2,467,229
Total assets and deferred outflows of resources	$ 39,071,437	$ 150,310	$ 39,221,747
Liabilities			
Accounts payable	$ 269,123	$ 118,231	$ 387,354
Intergovermental payables - state and federal	-	-	-
Deferred revenue	-	-	-
Interfunds payables	360,972	(360,972)	-
Other liabilities	17,875	-	17,875
Net pension liability	7,089,174	-	7,089,174
Lease liabilities	7,539,361	-	7,539,361
Total liabilities	15,276,505	(242,741)	15,033,764
Deferred inflows of resources			
Pension deferred inflows	895,493	-	895,493
Total liabilities and deferred inflows of resources	16,171,998	(242,741)	15,929,257
Net position			
Invested in capital assets, net of related debt	3,812,479	37,092	3,849,571
Invested in right-of-use assets, net of related debt	(992,817)	-	(992,817)
Restricted - escrow account	80,274	-	80,274
Restricted - student activity	26,882	-	26,882
Unrestricted, undesignated	19,972,621	355,959	20,328,580
Total net position	22,899,439	393,051	23,292,490
Total liabilities, deferred inflows & net position	$ 39,071,437	$ 150,310	$ 39,221,747

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

Statement of Activities

Year ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Totals
Governmental activities:						
Instruction:						
Regular	$ 19,267,579	$ -	$ 2,055,049	$ (17,212,530)	$ -	$ (17,212,530)
Administrative & support services:	-	-	-	-	-	-
General administration	18,027,753	-	-	(18,027,753)	-	(18,027,753)
Support services	12,309,425	-	702,201	(11,607,224)	-	(11,607,224)
Capital outlay	-	-	711,935	711,935	-	711,935
Unallocated depreciation	740,369	-	-	(740,369)	-	(740,369)
Unallocated amortiztion of right-of-use assets	2,222,259	-	-	(2,222,259)	-	(2,222,259)
Total governmental activities	52,567,385	-	3,469,185	(49,098,200)	-	(49,098,200)
Business-type activities:						-
Food service	1,921,252	90,010	1,490,722	-	(340,520)	(340,520)
After care program	8,745	12,462	-	-	3,717	3,717
Total business-type activities	1,929,997	102,472	1,490,722	-	(336,803)	(336,803)
Total primary government	$ 54,497,382	$ 102,472	$ 4,959,907	(49,098,200)	(336,803)	(49,435,003)
	General revenues, transfers and special items:					
	Local sources			9,603,143	-	9,603,143
	State sources			36,484,846	-	36,484,846
	Federal sources			21,094	-	21,094
	Miscellaneous			1,543,357	-	1,543,357
	Special items - Employee Retention Tax Credit - ERT			-	-	-
	Total general revenues, transfers and special item			47,652,440	-	47,652,440
	Change in net position			(1,445,760)	(336,803)	(1,782,563)
	Net position - beginning			24,345,199	729,854	25,075,053
	Net position - ending			$ 22,899,439	$ 393,051	$ 23,292,490

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

Funds Financial Statements

Governmental Funds

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL **B-1**
Governmental Funds

Balance Sheet

June 30, 2025

	General Fund	Special Revenue Fund	Totals Governmental Funds
Assets			
Cash and cash equivalents	$ 3,074,457	$ 41,193	$ 3,115,650
Restricted cash in escrow	80,274	-	80,274
Investments	19,608,242	-	19,608,242
Accounts receivable:	-	-	-
State	64,514	38,979	103,493
Federal	-	150,600	150,600
Other	2,518,119	-	2,518,119
Other current assets	668,807	-	668,807
Interfund receivable	17,955	1,178	19,133
Total assets	$ 26,032,368	$ 231,950	$ 26,264,318
Liabilities and Fund Balances			
Interfund payables	$ 174,135	$ 205,970	$ 380,105
Accounts payables	269,123	-	269,123
Intergovernmental payables - federal	-	-	-
Intergovernmental payables - state	-	-	-
Intergovernmental payables - other	-	-	-
Other liabilities	18,777	(902)	17,875
Deferred revenue	-	-	-
Total liabilities	462,035	205,068	667,103
Fund balances:			
Restricted - student activity	-	26,882	26,882
Undesignated	25,570,333	-	25,570,333
Total fund balances	25,570,333	26,882	25,597,215
Total liabilities and fund balances	$ 26,032,368	$ 231,950	
Amounts reported for governmental activities in the statement of net position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
Cost of capital assets	$ 7,774,525		
Accumulated depreciation	(3,962,046)		
Cost of capital assets, net of accumulated depreciation	$ 3,812,479		3,812,479
Deferred Outflows related to pension contributions subsequent to the Net Pension Liablity measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)			2,467,229
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)			(895,493)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilties in the funds (see Note 7)			(7,089,174)
Right-of-use assets used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 4):			
Cost of right-of-use assets	$ 22,514,526		
Accumulated amortization	(15,967,982)		
Cost of right-to-use assets, net of accumulated amortization	$ 6,546,544		6,546,544
Lease liabilities used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 5).			(7,539,361)
Net position of governmental activities - A-1			$ 22,899,439

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2025

	General Fund	Special Revenue Fund	Total
Revenues:			
Local sources:			
Local tax levy	$ 9,603,143	$ -	$ 9,603,143
Miscellaneous	1,543,357	159,110	1,702,467
Total revenues - local sources	11,146,500	159,110	11,305,610
Federal sources	21,094	2,569,803	2,590,897
State sources	30,993,701	751,789	31,745,490
Reimbursed TPAF-Social Security (non-budgeted)	1,099,750	-	1,099,750
TPAF pension and post retirement medical and long-term disability	-	-	-
premium benefits on-behalf payments (non-budgeted)	4,391,395	-	4,391,395
Total revenues	47,652,440	3,480,702	51,133,142
Current expense:			
Instruction	17,212,530	2,055,049	19,267,579
Administrative	14,560,011	-	14,560,011
Support services	11,607,224	702,201	12,309,425
Capital outlay	2,271,186	711,935	2,983,121
Reimbursed and on-behalf payments:	-	-	-
Reimbursed TPAF-Social Security (non-budgeted)	1,099,750	-	1,099,750
TPAF pension and post retirement medical	-	-	-
benefits on-behalf payments (non-budgeted)	4,391,395	-	4,391,395
Total expenditures	51,142,096	3,469,185	54,611,281
Excess (deficiency) of revenues over (under) expenditures	(3,489,656)	11,517	(3,478,139)
Special items			
Employee Retention Tax Credits (ERTC)	-	-	-
Total special items	-	-	-
Excess (deficiency) of revenues and special items over (under) expenditures and special items	(3,489,656)	11,517	(3,478,139)
Fund balances, beginning of year	29,059,989	15,365	29,075,354
Fund balances, end of year	$ 25,570,333	$ 26,882	$ 25,597,215

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL **B-3**

Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2025

Total net change in fund balances - governmental funds (B-2)		$ (3,478,139)
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expenses in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.		
Depreciation expense	$ (740,369)	
Capital outlays	2,983,121	
		2,242,752
Adoption of GASB 87 resulted in an increase in right-to-use lease assets offset by the current year amortization of the right-to-use assets, allocated over the term of the leases		
Amortization expense	(2,222,259)	
Additions to right-of-use assets	-	
		(2,222,259)
Adoption of GASB 87 resulted in an increase in lease liabilities offset by the current year principal payments on lease liabilities. Principal payments on lease liabilities decrease liabilities in the statement of net position, but are included in the governmental funds as expenses		
Principal payments		2,400,680
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administravtive costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period		(388,794)
Change in net position of governmental activities (A-2)		$ (1,445,760)

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

Proprietary Funds

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL **B-4**
Proprietary Funds

Statement of Net Position

June 30, 2025

Assets	
Current assets:	
Cash and cash equivalents	$ (565)
Accounts receivable:	-
Federal	88,026
State	2,175
Other	-
Inventories	23,582
Interfund receivable - general fund	-
Total current assets	$ 113,218
Noncurrent assets:	
Machinery and equipment	155,264
Less accumulated depreciation	(118,172)
Total noncurrent assets	37,092
Total assets	150,310
Liabilities	
Current liabilities:	
Interfund payable - general fund	$ (360,972)
Accounts payable	118,231
Total current liabilities	$ (242,741)
Net position	
Unresricted	393,051
Total net position	$ 393,051

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
Proprietary Funds

Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2025

Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	$ -
Daily sales - nonreimbursable programs	102,296
Miscellaneous revenue	176
Total operating revenues	102,472
Operating expenses:	
Cost of sales - reimbursable programs	1,596,202
Cost of sales - nonreimbursable programs	89,834
Salaries	20,538
Employee benefits	-
Professional /technical service	-
Other purchased services	128,818
Supplies and materials	83,570
Depreciation	10,960
Miscellaneous	75
Total operating expenses	1,929,997
Operating income (loss)	(1,827,525)
Nonoperating revenues:	
State sources:	
State School Lunch Program	21,196
State School Breakfast Program - After Bell	13,048
Federal sources:	-
National School Lunch Program	1,021,621
Healthy, Humger Free Kids Act	28,493
National School Breakfast Program	289,631
After School Snacks	83,951
Fresh Fruit and Vegetable Program	17,054
Summer Food Service Program for Children	15,728
Total nonoperating revenues	1,490,722
Net income/(loss) before contributions & transfers	(336,803)
Other financing sources:	
Transfer in/(out) - board contribution	-
	-
Change in net position	(336,803)
Total net position-beginning of year	729,854
Total net position-end of year	$ 393,051

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2025

Cash flows from operating activities		
Operating loss	$	(1,827,525)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Accounts receivable		(11,309)
Due to/(from) general fund		49,837
Accounts payable		118,231
Net cash used in operating activities		(1,670,766)
Cash flows from noncapital financing activities		
Cash received from state reimbursements		34,244
Cash received from federal reimbursements		1,456,478
Operating subsidies and transfers from other funds		-
Net cash provided by noncapital financing activities		1,490,722
Cash flows from investing activities		
Net decrease in cash and cash equivalents		(180,044)
Cash and cash equivalents, beginning		168,519
Cash and cash equivalents, ending	$	(11,525)

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

Fiduciary Funds
Not Applicable

Notes to Basic Financial Statements

1 Description of the Charter School and Reporting Entity

Passaic Arts and Science Charter School (the "Charter School" was incorporated in the State of New Jersey in 2010 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School's Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A Principal/Chief School Administrator is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the statutes, the Charter School's duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

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

2 Summary of Significant Accounting Policies

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

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

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

A Basis of Presentation

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

Charter School Government-wide Financial Statements

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

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

2 Summary of Significant Accounting Policies - *continued*

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

Fund Financial Statements

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

B Fund Accounting

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

Governmental Funds

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

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

2 Summary of Significant Accounting Policies - *continued*

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

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

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

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

Proprietary Funds

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

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

2 Summary of Significant Accounting Policies - *continued*

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

Fiduciary Funds

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

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

GASB Statement No 84 Fiduciary Activities – As of the year ended June 30, 2025, there was no Fiduciary Fund. This was due to the adoption of GASB Statement 84, Fiduciary Activities during the previous year ended June 30, 2022.

