

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
OF THE  
BELOVED COMMUNITY CHARTER SCHOOL  
NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**JUNE 30, 2022**  
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May 4, 2023

Commissioner  
New Jersey Department of Education  
100 Riverview Executive Plaza  
CN 500  
Trenton, NJ 08625

Dear Commissioner:

The Annual Comprehensive Financial Report of the Beloved Community Charter School for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's last six fiscal years. The school is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

- 1) REPORTING ENTITY AND ITS SERVICES** The Beloved Community Charter School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

BelovED is a public charter school operating in Jersey City, NJ. School Year 2022 (July 2021-June 2022), the subject year of this audit, was BelovED's ninth operating year.

BelovED features an extended school day running from 7:45 am to 3:45 pm, free afterschool programs and summer school. Its education program combines a formative assessment-intensive, data-driven approach to targeting instructional content with Teach Like a Champion instructional techniques, and a values and character education program inspired by Martin Luther King, Jr.'s conception of the "Beloved Community."

In the Spring of 2020, when the NJDOE directed all public schools to close or in-person instruction, BelovED instantly implemented online instruction for its students. It continued to provide 100% online instruction for its scholars for part of SY20-21, and for the rest of the school year provided families the option of continuing with online instruction or having their scholars come to the school for in-person instruction.

- 2) **ENROLLMENT OUTLOOK** – On February 1, 2022, BelovED's charter was renewed for five years and the school received approval to annually add an additional grade level of 120 scholars in SY21-22 and in SY22-23, when it will for the first time offer all K-12 grade levels.

In this current School Year 2021-2022, the first year of its third charter term, BelovED is offering grade levels K-11 and has been operating at its maximum enrollment of 1,440 students. Next year, we anticipate it will operate at its maximum enrollment of 1,560 students.

Indeed, BelovED has operated at or close to its maximum enrollment and enjoyed a high level of student retention since the day it opened. Some students leave each year, principally as a function of their families moving out of Jersey City, but their seats are quickly filled from BelovED's large waiting list.

- 3) **STRENGTHENED FINANCES & OTHER MAJOR ACCOMPLISHMENTS**

BelovED's financial position was further strengthened in SY21-22, as shown by the financial information in this audit. Note, for instance, that its Days Cash on Hand again increased significantly.

BelovED grew financially stronger each year throughout its second charter term even though, on a funding per student basis, it was among the fifteen lowest funded school districts in the State of New Jersey throughout the period.

BelovED's secret has been controlling its spending even as it enjoys growing economies of scale each year. Meanwhile, the school's finances also benefitted in the last two years – and will continue to benefit going forward – from a rent-reducing, tax exempt refinancing that was undertaken by its landlord in July 2019.

Management expects that the school's finances will grow even stronger in the years ahead, as the NJ Department of Education has guided the school to expect increases in its low level of per student funding, following: 1) the reform of New Jersey's school funding laws in June 2018; and 2) the implementation of a local payroll tax in Jersey City that will be used to fund its public schools – charter as well as traditional.

BelovED’s major accomplishments have not just been financial. The school occupied its newly constructed, state-of-the-art high school in September 2019, and also recently completed improvements to its elementary school facilities.

As regards academics, in consequence of the COVID-19 pandemic, the NJDOE cancelled year-end state assessments in SY19-20, so no SY19-20 state assessment data is available for public schools in New Jersey. But matching BelovED’s continually improving financial performance, the academic performance of BelovED’s students through SY18-19, the last year for which state assessment data is available, has also continually risen.

% of BelovED Students Evidencing Academic Proficiency on State Assessments

	ELA	Math
2015-16	49.0	36.0
2016-17	55.8	41.1
2017-18	58.7	41.8
2018-19	62.1	43.7

BelovED serves a student population which mirrors that of the Jersey City Public Schools district (“JCPS”) in its demographic diversity, but that is MORE economically disadvantaged than the JCPS district, and FAR MORE economically disadvantaged than New Jersey’s statewide student population. Historical statewide achievement gaps associated with economic disadvantage would predict schoolwide and demographic sub-group performance levels at BelovED being slightly below the levels of the JCPS District, and far below the statewide levels for demographic sub-groups.

But, in fact, as shown in the tables that follow, BelovED’s students significantly outperformed their Jersey City peers and, in most sub-groups, also outperformed their peers statewide DESPITE the BelovED students’ greater economic disadvantage and the school’s much lower level of funding.

SY2018-19 % of Students Demonstrating Proficiency in English Language Arts

	BCCS	JCPS	STATE
All Groups	62.1	49.7	57.9
White	63.4	55.9	66.9
Hispanic	55.8	46.4	43.9
Af-Am	53.2	34.3	38.5
Asian	82.6	77.0	82.9
Ec Disadvantaged	55.4	45.3	40.0
Non-Ec Disadvantaged	78.0	56.3	67.9

SY2018-19 % of Students Demonstrating Academic Proficiency in Math

	BCCS	JCPS	STATE
All Groups	43.7	34.1	44.5
White	58.1	45.2	54.1
Hispanic	35.0	28.5	28.8
Af-Am	27.3	17.8	23.0
Asian	70.8	64.9	76.5
Ec Disadvantaged	36.4	29.3	26.3
Non-Ec Disadvantaged	61.3	39.8	54.9

While we don't have end-of-year state assessment data to point to for SY20-21, we believe that the relative performance of BelovED's students compared to their JCPS and Statewide peers will continue to have increased. Teacher, parent and student end-of-year survey data affirms that the online instruction BelovED immediately implemented in SY19-20 and further refined was effective. We have no illusions that it was *as* effective as in-person learning would have been. But it was implemented rapidly and well at a time when many school districts struggled greatly to get up and running with virtual instruction.

- 4) INTERNAL ACCOUNTING CONTROLS:**– Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the 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 internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits like to be derived: and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the school also is responsible for ensuring that an adequate control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the school management.

As part of the school's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the school has complied with applicable laws and regulations.



- 5) **BUDGETARY CONTROLS:** – In addition to internal accounting controls, the school maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the school and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2022.

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The Charter Schools’ accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the school is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements,” Note 1.
- 7) **CASH MANAGEMENT:** The investment policy of the school is guided in large by the state Statute as detailed in “Notes to the Financial Statements,” Note 3. The school had adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 8) **RISK MANAGEMENT:** The school carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and contents.

9) **OTHER INFORMATION:**

**Independent Audit** – State statutes require an annual audit by an independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Gerald D. Longo, CPA was selected by the Charter School.

In addition to meeting the requirements set forth in the state statutes, 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.

Respectfully submitted,

A handwritten signature in black ink, appearing to be the name 'Nicole Jackson', written in a cursive style.

Nicole Jackson  
Board President

**BELOVED COMMUNITY CHARTER SCHOOL**

**ROSTER OF TRUSTEES**

**JUNE 30, 2022**

<b><u>BOARD OF TRUSTEES</u></b>	<b><u>TERM EXPIRES</u></b>
Nicole Jackson	6/23
Jessica Lisboa	6/24
Salvatore Risalvato	6/23
Sheridan Bell	6/24
Sam Mikhail	6/23
Maggie Johnson	6/23
Kathleen Mone	6/23

**CONSULTANTS AND ADVISORS**

**June 30, 2022**

**AUDIT FIRM**

Gerald D. Longo, CPA  
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**ATTORNEYS**

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1037 Raymond Blvd.  
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Newark, NJ 07102

**OFFICIAL DEPOSITORY**

**Bank of America**

## **FINANCIAL SECTION**

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### **Independent Auditor's Report**

The Honorable Chairman and  
Members of the Board of Trustees  
Beloved Community Charter School  
County of Hudson  
Jersey City, New Jersey

#### **Report on the Audit of the Financial Statements**

##### **Opinions**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Beloved Community Charter School, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Beloved Community Charter School's basic financial statements as listed in the table of contents.