C Measurement Focus and Basis of Accounting

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

Measurement Focus

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

2 Summary of Significant Accounting Policies - *continued*

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

Basis of Accounting

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

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

D Budgets/Budgetary Control

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

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

2 Summary of Significant Accounting Policies - *continued*

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

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

E Cash, Cash Equivalent and Investments

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

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

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

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

2 Summary of Significant Accounting Policies - *continued*

F Short-Term Interfund Receivables/Payables

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

G Inventories and Prepaid Expenses

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

H Capital Assets

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

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

Description of Capital Assets	Estimated Lives (Years)
Leasehold improvements	10
Furniture and equipment	5

2 Summary of Significant Accounting Policies - *continued*

I Compensated Absences

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

The Charter School had no compensated absences as of June 30, 2025.

J Accrued Liabilities and Long-Term Obligations

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

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

K Deferred Revenue

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

2 Summary of Significant Accounting Policies - *continued*

L Fund Balance and Equity

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

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

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

M Net Position

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

2 Summary of Significant Accounting Policies - *continued*

N Management Estimates

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

O On-Behalf Payments

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

P GASB Pronouncements

Adoption of New Accounting Standard

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

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

Adoption of New Accounting Standard

During the fiscal previous fiscal year ended June 30, 2022, the Charter School adopted and implemented **GASB Statement No. 87, *Leases***. The implementation of the Statement changes the reporting for leases.

2 Summary of Significant Accounting Policies - *continued*

Q Fair Value of Financial Instruments

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

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

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

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

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

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

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

3 Deposits and Investments

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

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

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000. The Charter School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School's deposits and investments are exposed to custodial credit risk. As of June 30, 2025, the Charter School's carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Operating A/C	$ 3,074,457	$ 41,193	$ (565)	$ -	$ 3,115,085
Restricted	80,274	-	-	-	80,274
Total	$ 3,154,731	$ 41,193	$ (565)	$ -	$ 3,195,359

Operating cash accounts are held in the Charter School's name by one banking institution. At June 30, 2025, the Charter School's carrying amount of deposits was $3,195,359 and the bank balance was $4,588,665. Of the bank balance, up to a maximum of $250,000 of the Charter School's cash deposits on June 30, 2025 were secured by federal deposit insurance and $4,338,665 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

3 Deposits and Investments - *continued*

Establishment of an Escrow Account

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

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

Category 1 - Insured or collateralized with securities held by the Charter School or by its agent in the Charter School's name. ***Category 2 -*** Collateralized with securities held by the pledging public depository's trust department or agent in the Charter School's name. ***Category 3 -*** Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Charter School's name.

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

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

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

3 Deposits and Investments - *continued*

Investments

During the year ended June 30, 2025, the Charter School invested approximately $19.61 million of its cash funds in the safe federal Treasury Bills with maturities ranging from 6 months to one year.

The table below segregates the financial (Federal Treasury Bills) assets as of June 30, 2025 that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date:

	Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Charles Schwab Brokerage Services:				
Cash and money market	$ 12,838	$ 12,838	$ -	$ -
Treasury Bills	19,595,404	-	19,595,404	-
Total investments	$ 19,608,242	$ 12,838	$ 19,595,404	$ -

For the above Treasury Bills, the fair value was determined by reference to US Department of the Treasury using the maturity date, CUSIP (Committee on Uniform Securities Identification Procedures) and other relevant information generated by Treasury Bills transactions.

4 Capital Assets and Right-to-Use Lease Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2025:

Governmental activities:	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets not depreciated:	$ -	$ -	$ -
Capital assets, being depreciated:			
Leasehold improvements	2,572,265	1,957,186	4,529,451
Furniture and equipment	1,817,683	1,025,935	2,843,618
Vehicles	401,455	-	401,455
	4,791,403	2,983,121	7,774,524
Less accumulated depreciation			
Leasehold improvements	1,992,381	228,226	2,220,607
Furniture and equipment	1,078,099	441,683	1,519,782
Vehicles	151,196	70,460	221,656
	3,221,676	740,369	3,962,045
Total capital assets net	$ 1,569,727	$ 2,242,752	$ 3,812,479
Business-type activities:			
Capital assets, being depreciated:			
Machinery and equipment	$ 155,264	$ -	$ 155,264
Less accumulated depreciation	(107,212)	(10,960)	(118,172)
Enterprise fund capital assets - net	$ 48,052	$ (10,960)	$ 37,092

Depreciation expense of $740,369 was charged to an unallocated function.

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

Changes in right-to-use lease assets are as follows for the fiscal year ended June 30, 2025:

Governmental Activities	Beginning Balance	Net Additions	Ending Balance
Right-of-use lease assets			
Premises	$ 22,431,684	$ -	$ 22,431,684
Equipment	82,842	-	82,842
Total cost	22,514,526	-	22,514,526
Less - accumulated depreciation			
Premises	13,667,443	2,217,699	15,885,142
Equipment	78,280	4,560	82,840
Total accumulated depreciation	13,745,723	2,222,259	15,967,982
Right-of-use lease assets - net	$ 8,768,803	$ (2,222,259)	$ 6,546,544

5 Lease Obligations

Lease Agreements – Implementation of GASB 87

Lease Liabilities	Outstanding Balance	Acquired Current Year	Retired Current Year	Ending Balance
Facilities lease liabilities	$ 9,935,253	$ -	$ (2,387,585)	$ 7,547,668
Equipment lease liabilities	4,788	-	(13,095)	(8,307)
Total lease liabilities	$ 9,940,041	$ -	$ (2,400,680)	7,539,361
Current portion				2,010,261
Non-current portion				5,529,100
Total lease liabilities				$ 7,539,361

The Charter School leases its premises and equipment under the terms of several non-cancelable leases. Certain leases are automatically renewed upon the charter renewal and can be extended through various dates through June 30, 2030.

5 Lease Obligations - *continued*

Lease Agreements – Implementation of GASB 87 - *continued*

The leases required aggregate annual cash payments of approximately $4,257,973 during the year ended June 30, 2025. Interest expense on the leases was $442,746 for the year ended June 30, 2025 which is reflected as lease interest expense on the accompanying budgetary comparison schedule – general fund (exhibit C-1).

The value of the right-of-use assets (net of amortization) was $6,546,544 as of June 30, 2025 which was calculated using a discount rate of 5% (the Charter School's estimated incremental borrowing rate).

The net value of the lease liabilities was $7,539,361. Amortization of the related right-to-use lease assets was $2,222,259 for the year ended June 30, 2025.

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

Year ending June 30:	Principal	Interest	Amortization
2026	$ 2,010,261	$ 331,730	$ 1,834,182
2027	2,113,110	228,881	1,834,182
2028	1,192,498	144,133	1,044,293
2029	1,253,508	83,122	1,044,293
2030	969,984	26,697	789,594
Thereafter	-	-	-
	$ 7,539,361	$ 814,563	$ 6,546,544

Description of Lease Terms

Facilities Leases

40 Tulip Street, Passaic, New Jersey Lease

The Charter School leases classroom and office space at 40 Tulip Street, Passaic, New Jersey. The lease commenced on July 1, 2020 with an initial lease term of five years through June 30, 2025 at an annual rent of approximately $500,000+. The lease also has one additional five year renewal option. It should be noted that ILearn, the Charter Management Organization (the CMO) is the primary lessee and the Charter School is the sub-lessee.

5 Lease Obligations - *continued*

Description of Lease Terms - *continued*

Facilities Leases - *continued*

416 Mount Prospect Avenue, Passaic, New Jersey Lease

The Charter School leases classroom and office space at 416 Mount Prospect Avenue, Passaic, New Jersey. The lease commenced on July 1, 2018 with an initial lease term of six years through June 30, 2024 at an annual rent of approximately $350,000. The lease also has one additional four year renewal option through June 30, 2028. The landlord is **Saint Andrew the Apostolic RC Church.**

43 Clifton Avenue, Clifton, New Jersey Lease

The Charter School leases classroom and office space at 43 Clifton Avenue, Clifton, New Jersey. The lease commenced on July 1, 2017 with an initial lease term of five years through June 30, 2022 at an annual rent of approximately $450,000. The lease also has one five year renewal option which was exercised for the five year period July 1, 2022 through June 30, 2027. The landlord is **Sacred Heart RC Church.**

188 First Street, Passaic, New Jersey Lease

The Charter School leases classroom and office space at 188 First Street, Passaic, New Jersey. The lease commenced on September 1, 2017 with an initial lease term of six years through June 30, 2022 at an annual rent of approximately $500,000. The lease also has one five year renewal option which was exercised for the five year period July 1, 2022 through June 30, 2027. The landlord is **Saint Mary RC Church.**

154 First Street, Passaic, New Jersey Lease

The Charter School leases classroom and office space at 154 First Street, Passaic, New Jersey. The lease commenced on September 1, 2020 with an initial lease term of five years through June 30, 2025 at an annual rent of approximately $400,000. The lease also has one five year renewal option for the period July 1, 2025 through June 30, 2030. The landlord is **Saint Brendan RC Church.**

5 Lease Obligations - *continued*

Description of Lease Terms - *continued*

Facilities Leases - *continued*

7 Saint Francis Way, Passaic, New Jersey Lease

The Charter School leases classroom and office space at **7 Saint Francis Way**, Passaic, New Jersey. The lease commenced on July 1, 2015 with an initial lease term of five years through June 30, 2020 at an annual rent of approximately $480,000. The lease also has one five year renewal option for the period July 1, 2020 through June 30, 2025. The landlord is **Our Lady of Roman Carmel RC Church – The Roman Catholic Diocese.**

Equipment Leases

The Charter School leases office equipment (computers and copiers) under several operating lease agreements. For the year ended June 30, 2025, the Charter School incurred $6,860 in equipment lease expenditures.