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

##### **Basis for Opinions**

I conducted my 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 *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. My responsibilities under those standards and Specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Beloved Community Charter School and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in the Notes to the financial statements, the Beloved Community Charter School adopted the provisions of Governmental Accounting Standards Board Statement 87, Leases, effective July 1, 2021. My opinions are not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Beloved Community 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**

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Specifications 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 the Specifications, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Beloved Community Charter School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Beloved Community Charter School's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the schedules related to accounting and reporting for Pensions and Post-Retirement Benefits and the other required supplementary information and notes to the required supplementary 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

### **Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beloved Community Charter School's basic financial statements. The accompanying Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis 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*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued my report dated May 4, 2023, on my consideration of the Beloved Community Charter School's internal control over financial reporting and on my 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 my 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 Beloved Community 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 Beloved Community Charter School's internal control over financial reporting and compliance.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo  
Certified Public Accountant  
May 4, 2023

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**(Unaudited)**

This section of Beloved Community Charter School annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2021-22 fiscal year include the following:

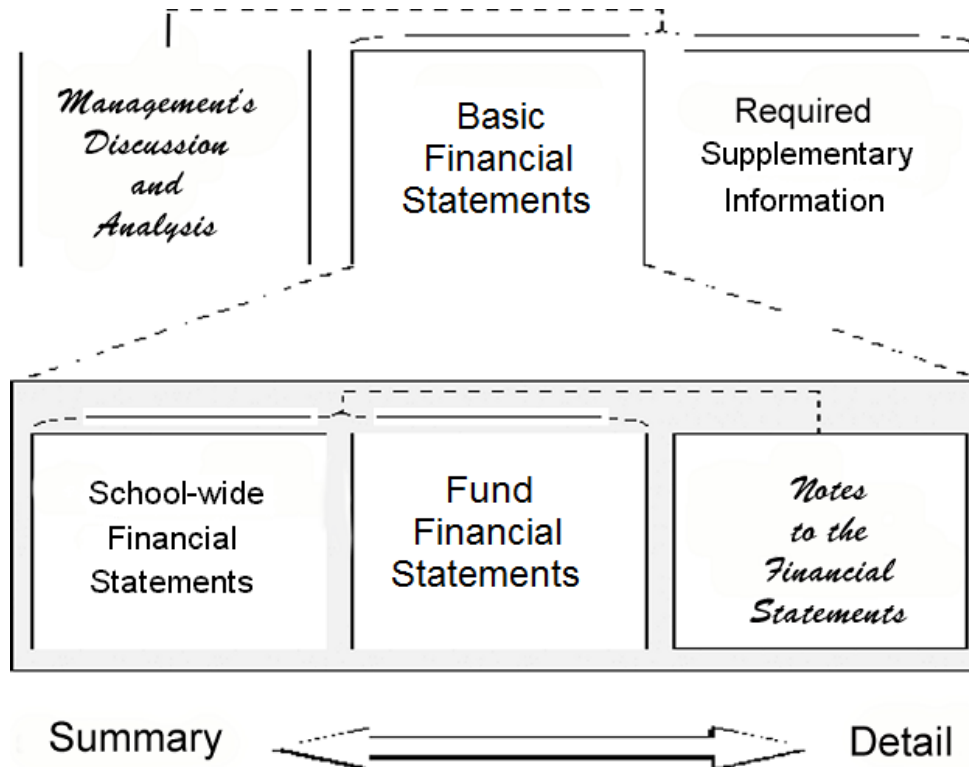
- Total Net Position was \$10,557,048.
- The Unassigned General Fund balance at June 30, 2022 is \$12,369,730.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Beloved Community Charter School.

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**(Unaudited)**

**Figure A-1. Required Components of the Board's Annual Financial Report**



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the Beloved Community Charter School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Beloved Community Charter School, reporting the Beloved Community Charter School's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities that operate like businesses.

**BELOVED COMMUNITY CHARTER SCHOOL  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the Beloved Community Charter School’s financial statements, including the portion of the Beloved Community Charter School’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2 - Major Features of the School-wide and Financial Statements**

	<b>School-wide Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire school (except fiduciary funds)	The activities of the Beloved Community Charter School that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the Beloved Community Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statement of net position	Balance sheet	Statement of net position
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Statement of cash flows Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**(Unaudited)**

**School-wide Statements**

The school-wide statements report information about the Beloved Community Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Beloved Community Charter School’s assets and liabilities. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the Beloved Community Charter School’s net position and how they have changed. Net position – the difference between the Beloved Community Charter School’s assets and liabilities – are one way to measure the Beloved Community Charter School’s financial health or position.

In the school-wide financial statements, the Beloved Community Charter School’s activities are shown in two categories:

- *Governmental activities*- Most of the Beloved Community Charter School’s basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aid finance most of these activities.
- *Business-type activities*- The Beloved Community Charter School's Food Service Fund and the after school program would be included here for the year ended June 30, 2022. The Charter School did not have a food service fund.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Beloved Community Charter School’s funds – focusing on its most significant or “major” funds – not the Beloved Community Charter School as a whole.