Future minimum payments under these agreements are as follows:

	Facilities Leases							
Year ending June 30:	40 Tulip Street	418 Mt Prospect Ave	40 Clifton Avenue	188 First Street	154 First Street	7 Saint Francis Way	Equipment Leases	Total
2026	$ 590,667	$ -	$ 506,430	$ 622,013	$ 434,000	$ 555,572	$ 20,447	$ 2,729,129
2027	590,667	-	521,623	640,021	-	-	13,067	1,765,378
2028	-	-	537,271	660,021	-	-	-	1,197,292
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
Thereafter		-	-	-	-	-	-	-
	$ 1,181,334	$ -	$ 1,565,324	$ 1,922,055	$ 434,000	$ 555,572	$ 33,514	$ 5,691,799

6 Pension Plans

Description of Plans

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

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

Teachers' Pension and Annuity Fund (TPAF)

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

6 Pension Plans - *continued*

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

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

6 Pension Plans - *continued*

Annual Pension Costs (APC)

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

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

The Charter School's contribution to PERS for the year ended June 30, 2025 was $709,917.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School $1,099,750 during the year ended June 30, 2025 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also, the State paid $4,391,395 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

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

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

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

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

Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was $34,277,227 as measured on June 30, 2024 and $32,734,437 as measured on June 30, 2023.

For the year ended June 30, 2025, the Charter School recognized pension expense of $(125,038) and revenue of $(125,038) for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2025 is based upon changes in the collective net pension liability with a measurement period of June 30, 2023 through June 30, 2024. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2023 and June 30, 2024.

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

	June 30, 2024	June 30, 2023
Collective deferred outflows of resources	$ 1,108,112,477	$ 2,413,548,676
Collective deferred inflows of resources	$ 10,545,101,790	$ 14,741,373,312
Collective net pension liability (non-employer State of New Jersey)	$ 49,425,106,602	$ 51,032,669,551
State's portion of the net pension liability that was associated with the Charter School	$ 34,277,227	$ 32,734,437
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.069352%	0.064144%

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Actuarial Assumptions - *continued*

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return - *continued*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return - *continued*

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	28.00%	8.63%
Non-US Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: ***https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf25.pdf***

Pension Plan Fiduciary Net Position

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

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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

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

At June 30, 2025, the Charter School reported a liability of $7,089,174 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2023. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2024 and 2023. At June 30, 2024, the Charter School's proportion was 0.0521721408% which was an increase of 0.0113965415% from its proportion measured as of June 30, 2023 which was 0.0407755993%.

For the year ended June 30, 2025, the Charter School recognized pension expense of $709,917. At June 30, 2025, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 142,009	$ 18,873
Changes in assumptions	8,807	80,659
Net difference between projected and actual earnings on pension plan investments	-	328,706
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	2,316,413	467,255
Subtotal	2,467,229	895,493
Charter School's contributions subsequent to the measurement date	709,917	-
Total	$ 3,177,146	$ 895,493

$709,917 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2025, the plan measurement date is June 30, 2024) will be recognized as a reduction of the net pension liability measured as of June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Pension Expense
2025	$ 1,705,260
2026	(1,319,479)
2027	759,125
2028	438,236
2029	(11,406)
Thereafter	-
	$ 1,571,736

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

	June 30, 2024	June 30, 2023
Collective deferred outflows of resources	$ 812,747,880	$ 1,101,221,923
Collective deferred inflows of resources	$ 983,025,360	$ 1,648,476,259
Collective net pension liability (Non-State Local Group)	$ 13,588,045,796	$ 14,484,374,047
Charter School's portion of the net pension liability	$ 7,089,174	$ 5,906,090
Charter School's proportion (percentage)	0.05217214%	0.04077560%

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: thereafter	2.75%-6.55% based on years of service
Investment rate of return	7.00%

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	28.00%	8.63%
Non-US Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	$ 9,499,061	$ 7,089,175	$ 5,148,829

	2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	$ 7,753,293	$ 5,906,090	$ 4,426,050

Pension Plan Fiduciary Net Position

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

8 Post Retirement Benefits

Plan Description and Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms.

At June 30, 2024, the following employees were covered by the benefit terms:
Active plan member = 219,185
Inactive plan members entitled to but not yet receiving benefits = 153,556
Inactive plan members or beneficiaries currently receiving benefits = -0-
Total plan members = 372,741

8 Post Retirement Benefits – *continued*

Total Non-employer OPEB Liability

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

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024. The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%

	TPAF/ABP	PERS
Salary increases:		
Through 2029	2.75 to 5.65% based on years of service	2.75 to 6.55% based on years of service
Thereafter	2.75 to 5.65% based on years of service	2.75 to 6.55% based on years of service

8 Post Retirement Benefits – *continued*

Actuarial Assumptions and Other Inputs - *continued*

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2024. 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-2024. 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-2024.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2025 through 2025 are reflected. For PPO the trend is initially 5.74% in fiscal year 2026, increasing to 12.93% in fiscal year 2026 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01 % in fiscal year 2026, increasing to 15 .23% in fiscal year 2026 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%

Discount Rate

The discount rate for June 30, 2024 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.

8 Post Retirement Benefits – *continued*

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

	Increase/(Decrease) Total OPED Liability
Balance as of June 30, 2023 measurement date	$ 52,361,668,239
Changes recognized for the fiscal year:	
Service cost	$ 2,152,062,729
Interest on total OPEB liability	1,963,557,443
Chamges of benefit terms	-
Difference between expected and actual experiences	158,934,425
Effect of changes of assumptions	4,462,660,491
Gross benefits paid by the State	(1,499,600,607)
Contributins from the members	51,347,810
Net changes	$ 7,288,962,291
Balance as of June 30, 2024 measurement date	$ 59,650,630,530

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

The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.656%; as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is I-percentage-point lower (2.65 percent) or I-percentage-point higher (4.65 percent) than the current rate:

	2024		
	At 1% Decrease (2.65%)	At 1% Discount Rate (3.65%)	At 1% Increase (4.65%)
Total OPED liability attributable to the Charter School	$ 15,032,738	$ 12,822,976	$ 11,048,794

	2023		
	At 1% Decrease (2.65%)	At 1% Discount Rate (3.65%)	At 1% Increase (4.65%)
Total OPED liability attributable to the Charter School	$ 12,124,974	$ 10,342,644	$ 8,911,640

8 Post Retirement Benefits – *continued*

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

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2024 and 2023, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a healthcare trend rate that is I-percentage-point lower or I-percentage-point higher than the current rate:

	2024		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPED liability attributable to the Charter School	$ 10,645,047	$ 12,822,976	$ 15,672,802

	2023		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPED liability attributable to the Charter School	$ 8,585,989	$ 10,342,644	$ 12,641,232

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

For the fiscal year ended June 30, 2025 the Charter School recognized OPEB expense of $2,831,315 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is $-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2024 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

8 Post Retirement Benefits – *continued*

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 6,378,932,312	$ 11,139,706,892
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	10,004,978,073	11,662,607,882
Subtotal	16,383,910,385	22,802,314,774
Contributions made in fiscal year 2019 after June 30, 2024 measurement date	TBD	N/A
Total	$ TBD	$ 22,802,314,774

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

Measurement Period - Fiscal Year Ending June 30:	Total
2025	$ (2,115,877,507)
2026	$ (1,774,175,666)
2027	$ (842,677,045)
2028	$ 221,470,185
2029	$ (1,537,725,697)
Thereafter	$ (369,418,659)
	$ (6,418,404,389)

9 Deferred Compensation

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

10 Economic Dependency

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

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

Of the $25,570,333 General Fund balance at June 30, 2025, $80,274 is reserved for escrow cash account, $25,490,059 is the net fund balance.

12 Contingent Liabilities

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2025, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School's attorney's letter advises the following: "We were not engaged at the Audit Date or at the Effective Date to give substantive attention to, or represent the School in connection with, any overtly threatened or pending litigation against the School."

13 Risk Management

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

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

14 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2025 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 17,955	$ 174,135
Special Revenue Fund	1,178	205,970
Enterprise Fund	360,972	-
Trust and Agency Fund	-	-
	$ 380,105	$ 380,105

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

15 Receivables

Receivables as of June 30, 2025 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full. A summary of the principal items of receivables are as follows:

State aid	$ 105,668
Federal aid	238,626
Other	2,518,119
Total receivables	$ 2,862,413

16 Subsequent Events

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

17 Reconciliation of Government-Wide and Fund Financial Statements

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

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

Fund balance per B-1	$ 25,597,215
Cost of capital assets net accumulated depreciation	3,812,479
Pension deferred outflows	2,467,229
Pension deferred inflows	(895,493)
Deferred pension liability as of June 30, 2025	(7,089,174)
Cost of right-of-use lease assets, net of accumulated amortizatin	6,546,544
Principal balance of lease liabilities	(7,539,361)
Net position (per A-1) as of June 30, 2025	$ 22,899,439

18 ILearn Schools, Inc. – Charter Management Organization (CMO) Agreement

ILearn Schools, Inc. (a Charter Management Organization), is a New Jersey State non-profit organization that has a service agreement with the Charter School. The agreement which is renewable and renewed annually provides specialized educational and management services, including operational and administrative support to the Charter School. The services are considered qualitative in nature. It should be noted that Ilearn Schools, Inc. and the Charter School are governed by two separate and distinct Board of Trustees. The agreement provides that "No member of the Charter School Board shall have any interest in the CMO as an employee, member, or otherwise." During the years ended June 30, 2025 ILearn Schools, Inc. was paid management fees in the amount of $5,292,479. Further, ILearn Schools is the primary tenant of the Charter School's facilities at 40 Tulip Street, Passaic, New Jersey. The Charter School is the sub-tenant.

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Required Supplementary Information

Part II

Budgetary Comparison

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	$ 10,133,447	$ (530,304)	$ 9,603,143	$ 9,603,143	$ -
Miscellaneous	35,000	-	35,000	1,543,357	1,508,357
Total revenues -local sources	10,168,447	(530,304)	9,638,143	11,146,500	1,508,357
State sources:					
Federal aid - SEMI revenue	15,000	-	15,000	21,094	6,094
State aid	31,857,361	138,536	31,995,897	30,993,701	(1,002,196)
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	1,099,750	1,099,750
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	992,142	992,142
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	3,395,412	3,395,412
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	3,841	3,841
Total -state sources	31,872,361	138,536	32,010,897	36,505,940	4,495,043
Total revenues	42,040,808	(391,768)	41,649,040	47,652,440	6,003,400
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	14,518,677	315,955	14,834,632	14,617,714	216,918
Other salaries for instruction	597,611	259,601	857,212	857,212	-
Purchased profesional technical services	30,000	59,000	89,000	68,254	20,746
Other purchased services	282,380	(87,860)	194,520	163,680	30,840
General educational supplies	571,226	568,985	1,140,211	1,099,892	40,319
Textbooks	110,000	6,702	116,702	116,702	-
Miscellaneous expenses	100,000	223,500	323,500	289,076	34,424
	16,209,894	1,345,883	17,555,777	17,212,530	343,247

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative cost:					
Salaries	3,032,677	138,616	3,171,293	3,162,875	8,418
Total benefit costs	5,117,785	595,054	5,712,839	5,573,140	139,699
Professional /Technical service	5,385,520	49,459	5,434,979	5,424,594	10,385
Other purchased services	2,500	3,100	5,600	5,045	555
Communications and Telephones	64,500	(2,100)	62,400	43,863	18,537
Supplies and materials	80,000	138,000	218,000	216,182	1,818
Miscellaneous expenses	115,914	43,277	159,191	134,312	24,879
	13,798,896	965,406	14,764,302	14,560,011	204,291
Support services:					
Salaries	4,159,591	666,989	4,826,580	4,725,641	100,939
Purchased prof/tech service	609,400	338,284	947,684	836,045	111,639
Other purchased services	357,500	296,754	654,254	639,174	15,080
Rent on land and buildings - other than Lease Purchase Agreements	4,730,277	790,434	5,520,711	4,257,973	1,262,738
Insurance-fidelity, liability property	200,000	(4,000)	196,000	195,611	389
Supplies and materials	330,000	190,870	520,870	440,986	79,884
Energy & Utilities	373,000	101,032	474,032	406,270	67,762
Miscellaneous expenses	27,000	(2,000)	25,000	15,471	9,529
Transportation other than to/from school	74,256	20,500	94,756	90,053	4,703
Lease interest expense	-	-	-	-	-
Principal payments on lease liabilities	-	-	-	-	-
Food Services - Transfer to cover deficit	-	-	-	-	-
Total support services	10,861,024	2,398,863	13,259,887	11,607,224	1,652,663

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital outlay:					
Instructional equipment	55,000	48,500	103,500	75,909	27,591
Non-instructional equipment	50,000	277,295	327,295	49,778	277,517
Purchase land/improvements	150,000	940,256	1,090,256	2,145,499	(1,055,243)
Miscellaneous expenses	-	-	-	-	-
Total capital outlay	255,000	1,266,051	1,521,051	2,271,186	(750,135)
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	1,099,750	(1,099,750)
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	992,142	(992,142)
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	3,395,412	(3,395,412)
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	3,841	(3,841)
Total expenditures	41,124,814	5,976,203	47,101,017	51,142,096	346,475
Excess (deficiency) of revenues over (under) expenditures	915,994	(6,367,971)	(5,451,977)	(3,489,656)	1,962,321
Special items					
Employee Retention Tax Credits (ERTC)	-	-	-	-	-
Total special items	-	-	-	-	-
Excess (deficiency) of revenues and special items over (under) expenditures and special items	915,994	(6,367,971)	(5,451,977)	(3,489,656)	1,962,321
Fund balances, beginning of year	29,059,989	-	29,059,989	29,059,989	-
Fund balances, end of year	$ 29,975,983	$ (6,367,971)	$ 23,608,012	$25,570,333	$ 1,962,321

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
Special Revenue Fund

C-2

Budget Comparison Schedule
Budgetary Basis
Year ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Federal sources	$ 2,569,803	$ -	$ 2,569,803	$ 2,569,803	$ -
State sources	751,789		751,789	751,789	-
Local sources	159,110	-	159,110	159,110	-
Total revenues -all sources	3,480,702	-	3,480,702	3,480,702	-
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	1,145,390	-	1,145,390	1,145,390	-
Purchased Prof. and technical services	559,932	-	559,932	559,932	-
Other purchased services	-	-	-	-	-
General supplies	349,727	-	349,727	349,727	-
Miscellaneous expenditures	-	-	-	-	-
Total instruction	2,055,049	-	2,055,049	2,055,049	-
Support services					
Support services salaries	248,714	-	248,714	248,714	-
Employee benefits	114,769	-	114,769	114,769	-
Purchased professional services	173,791	-	173,791	173,791	-
Other purchased services	7,600	-	7,600	7,600	-
Rental	-	-	-	-	-
Supplies	8,349	-	8,349	8,349	-
Miscellaneous expenditures	148,978	-	148,978	148,978	-
Total support services	702,201	-	702,201	702,201	-
Capital Outlay:					
Facilities acquisition and construction services					
Instructional equipment	4,749	-	4,749	4,749	-
Noninstructional equipment	-	-	-	-	-
Construction services	707,186	-	707,186	707,186	-
Total facilities acquisition and construction services	711,935 -	-	711,935	711,935	-
Total expenditures	$ 3,469,185	$ -	$ 3,469,185	$ 3,469,185	$ -

Notes to Required Supplementary Information

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL **C-3**
Note to Required Supplementary Information
Budget to GAAP Reconciliation

Year ended June 30, 2025

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule:	**[C-1]**	$ 47,652,440	
	[C-2]		$ 3,480,702
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	**[B-2]**	$ 47,652,440	$ 3,480,702
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	**[C-1]**	$ 51,142,096	
	[C-2]		$ 3,469,185
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfer (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	**[B-2]**	$ 51,142,096	$ 3,469,185

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Charter School's proportion of the net pension liability (assets)	0.0521721408%	0.0407755993%	0.0453995399%	0.0379877374%	0.0309195240%	0.0285952960%	0.0205261620%	0.0205261620%	0.0103638540%	0.0094951700%
Charter School's proportionate share of the net pension liability (assets)	$ 7,089,174	$ 5,906,090	$ 6,851,416	$ 4,499,625	$ 5,012,166	$ 5,152,439	$ 4,041,516	$ 4,630,335	$ 3,069,476	$ 4,041,516
Charter School's covered employee payroll	$ 3,730,501	$ 3,657,354	$ 3,585,641	$ 3,125,268	$ 3,195,099	$ 2,447,339	$ 3,354,321	$ 2,758,105	$ 1,496,490	$ 2,052,344
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	190.03%	191.00%	191.00%	191.00%	191.00%	224.00%	210.00%	348.00%	624.00%	148.00%
Plan fiduciary net position as a percentage of the total pension liability - local	68.22%	58.32%	58.32%	58.32%	58.32%	53.60%	51.55%	51.55%	45.37%	47.93%

Note

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 709,917	$ 544,977	$ 572,510	$ 444,822	$ 338,244	$ 282,303	$ 226,594	$ 196,098	$ 96,787	$ 81,633
Contribution in relation to the contractually required contribution	(709,917)	(544,977)	(572,510)	(444,822)	(338,244)	(282,303)	(226,594)	(196,098)	(96,787)	(81,633)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charter School's covered employee payroll	$ 3,730,501	$ 3,657,354	$ 3,585,641	$ 888,076	$ 3,195,099	$ 2,447,339	$ 3,354,321	$ 2,758,105	$ 1,496,490	$ 2,052,344
Contributions as a percentage of covered employee payroll	19.03%	14.90%	15.97%	50.09%	10.59%	11.54%	6.76%	7.11%	6.47%	3.98%

Note

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

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

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	$ 34,277,227	$ 32,734,437	$ 30,765,331	$ 27,894,934	$ 32,795,345	$ 21,012,399	$ 22,738,462	$ 17,721,050	$ 15,382,774	$ 10,202,719
Total	$ 34,277,227	$ 32,734,437	$ 30,765,331	$ 27,894,934	$ 32,795,345	$ 21,012,399	$ 22,738,462	$ 17,721,050	$ 15,382,774	$ 10,202,719
Charter School's covered employee payroll	$ 9,581,615	$ 9,393,740	$ 9,393,740	$ 6,805,826	$ 7,059,692	$ 6,111,037	$ 6,900,189	$ 5,893,074	$ 3,821,585	$ 3,822,883
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%

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

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

	Fiscal Year Ending June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	*	$ 2,004,199	$ 2,374,380	$ 3,056,865	$ 1,459,752	$ 1,028,355	$ 1,151,285	$ 1,399,477
Interest cost	*	364,255	270,312	272,314	223,628	189,700	219,242	169,535
Changes of benefit terms	*	-	-	(11,173)	-	-	-	-
Difference between expected and actual experiences	*	(1,972,091)	53,350	(3,610,501)	2,460,679	(69,327)	(1,891,381)	-
Changes of assumptions	*	20,846	(2,736,253)	10,356	2,006,966	74,872	(452,999)	(1,038,406)
Member contributions	*	9,335	8,590	6,962	5,798	4,569	3,648	4,284
Gross benefit payments	*	(283,943)	(267,752)	(214,507)	(191,276)	(154,147)	(105,556)	(116,350)
Net change in total OPEB liability	2,480,332	142,601	(297,373)	(489,684)	5,965,547	1,074,022	(1,075,761)	418,540
Total OPEB liability - beginning	10,342,644	10,200,043	10,497,416	10,987,100	5,021,553	3,947,531	5,023,292	4,604,752
Total OPEB liability, ending	$ 12,822,976	$ 10,342,644	$ 10,200,043	$ 10,497,416	$ 10,987,100	$ 5,021,553	$ 3,947,531	$ 5,023,292
Covered employee payroll - PERS and TPAF	$ 3,406,369	$ 3,025,018	$ 2,971,281	$ 2,523,549	$ 2,311,771	$ 1,676,184	$ 1,167,739	$ 1,263,637
Total OPEB liability as a percentage of covered employee payroll	376%	342%	343%	416%	475%	300%	338%	398%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%
Charter School's contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

* Information not available.

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
(County of Passaic)
Notes to Required Supplementary Information
Year Ended June 30, 2025

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

Benefit Changes - There were none.

Changes of Assumptions - There were none.

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

Benefit Changes - There were none.

Changes of Assumptions

In the July 1, 2022 actuarial valuation the salary increases were 2.75 – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service.

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

Benefit Changes - There were none.

Changes of Assumptions

The discount rate for June 30, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%, a change of .11%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

Other Supplementary Information

School Level Schedules

Special Revenue Fund

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
Special Revenue Fund

Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis

Year ended June 30, 2025

	Title IA 2024-2025	Title IIIA 2024-2025	I.D.E.A. Basic 2024-2025	I.D.E.A. Preschool 2024-2025	ARP ESSER III 2020-2024	High Impact Tutoring 2024-2025	Emergent Needs Construction Services 2024-2025	AP African American Studies 2024-2025	AP Computer Studies 2024-2025	Twenty-First Century 2023-2024	Student Activity Fund	Total
Revenues												
Federal sources	$ 1,409,072	$ 41,366	$ 458,052	$ 11,060	$ 21,093	$ 15,601	$ -	$ -	$ -	$ 613,559	$ -	$ 2,569,803
State sources	-	-	-	-	-	-	707,186	6,872	37,731	-	-	751,789
Local sources	-	-	-	-	-	-	-	-	-	-	159,110	159,110
Total revenues -all sources	$ 1,409,072	$ 41,366	$ 458,052	$ 11,060	$ 21,093	$ 15,601	$ 707,186	$ 6,872	$ 37,731	$ 613,559	$ 159,110	$ 3,480,702
Expenditures												
Instruction												
Salaries of teachers	$ 442,243	$ 34,035	$ 338,282	$ 6,744	$ -	$ -	$ -	$ -	$ -	$ 324,086	$ -	1,145,390
Purchased Prof. and technical services	544,331	-	-	-	-	15,601	-	-	-	-	-	559,932
Other purchased services	-	-	-	-	-	-	-	-	-	-	-	-
General supplies	303,323	1,801	-	-	-	-	-	6,872	37,731	-	-	349,727
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Total instruction	1,289,897	35,836	338,282	6,744	-	15,601	-	6,872	37,731	324,086	-	2,055,049
Support services												
Support services salaries	11,375	-	-	-	21,093	-	-	-	-	216,246	-	248,714
Employee benefits	34,702	2,605	25,879	4,316	-	-	-	-	-	47,267	-	114,769
Purchased professional services	60,000	-	93,891	-	-	-	-	-	-	19,900	-	173,791
Other purchased services	-	1,540	-	-	-	-	-	-	-	6,060	-	7,600
Rental	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	8,349	-	-	-	-	-	-	-	-	-	-	8,349
Miscellaneous expenditures	-	1,385	-	-	-	-	-	-	-	-	147,593	148,978
Total support services	114,426	5,530	119,770	4,316	21,093	-	-	-	-	289,473	147,593	702,201
Facilities acquisition and construction services												
Instructional equipment	4,749	-	-	-	-	-	-	-	-	-	-	4,749
Noninstructional equipment	-	-	-	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	707,186	-	-	-	-	707,186
Total facilities acquisition and construction services	4,749	-	-	-	-	-	707,186	-	-	-	-	711,935
Total expenditures	$ 1,409,072	$ 41,366	$ 458,052	$ 11,060	$ 21,093	$ 15,601	$ 707,186	$ 6,872	$ 37,731	$ 613,559	$ 147,593	$ 3,469,185
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	11,517	11,517
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	15,365	15,365
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year (restated)	-	-	-	-	-	-	-	-	-	-	15,365	15,365
Fund balances, end of year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 26,882	$ 26,882

Capital Projects Fund

Enterprise Fund

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL **G-1**
Enterprise Funds

Combining Statement of Net Position

June 30, 2025

	Food Services	After Care Program	Total
Assets			
Current assets:			
Cash and cash equivalents	$ (142,351)	$ 141,786	$ (565)
Accounts receivable:	-	-	-
Federal	88,026	-	88,026
State	2,175	-	2,175
Other	-	-	-
Inventories	23,582	-	23,582
Interfund receivable - general fund	-	-	-
Total current assets	(28,568)	141,786	113,218
Noncurrent assets:			
Machinery and equipment	155,264	-	155,264
Less accumulated depreciation	(118,172)	-	(118,172)
Total noncurrent assets	37,092	-	37,092
Total assets	$ 8,524	$ 141,786	$ 150,310
Liabilities			
Current liabilities:			
Interfund payable - general fund	$ (363,938)	$ 2,966	$ (360,972)
Accounts payable	118,231	-	118,231
Total current liabilities	$ (245,707)	$ 2,966	$ (242,741)
Net position			
Unresricted	254,231	138,820	393,051
Total net position	$ 254,231	$ 138,820	$ 393,051

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL **G-2**
Enterprise Fund

Combining Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2025

	Food Services	After Care Program	Total
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	$ -	$ -	$ -
Daily sales - nonreimbursable programs	89,834	12,462	102,296
Miscellaneous revenue	176	-	176
Total operating revenues	90,010	12,462	102,472
Operating expenses:			
Cost of sales - reimbursable programs	1,596,202	-	1,596,202
Cost of sales - nonreimbursable programs	89,834	-	89,834
Salaries	11,868	8,670	20,538
Employee benefits	-	-	-
Professional /technical service	-	-	-
Other purchased services	128,818	-	128,818
Supplies and materials	83,570	-	83,570
Depreciation	10,960	-	10,960
Miscellaneous	-	75	75
Total operating expenses	1,921,252	8,745	1,929,997
Operating income (loss)	(1,831,242)	3,717	(1,827,525)
Nonoperating revenues:			
State sources:			
State School Lunch Program	21,196	-	21,196
State School Breakfast Program - After Bell	13,048	-	13,048
Federal sources:	-	-	-
National School Lunch Program	1,021,621	-	1,021,621
Healthy, Humger Free Kids Act	28,493	-	28,493
National School Breakfast Program	289,631	-	289,631
After School Snacks	83,951	-	83,951
Fresh Fruit and Vegetable Program	17,054	-	17,054
Summer Food Service Program for Children	15,728	-	15,728
Total nonoperating revenues	1,490,722	-	1,490,722
Net income/(loss) before contributions & transfers	(340,520)	3,717	(336,803)
Other financing sources:			
Transfer in/(out) - board contribution	-	-	-
	-	-	-
Change in net position	(340,520)	3,717	(336,803)
Total net position-beginning of year	594,751	135,103	729,854
Total net position-end of year	$ 254,231	$ 138,820	$ 393,051

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2025

	Food Services	After Care Program	Total
Cash flows from operating activities			
Operating loss	$ (1,831,242)	$ 3,717	$ (1,827,525)
Adjustment to reconcile operating loss to net cash used in operating activities:			
Depreciation	10,960	-	10,960
Changes in assets and liabilities:			
Accounts receivable	(11,309)	-	(11,309)
Due to/(from) general fund	43,132	6,705	49,837
Accounts payable	118,231	-	118,231
Net cash used in operating activities	(1,670,228)	10,422	(1,659,806)
Cash flows from noncapital financing activities			
Cash received from state reimbursements	34,244	-	34,244
Cash received from federal reimbursements	1,456,478	-	1,456,478
Operating subsidies and transfers from other funds	-	-	-
Net cash provided by noncapital financing activities	1,490,722	-	1,490,722
Cash flows from investing activities			
Net change in cash and cash equivalents	(179,506)	10,422	(169,084)
Cash and cash equivalents, beginning	37,155	131,364	168,519
Cash and cash equivalents, ending	$ (142,351)	$ 141,786	$ (565)

Fiduciary Fund
Not Applicable

Long Term Debt
None for this Fiscal Year

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL **I-2**
Long-Term Debt
Schedule of Obligations Under Renovation Loan

Year ended June 30, 2025

	Interest Rate Payable	Amount of Original Issue	Amount Outstanding June 30, 2024	Acquired Current Year	Retired Current Year	Amount Outstanding June 30, 2025
NONE						
			$ -	$ -	$ -	$ -

Statistical Section

Contents

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

Revenue Capacity (Not Applicable to Charter School)
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

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

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

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

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

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL J-1
County of Passaic, New Jersey

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

	Fiscal Year Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Governmental activities										
Invested in capital assets, net of related debt	$ 3,812,479	$ 1,569,726	$ 1,494,500	$ 83,176	$ 986,501	$ 986,501	$ 849,609	$ 745,180	$ 12,894	$ 31,651
Restricted	-	-	-	-	75,000	75,000	138,267	-	-	-
Unrestricted	19,972,621	23,856,347	17,531,117	11,906,175	8,449,173	2,241,758	774,955	(309,580)	623,131	463,697
Total governmental activities net position	$ 23,785,100	$ 25,426,073	$ 19,025,617	$ 11,989,351	$ 9,510,674	$ 3,303,259	$ 1,762,831	$ 435,600	$ 636,025	$ 495,348
Business-type activities										
Invested in capital assets, net of related debt	$ -	$ -	$ -	$ -	$ 80,932	$ 91,892	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	355,959	681,802	861,188	1,432,720	1,405,872	342,433	314,488	155,173	182,009	159,771
Total business-type activities	$ 355,959	$ 681,802	$ 861,188	$ 1,432,720	$ 1,486,804	$ 434,325	$ 314,488	$ 155,173	$ 182,009	$ 159,771
School-wide										
Invested in capital assets, net of related debt	$ 3,812,479	$ 1,569,726	$ 1,494,500	$ 83,176	$ 1,067,433	$ 1,078,393	$ 849,609	$ 745,180	$ 12,894	$ 31,651
Restricted	-	-	-	-	75,000	75,000	138,267	-	-	-
Unrestricted	20,328,580	24,538,149	18,392,305	13,338,895	9,855,045	2,584,191	1,089,443	(154,407)	805,140	623,468
Total charter school net position	$ 24,141,059	$ 26,107,875	$ 19,886,805	$ 13,422,071	$ 10,997,478	$ 3,737,584	$ 2,077,319	$ 590,773	$ 818,034	$ 655,119

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

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

	Fiscal Year Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Expenses										
Governmental activities										
Instruction										
Regular	$ 19,267,579	$ 17,075,036	$ 13,548,190	$ 11,099,069	$ 11,290,391	$ 9,753,564	$ 9,074,704	$ 8,130,789	$ 5,370,072	$ 5,782,112
Support Services:										
General administration	18,027,753	13,947,569	10,309,073	12,324,629	10,098,933	8,219,338	7,071,783	7,187,518	3,683,237	3,138,242
School administrative services	12,305,584	10,904,869	9,416,099	8,831,223	6,606,935	6,132,390	5,830,593	4,878,368	3,385,203	3,135,100
On-behalf TPAF/FICA Reimbursements	3,841	3,279	3,050	3,008	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	102,229	51,459	98,082	52,826	173,895
Unallocated depreciation	740,369	807,842	647,535	529,018	264,012	250,554	232,135	174,842	1,450	2,900
Total governmental activities expenses	50,345,126	42,738,595	33,923,947	32,786,947	28,260,271	24,458,075	22,260,674	20,469,599	12,492,788	12,232,249
Business-type activities:										
Food service	1,921,252	1,769,173	2,068,719	1,771,546	2,701,455	1,777,298	723,114	808,498	526,392	438,124
Child Care	8,745	5,377	4,530	220	-	-	-	-	-	-
Total business-type activities expense	1,929,997	1,774,550	2,073,249	1,771,766	2,701,455	1,777,298	723,114	808,498	526,392	438,124
Total charter school expenses	$ 52,275,123	$ 44,513,145	$ 35,997,196	$ 34,558,713	$ 30,961,726	$ 26,235,373	$ 22,983,788	$ 21,278,097	$ 13,019,180	$ 12,670,373
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	$ 3,469,185	$ 5,896,721	$ 6,175,764	$ 5,517,920	$ 3,232	$ -	$ -	$ -	$ -	$ -
Capital grants and contributions	-	-	-	-	1,049,484	1,183,470	509,073	246,514	-	-
Total governmental activities program revenues	3,469,185	5,896,721	6,175,764	5,517,920	1,052,716	1,183,470	509,073	246,514	-	-
Business-type activities:										
Charges for services										
Food service	90,010	83,322	153,861	10,716	7,668	144,254	98,005	98,904	28,115	92,346
Child care	12,462	10,830	21,447	55,338	-	-	-	-	-	-
Operating grants and contributions	1,490,722	1,490,052	1,315,449	1,721,600	3,954,127	1,752,881	784,424	682,020	520,515	418,776
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	1,593,194	1,584,204	1,490,757	1,787,654	3,961,795	1,897,135	882,429	780,924	548,630	511,122
Total charter school program revenues	$ 5,062,379	$ 7,480,925	$ 7,666,521	$ 7,305,574	$ 5,014,511	$ 3,080,605	$ 1,391,502	$ 1,027,438	$ 548,630	$ 511,122
Net (Expense)/Revenue										
Governmental activities	$ (46,875,941)	$ (36,841,874)	$ (27,748,183)	$ (27,269,027)	$ (27,207,555)	$ (23,274,605)	$ (21,751,601)	$ (20,223,085)	$ (12,492,788)	$ (12,232,249)
Business-type activities	(336,803)	(190,346)	(582,492)	15,888	1,260,340	119,837	159,315	(27,574)	22,238	72,998
Total charter school-wide net expense	$ (47,212,744)	$ (37,032,220)	$ (28,330,675)	$ (27,253,139)	$ (25,947,215)	$ (23,154,768)	$ (21,592,286)	$ (20,250,659)	$ (12,470,550)	$ (12,159,251)

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

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

	Fiscal Year Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	$ 9,603,143	$ 8,816,290	$ 7,453,427	$ 6,289,152	$ 20,775,442	$ 19,812,400	$ 17,810,459	$ 14,174,619	$ 1,381,940	$ 1,365,231
Grants and contributions	36,484,846	32,192,361	27,768,840	23,225,530	9,321,201	5,064,288	5,245,985	5,758,970	10,849,096	9,286,062
Miscellaneous income and special items	1,543,357	1,197,749	521,935	276,312	3,088,568	94,500	22,388	90,209	402,429	16,501
Transfers	-	-	-	-	207,899	-	-	-	-	-
Total governmental activities	47,631,346	42,206,400	35,744,202	29,790,994	33,393,110	24,971,188	23,078,832	20,023,798	12,633,465	10,667,794
Business-type activities:										
Transfers	-	-	-	-	(207,899)	-	-	-	-	-
Total business-type activities	-	-	-	-	(207,899)	-	-	-	-	-
Total charter school-wide	$ 47,631,346	$ 42,206,400	$ 35,744,202	$ 29,790,994	$ 33,185,211	$ 24,971,188	$ 23,078,832	$ 20,023,798	$ 12,633,465	$ 10,667,794
Change in Net Position										
Governmental activities	$ 755,405	$ 5,364,526	$ 7,996,019	$ 2,521,967	$ 5,977,656	$ 1,696,583	$ 1,327,231	$ (199,287)	$ 140,677	$ (1,564,455)
Business-type activities	(336,803)	(190,346)	(582,492)	15,888	1,260,340	119,837	159,315	(27,574)	22,238	72,998
Total charter school	$ 418,602	$ 5,174,180	$ 7,413,527	$ 2,537,855	$ 7,237,996	$ 1,816,420	$ 1,486,546	$ (226,861)	$ 162,915	$ (1,491,457)

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

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

	Fiscal Year Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
General Fund										
Restricted	$ -	$ -	$ -	$ -	$ 401,689	$ 100,791	$ 63,267	$ -	$ -	$ -
Unreserved	25,570,333	29,059,989	22,442,519	16,646,468	8,920,772	5,889,113	3,434,870	1,532,736	1,763,687	1,009,305
Total general fund	$ 25,570,333	$ 29,059,989	$ 22,442,519	$ 16,646,468	$ 9,322,461	$ 5,989,904	$ 3,498,137	$ 1,532,736	$ 1,763,687	$ 1,009,305
All Other Governmental Funds										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special revenue fund	26,882	15,365	9,026	14,776	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 26,882	$ 15,365	$ 9,026	$ 14,776	$ -	$ -	$ -	$ -	$ -	$ -

Source: Charter School's Records

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

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

Function	Fiscal Year Ended June 30, 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Local tax levy	$ 9,603,143	$ 8,816,290	$ 7,453,427	$ 6,289,152	$ 8,033,091	$ 4,413,267	$ 3,929,636	$ 2,747,686	$ 1,381,940	$ 1,365,231
Miscellaneous	1,543,357	1,197,749	521,935	276,312	51,817	94,500	22,388	89,471	477,475	16,501
State sources	37,236,635	32,385,060	28,198,025	23,280,927	20,593,555	18,682,287	16,789,152	14,944,220	10,329,458	8,630,671
Federal sources	2,590,897	5,652,458	5,695,750	5,446,076	3,321,585	1,770,657	1,658,685	924,085	519,638	655,391
Total revenue	50,974,032	48,051,557	41,869,137	35,292,467	32,000,048	24,960,711	22,399,861	18,705,462	12,708,511	10,667,794
Expenditures										
Instruction	19,267,579	17,075,036	13,548,190	11,099,069	9,523,799	8,421,014	7,682,442	7,140,504	4,363,653	4,868,550
Administration	14,560,011	11,249,072	8,212,725	7,279,655	9,293,372	7,931,447	6,837,680	6,181,794	4,407,347	3,995,422
Support Services	12,309,425	10,908,148	9,419,149	8,834,231	9,487,863	5,656,173	5,423,083	4,588,483	3,127,824	2,895,510
Capital Outlay	2,983,121	883,068	890,388	540,965	595,254	534,770	416,255	1,025,232	55,305	175,999
Total expenditures	49,120,136	40,115,324	32,070,452	27,753,920	28,900,288	22,543,404	20,359,460	18,936,013	11,954,129	11,935,481
(Excess of expenditures over revenues)/ Excess of revenues over expenditures	1,853,896	7,936,233	9,798,685	7,538,547	3,099,760	2,417,307	2,040,401	(230,551)	754,382	(1,267,687)
Other (uses)/financing Transfers in/(out)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	$ 1,853,896	$ 7,936,233	$ 9,798,685	$ 7,538,547	$ 3,099,760	$ 2,417,307	$ 2,040,401	$ (230,551)	$ 754,382	$ (1,267,687)

Source: Charter School's Records

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

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

Function	Fiscal Year Ended June 30, 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Other local revenues										
Miscellaneous	$ 1,543,357	$ 1,197,749	$ 521,935	$ 276,312	$ 48,585	$ 94,500	$ 22,388	$ 89,471	$ 79,898	$ 8,905
Total other local revenue	$ 1,543,357	$ 1,197,749	$ 521,935	$ 276,312	$ 48,585	$ 94,500	$ 22,388	$ 89,471	$ 79,898	$ 8,905

Source: Charter School's Records

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total Charter School	Percentage of Personal Income [a]	Per Capita [a]
	General Obligation Bonds [b]	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2016	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	-
2017	-	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	-	0.00%	-
2019	-	-	-	-	-	-	0.00%	-
2020	-	-	-	-	-	-	0.00%	-
2021	-	-	-	-	-	-	0.00%	-
2022	-	-	-	-	-	-	0.00%	-
2023	-	-	-	-	-	-	0.00%	-
2024	-	-	-	-	-	-	0.00%	-
2025	-	-	-	-	-	-	0.00%	-

NO LONG TERM DEBT FOR THE CHARTER SCHOOL

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

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Year	Population [a]	Personal Income [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2016	70,052	$ 3,343,301,752	$ 47,726	7.20%
2017	70,064	3,377,365,056	48,204	6.70%
2018	69,876	3,498,761,196	50,071	5.80%
2019	69,647	3,630,628,463	52,129	4.80%
2020	69,340	3,614,624,860	52,129	13.50%
2021	69,340	3,614,624,860	52,129	13.50%
2022	69,340	3,614,624,860	52,129	13.50%
2023	69,340	3,614,624,860	52,129	13.50%
2024	69,340	3,614,624,860	52,129	13.50%
2025	69,340	3,614,624,860	52,129	13.50%

Source:

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

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

c Personal capital income by municipality estimated based upon the 2020 Census published by the US Bureau of Economic Analysis.

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

Principal Employers
Current Year
(Unaudited)

	2025		
Employer	**Employees**	**a Rank [Optional]**	**a Percentage of Total Municipal Employment**

Information not available.

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

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

	Fiscal Year Ended June 30,									
Function/Program	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Instruction	150	150	150	150	150	140	134	124	89	74
Support Services	33	33	33	33	33	16	27	12	10	19
Administrative	34	34	34	34	34	53	25	39	30	12
Total	217	217	217	217	217	209	186	175	129	105

Source: Charter School Personnel Records

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

Operating Statistics

Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
						Kindergarten	Elementary				
2016	725	$ 11,759,482	$ 16,220	15.88%	74	1:10	1:10	725	725	42.72%	100.00%
2017	837	11,898,824	14,216	-12.35%	89	1:09	1:10	855	855	17.93%	100.00%
2018	1,262	17,910,781	14,192	-0.17%	124	1:10	1:10	1246	1217	45.73%	97.67%
2019	1,447	19,943,205	13,782	-2.89%	134	1:11	1:10	1312	1274	5.30%	97.10%
2020	1,569	22,009,174	14,028	1.78%	140	1:11	1:10	1375	1319	4.80%	95.93%
2021	1,689	28,305,034	16,758	19.47%	150	1:11	1:10	1695	1601	23.27%	94.45%
2022	1,805	27,212,955	15,076	-10.04%	150	1:11	1:10	1695	1601	0.00%	94.45%
2023	1,934	31,180,064	16,122	6.94%	150	1:11	1:10	1833	1711	8.14%	93.34%
2024	2,055	39,232,256	19,091	18.42%	150	1:11	1:10	1948	1828	6.27%	93.84%
2025	2,169	46,137,015	21,271	11.42%	150	1:11	1:10	1948	1828	0.00%	93.84%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

School Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Charter School Building										
Elementary School										
Square Feet	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100	
Capacity (students)	400	400	400	400	400	400	400	244	240	
Enrollment	352	352	352	352	352	359	353	244	235	
Elementary School										
Clifton, New Jersey										
Square Feet	23,248	23,248	23,248	23,248	23,248	23,248				
Capacity (students)	400	400	400	400	400	400				
Enrollment	390	390	390	390	390	390				
Middle School										
Square Feet	25,390	25,390	25,390	25,390	25,390	25,390	25,390	25,390	25,390	25,390
Capacity (students)	500	500	500	500	500	500	349	240	240	240
Enrollment	455	455	455	455	455	422	349	235	235	236
Middle School										
Clifton, New Jersey										
Square Feet	30,897	30,897	30,897	30,897	30,897	30,897	30,897			
Capacity (students)	400	400	400	400	400	400	400			
Enrollment	192	192	192	192	192	379	278			
High School										
Square Feet	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800
Capacity (students)	320	320	320	320	320	320	320	244	260	300
Enrollment	300	300	300	300	300	254	177	244	255	291

Number of Schools at June 30, 2022
- Elementary School = 1
- Middle School = 1
- High School = 1

Note:
- Increases in square footage and capacity are the results of additions.
- Enrollment is based on the annual October Charter School count.

Source: School Records

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

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

2016	$ -
2017	-
2018	-
2019	-
2020	-
2021	-
2022	1,732,673
2023	4,184,001
2024	5,368,913
2025	6,791,530
	-
Total	$ 18,077,117

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

Source: Charter School records

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

Insurance Schedule

June 30, 2025
(Unaudited)

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

Source: Charter School Records

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2025
(Unaudited)

	2025	2024	2023
Cash	$ 22,803,601	$ 27,771,678	$ 20,467,049
Current assets	3,554,802	2,706,349	3,756,195
Capital assets, net	3,849,571	1,617,778	1,553,512
Total assets	30,207,974	32,095,805	25,776,756
Current liabilities	405,229	720,871	910,511
Long term liabilities	-	-	-
Total liabilities	405,229	720,871	910,511
Net position	$ 29,802,745	$ 31,374,934	$ 24,866,245
Total revenue	$ 52,714,819	$ 49,725,627	$ 43,455,482
Total expenses	(54,497,382)	(46,743,311)	(38,232,634)
Change in net position	$ (1,782,563)	$ 2,982,316	$ 5,222,848
Depreciation expense	$ 740,369	$ 807,842	$ 647,535
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	2,169	2,055	1,934
March 30th budgeted enrollment	2,000	2,000	2,000

	2025	2024	2023	Three Year Cumulative
NEAR TERM INDICATORS:				
Current ratio	65.05	42.28	26.60	133.93
Unrestricted days cash	152.73	216.86	195.40	564.98
Enrollment variance	108%	103%	97%	103%
Default	N/A	N/A	N/A	N/A

Source: Charter School Records

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
County of Passaic, New Jersey

Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2025
(Unaudited)

	2025	2024	2023
Cash	$ 22,803,601	$ 27,771,678	$ 20,467,049
Current assets	3,554,802	2,706,349	3,756,195
Capital assets, net	3,849,571	1,617,778	1,553,512
Total assets	30,207,974	32,095,805	25,776,756
Current liabilities	405,229	720,871	910,511
Long term liabilities	-	-	-
Total liabilities	405,229	720,871	910,511
Net position	$ 29,802,745	$ 31,374,934	$ 24,866,245
Total revenue	$ 52,714,819	$ 49,725,627	$ 43,455,482
Total expenses	(54,497,382)	(46,743,311)	(38,232,634)
Change in net position	$ (1,782,563)	$ 2,982,316	$ 5,222,848
Depreciation expense	$ 740,369	$ 807,842	$ 647,535
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	2,169	2,055	1,934
March 30th budgeted enrollment	2,000	2,000	2,000

	2025	2024	2023	Three Year Cumulative
SUSTAINABILITY INDICATORS:				
Total margin	-3%	6.00%	12.02%	4%
Debt to asset	N/A	N/A	N/A	N/A
Cash flow	$ (4,968,077)	$ 7,304,629	$ 4,576,217	$ 6,912,769
Debt service coverage ratio	N/A	N/A	N/A	N/A

Source: Charter School Records

Single Audit Section

Olugbenga Olabintan

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K-1

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

The Honorable Chairperson and
Members of the Board of Trustees
Passaic Arts and Science Charter School
County of Passaic
Passaic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Passaic Arts and Science Charter School, in the County of Passaic, State of New Jersey ("the Charter School"), as of and for the year ended June 30, 2025, 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 30, 2025.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

OlugbengaOlabintan, CPA

November 30, 2025
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



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

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K-2

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

The Honorable Chairperson and
Members of the Board of Trustees
Passaic Arts and Science Charter School
County of Passaic,
Passaic, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Passaic Arts and Science Charter School, in the County of Passaic, State of New Jersey ("the Charter School") compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and *State of New Jersey Department of Treasury Circular 15-08*-OMB *Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2025. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and audit requirements of New Jersey 0MB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

Those standards, the Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey 0MB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Charter School's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey 0MB Circular 15-08, we:

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey 0MB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Accordingly, this report is not suitable for any other purpose.

OlugbengaOlabintan, CPA

November 30, 2025
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

Year ended June 30, 2025

Federal Grant/ Pass-Through Grantor/ Program Title	Assistance Listing (AL) Number	Federal Award Identification Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2024	Deferred Revenue at June 30, 2024	Due to Grantor at June 30, 2024	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2025	Deferred Revenue at June 30, 2025	Due to Grantor at June 30, 2025
General Fund:															
U.S. Department of Health and Human Services, Pass Through Program															
Passed-Through State Department of Human Service															
Special Education Medicaid Initiative - SEMI	93.778	2005NJ5MAP	7/1/24-6/30/25	$ 21,094	$ -	$ -	$ -	$ -	$ -	$ 21,094	$ (21,094)	$ -	$ -	$ -	$ -
Total General Fund/U.S. Department of Health & Human Services, Pass Through Program					-	-	-	-	-	21,094	(21,094)	-	-	-	-
Special Revenue Fund:															
U.S. Department of Education, Pass Through Programs:															
Passed-Through New Jersey State Department of Education															
Title I Part A - FY 2024-2025	84.010A	S010A250030	7/1/24-9/30/25	1,409,572	-	-	-	-	-	1,379,854	(1,409,072)	-	(29,218)	-	-
Title I Part A - FY 2021-2024	84.010A	S010A240030	7/1/23-9/30/24	1,339,736	(390,213)	-	-	72,486	-	317,727	-	-	-	-	-
Subtotal - Assistance Listing # 84.101A					(390,213)	-	-	72,486	-	1,697,581	(1,409,072)	-	(29,218)	-	-
Title II Part A - FY 2021-2024	84.367A	S367A240029	7/1/23-9/30/24	91,257	(39,407)	-	-	-	-	39,407	-	-	-	-	-
Subtotal - Assistance Listing # 84.367A					(39,407)	-	-	-	-	39,407	-	-	-	-	-
Title III Part A - FY 2024-2025	84.365A	S365A250030	7/1/24-9/30/25	41,366	-	-	-	-	-	41,366	(41,366)	-	-	-	-
Title III Part A - FY 2021-2024	84.365A	S365A230030	7/1/22-9/30/23	54,556	(83)	-	-	83	-	-	-	-	-	-	-
Title III Immigrant Part A - FY 2024-2025	84.365A	S365A250030	7/1/24-9/30/25	5,060	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Assistance Listing # 84.365A					(83)	-	-	83	-	41,366	(41,366)	-	-	-	-
IDEA Part B - FY 2024-2025	84.027A	H027A250100	7/1/24-9/30/25	458,052	-	-	-	-	-	394,371	(458,052)	-	(63,681)	-	-
IDEA Part B - FY 2023-2024	84.027A	H027A240100	7/1/23-9/30/24	459,362	(37,766)	-	-	-	-	37,766	-	-	-	-	-
IDEA Preschool - FY 2024-2025	84.173A	H173A240114	7/1/24-9/30/25	11,060	-	-	-	-	-	11,060	(11,060)	-	-	-	-
Subtotal - Special Education Cluster					(37,766)	-	-	-	-	443,197	(469,112)	-	(63,681)	-	-
ARP ESSER III	84.425U	S425U240027	3/13/20-9/30/24	5,663,759	(214,453)	-	-	(1)	-	235,547	(21,093)	-	-	-	-
GEER - New Jersey High Impact Tutoring Program	84.425V	S425V240031	10/11/23-8/31/24	192,000	(3,846)	-	-	-	-	3,846	-	-	-	-	-
GEER - New Jersey High Impact Tutoring Program	84.425V	S425V240031	7/1/24-6/30/25	15,601	-	-	-	-	-	-	(15,601)	-	(15,601)	-	-
Subtotal - Elementary and Secondary School Education Emergency Relief (ESSER) Funds					(218,299)	-	-	(1)	-	239,393	(36,694)	-	(15,601)	-	-
21st Century Grant	84.287C	S287C240030	9/1/24-8/31/25	600,000	-	-	-	19,569	-	551,890	(613,559)	-	(42,100)	-	-
21st Century Grant	84.287C	S287C240030	9/1/23-8/31/24	600,000	(40,583)	-	-	(19,569)	-	60,152	-	-	-	-	-
Subtotal - Assistance Listing # 84.287C					(40,583)	-	-	-	-	612,042	(613,559)	-	(42,100)	-	-
Total U.S. Department of Education - Pass-Through Programs					**(726,351)**	**-**	**-**	**72,568**	**-**	**3,072,986**	**(2,569,803)**	**-**	**(150,600)**	**-**	**-**
U.S. Department of Education, Direct Program:															
Charter Schools Grant - Replication and Expansion of High-Quality															
Charter Schools - 2024-2025 - Implementation I	84.282M	S282M200004	10/1/24-9/30/25	1,250,000	-	-	-	-	-	-	-	-	-	-	-
Total U.S. Department of Education, Direct Programs					-	-	-	-	-	-	-	-	-	-	-
Total for U.S. Department of Education					(726,351)	-	-	72,568	-	3,072,986	(2,569,803)	-	(150,600)	-	-
Total Special Revenue					(726,351)	-	-	72,568	-	3,072,986	(2,569,803)	-	(150,600)	-	-
Enterprise Fund:															
U.S. Department of Agriculture, Pass-Through Programs:															
Passed-Through New Jersey State Department of Agriculture															
National School Lunch Program	10.555	251NJ304N1199	7/1/24-6/30/25	1,021,621	-	-	-	-	-	956,107	(1,021,621)	-	(65,514)	-	-
National School Lunch Program	10.555	241NJ304N1199	7/1/23-6/30/24	1,014,330	(53,367)	-	-	-	-	53,367	-	-	-	-	-
Healthy, Hunger-Free Kids Act	10.555	251NJ304N1199	7/1/24-6/30/25	28,493	-	-	-	-	-	26,666	(28,493)	-	(1,827)	-	-
Healthy, Hunger-Free Kids Act	10.555	241NJ304N1199	7/1/23-6/30/24	24,927	(1,379)	-	-	-	-	1,379	-	-	-	-	-
After School Snacks	10.555	251NJ304N1199	7/1/24-6/30/25	83,951	-	-	-	-	-	82,466	(83,951)	-	(1,485)	-	-
After School Snacks	10.555	221NJ304N1099	7/1/21-6/30/22	78,603	(2,080)	-	-	-	-	2,080	-	-	-	-	-
Subtotal Assistance Listing # 10.555					(56,826)	-	-	-	-	1,122,065	(1,134,065)	-	(68,826)	-	-
School Breakfast Program	10.553	251NJ304N1199	7/1/24-6/30/25	289,631	-	-	-	-	-	271,366	(289,631)	-	(18,265)	-	-
School Breakfast Program	10.553	241NJ304N1199	7/1/23-6/30/24	296,604	(15,701)	-	-	-	-	15,701	-	-	-	-	-
Subtotal Assistance Listing # 10.553					(15,701)	-	-	-	-	287,067	(289,631)	-	(18,265)	-	-
Fresh Fruit and Vegetable Program	10.582	251NJ304N1199	7/1/24-6/30/25	17,054	-	-	-	-	-	16,119	(17,054)	-	(935)	-	-
Fresh Fruit and Vegetable Program	10.582	241NJ304N1199	7/1/23-6/30/24	21,037	(4,430)	-	-	-	-	4,430	-	-	-	-	-
Subtotal Assistance Listing # 582					(4,430)	-	-	-	-	20,549	(17,054)	-	(935)	-	-
Summer Food Service Program for Children	10.559	251NJ304N1199	7/1/24-6/30/25	15,728	-	-	-	-	-	15,728	(15,728)	-	-	-	-
Subtotal Assistance Listing # 559					-	-	-	-	-	15,728	(15,728)	-	-	-	-
Total Enterprise Fund/Total U.S. Department of Agriculture, Pass-Through Programs					(76,957)	-	-	-	-	1,445,409	(1,456,478)	-	(88,026)	-	-
Total Expenditures of Federal Awards					$ (803,308)	$ -	$ -	$ 72,568	$ -	$ 4,539,489	$ (4,047,375)	$ -	$ (238,626)	$ -	$ -

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2024	Deferred Revenue at June 30, 2024	Due to Grantor at June 30, 2024	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2025	Deferred Revenue at June 30, 2025	Due to Grantor at June 30, 2025
New Jersey State Department of Education														
General Fund:														
Equalization Aid	25-495-034-5120-078	7/1/24-6/30/25	$ 38,299,400	$ -	$ -	$ -	$ -	$ -	$40,741,366	$ (38,299,400)	$ -	$ (2,441,966)	$ -	$ -
Equalization Aid	24-495-034-5120-078	7/1/23-6/30/24	34,390,465	(257,779)	-	55,880	-	-	257,779	-	(55,880)	-	-	-
Special Education Aid	25-495-034-5120-089	7/1/24-6/30/25	1,176,934	-	-	-	-	-	1,176,934	(1,176,934)	-	-	-	-
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	1,111,224	-	-	-	-	-	1,111,224	(1,111,224)	-	-	-	-
State Non-Public Aid	25-100-034-5120-064	7/1/24-6/30/25	-	-	-	-	-	-	-	-	-	-	-	-
TPAF/FICA Reimbursements	25-495-034-5094-003	7/1/24-6/30/25	1,099,750	-	-	-	-	-	1,047,522	(1,099,750)	-	(52,228)	-	-
TPAF/FICA Reimbursements	24-495-034-5094-003	7/1/23-6/30/24	890,901	(45,576)	-	-	-	-	45,576	-	-	-	-	-
TPAF Post Retirement Medical Contribution	25-495-034-5094-001	7/1/24-6/30/25	992,142	-	-	-	-	-	992,142	(992,142)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	25-495-034-5094-002	7/1/24-6/30/25	3,395,412	-	-	-	-	-	3,395,412	(3,395,412)	-	-	-	-
TPAF Long Term Disability Insurance Premium	25-495-034-5094-004	7/1/24-6/30/25	3,841	-	-	-	-	-	3,841	(3,841)	-	-	-	-
Total General Fund/Total State Department of Education				(303,355)	-	55,880	-	-	48,771,796	(46,078,703)	(55,880)	(2,494,194)	-	0
									-					
Special Revenue Fund:														
Charter & Renaissance School Project Emergent				-	-	-	-	-	-	-	-	-	-	-
and Capital Maintenance Funds	25-495-034-5120-071	7/1/24-6/30/25		-	-	-	-	435,510	271,676	(707,186)	-	-	-	-
Charter & Renaissance School Project Emergent				-	-	-	-	-	-	-	-	-	-	-
and Capital Maintenance Funds	24-495-034-5120-071	7/1/23-6/30/24		-	435,510	-	-	(435,510)	-	-	-	-	-	-
Advanced Placement African American Studies	Not Available	4/1/24-5/31/2025	12,305	-	-	-	-	-	5,593	(6,872)	-	(1,279)	-	-
Computer Science - High School Courses	Not Available	6/1/24-8/31/2025	37,731	-	-	-	-	-	-	(37,731)	-	(37,731)	-	-
Total Special Revenue Fund				-	435,510	-	-	-	277,269	(751,789)	-	(39,010)	-	-
Total New Jersey State Department of Education				(303,355)	435,510	55,880	-	-	49,049,065	(46,830,492)	(55,880)	(2,533,204)	-	-
New Jersey State Department of Agriculture - Direct Programs														
Enterprise Fund:														
State School Lunch Program	25-100-010-3350-023	7/1/24-6/30/25	21,196	-	-	-	-	-	19,837	(21,196)	-	(1,359)	-	-
State School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	20,861	(1,154)	-	-	-	-	1,154	-	-	-	-	-
State School Breakfast Program - After Bell	25-100-010-3350-023	7/1/24-6/30/25	13,048	-	-	-	-	-	12,232	(13,048)	-	(816)	-	-
State School Breakfast Program - After Bell	24-100-010-3350-023	7/1/23-6/30/24	14,743	(780)	-	-	-	-	780	-	-	-	-	-
Total Enterprise Fund/Total State Department of Agriculture - Direct Programs				(1,934)	-	-	-	-	34,003	(34,244)	-	(2,175)	-	-
Total State Financial Assistance				$ (305,289)	$ 435,510	$ 55,880	$ -	$ -	49,083,068	(46,864,736)	$ (55,880)	$ (2,535,379)	$ -	$ -
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution	25-495-034-5094-001	7/1/24-6/30/25	992,142	-	-	-	-	-	(992,142)	992,142	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	25-495-034-5094-002	7/1/24-6/30/25	3,395,412	-	-	-	-	-	(3,395,412)	3,395,412	-	-	-	-
TPAF Long Term Disability Insurance Premium	25-495-034-5094-004	7/1/24-6/30/25	3,841	-	-	-	-	-	(3,841)	3,841	-	-	-	-
Total Expenditures of State Financial Assistance Subject to Single Audit				$ (305,289)	$ 435,510	$ 55,880	$ -	$ -	$44,691,673	$ (42,473,341)	$ (55,880)	$ (2,535,379)	$ -	$ -

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
(County of Passaic)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2025

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
(County of Passaic)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2025

3. Relationship to Basic Financial Statements - *continued*

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

	Federal	State	Total
General Fund	$ 21,094	$ 46,078,703	$ 46,099,797
Special Revenue Fund	2,569,803	751,789	3,321,592
Enterprise Fund	1,456,478	34,244	1,490,722
Total	$ 4,047,375	$ 46,864,736	$ 50,912,111

4. Relationship to Federal and State Financial Reports

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

5. Other Information

TPAF Social Security contribution in the amount of $1,099,750 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2025. The amount reported as TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions in the amount of $4,391,395 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2025.

6. On Behalf Programs Not Subject to State Single Audit

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

7. De Minimis Indirect Cost

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

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Part I - Summary of Auditors' Results

Financial Statements Section
Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? ____ Yes ✔ No

Significant deficiencies identified ____ Yes ✔ None reported

Noncompliance material to financial statements noted? ____ Yes ✔ No

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

Internal control over major programs:

Material weaknesses identified? ____ Yes ✔ No

Significant deficiencies identified? ____ Yes ✔ None reported

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

Identification of major programs:

Assistance Listing Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.010A	S010A240030	Title I, Part A
10.555	251NJ30411099	Child Nutrition Program Cluster – Lunch, Healthy, Hunger Free Kids Act (HHFKA) and After School Snacks
10.553	251NJ30411099	Child Nutrition Program Cluster – Breakfast
10.582	251NJ30411099	Child Nutrition Program Cluster – Fresh Fruit and Vegetable Program
10.559	251NJ30411099	Child Nutrition Program Cluster – Summer

Dollar threshold used to distinguish between Type A and B programs: $750,000
Auditee qualifies as low-risk auditee? ✔ Yes ____ No

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Part I Summary of Auditors' Results

State Financial Assistance Section

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

Auditee qualifies as low-risk auditee? ✔ yes ____ No

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

Internal control over major programs:

Material weakness(es) identified? ____ Yes ✔ No

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

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

Identification of Major Programs:

State Grant/Program Number(s)	Name of State Program or Cluster
25-495-034-5120-078	Equalization Aid
25-495-034-5120-089	Special Education Aid
25-495-034-5120-084	Security Aid

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Part II – Schedule of Financial Statement Findings

NONE

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Part III –Federal Awards Findings and Questioned Cost

NONE

Part III – State Financial Assistance Findings and Questioned Cost

NONE

PASSAIC ARTS AND SCIENCE CHARTER SCHOOL
(County of Passaic)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2025

Financial Statements Findings:

None in the prior year.

Major Federal Award Findings:

None in the prior year.