Funds are accounting devices the Beloved Community Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

Beloved Community Charter School uses other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

**BELOVED COMMUNITY CHARTER SCHOOL  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

The Beloved Community Charter School has two kinds of funds:

- **Governmental funds-** Most of the Beloved Community Charter School’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Beloved Community Charter School’s programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the Beloved Community Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.

**FINANCIAL ANALYSIS OF THE BELOVED COMMUNITY CHARTER SCHOOL AS A WHOLE**

**Net position.** The Beloved Community Charter School’s net position school wide is \$10,850,485 as of June 30, 2022. (See Table A-1).

Governmental Funds	\$10,464,053
Proprietary Fund	<u>394,432</u>
Total	<u><u>\$10,858,485</u></u>

**BELOVED COMMUNITY CHARTER SCHOOL  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

The Beloved Community Charter School's financial position is the product of these factors:

- Special Revenues and Expenditures for Federal and State Activities were \$2,826,664.
- General Fund Revenues were \$28,682,512.
- General Fund Expenditures were \$23,326,204.

**Table A-1  
BELOVED COMMUNITY CHARTER SCHOOL  
Statement of Net Position  
As of June 30, 2022**

	<u>Total</u>
Current and Other Assets	\$14,406,438
Capital Assets, Net	1,306,863
Right-to-use lease assets-Net	9,318,265
Deferred Outflows of Resources	1,934,031
<b>Total Assets and Deferred Outflows</b>	<b><u>\$26,965,597</u></b>
Long-Term Liabilities - Pension	\$5,146,579
Lease liabilities	9,619,702
Other Liabilities	1,642,268
<b>Total Liabilities and Deferred Inflows</b>	<b><u>\$16,408,549</u></b>
Net Position:	
Invested In Capital Assets, Net	\$1,306,863
Unrestricted	9,250,185
<b>Total Net Position</b>	<b><u>\$10,557,048</u></b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b><u>\$26,965,597</u></b>
Fund Balance 06/30/22	\$12,764,170
Capital Assets, Net	1,306,863
Net Position before Pension Adjustment	14,071,033
Amortization expense over principal payments on leases	(301,437)
Less: Pension Adjustment	<u>(3,212,548)</u>
Net Position - June 30, 2022	<u>\$10,557,048</u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of Net Position of \$10,557,048 as of June 30, 2022.



**BELOVED COMMUNITY CHARTER SCHOOL  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

**Table A-2  
BELOVED COMMUNITY CHARTER SCHOOL  
Changes in Net Position - School Wide  
For the Fiscal Year Ended June 30, 2022**

	<b>Total</b>
<b>Revenues</b>	
Program revenues	
Charges for services	\$ -
Operating grants and contributions	
General revenues	
Local Share	-
Federal and State Aid-Unrestricted	28,197,290
Federal Aid-Restricted	2,826,663
Proprietary Fund	1,132,638
Other	485,222
Increase in Capital Outlay	892,494
<b>Total revenues</b>	<b>\$ 33,534,307</b>
<b>Expenses</b>	
Regular Instruction	10,228,749
General Administrative	5,646,569
School Administrative	6,232,027
On-behalf TPAF Social Security / Pension / Medical	3,315,400
Capital Outlay	730,122
Proprietary Fund	768,582
<b>Total expenses</b>	<b>\$ 26,921,449</b>
Increase in Net Position	6,612,858
Net Position - Beginning July 1, 2021	3,934,143
Net Position before pension adjustment	<b>\$ 10,547,001</b>
Amortization expense over principal payments of leases	(301,437)
Net Pension Adjustment	311,484
Net Position - End of Year June 30, 2022	<b>\$ 10,557,048</b>

**BELOVED COMMUNITY CHARTER SCHOOL  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

**Table A-3 (See Exhibit A-2)  
BELOVED COMMUNITY CHARTER SCHOOL  
Total and Net Cost of Services - School Wide  
For the Fiscal Year Ended June 30, 2022**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<b>Schoolwide Activities</b>			
Instruction			
Regular	B-2	\$ 10,228,749	\$ 10,087,612
<b>Support Services</b>			
General Administrative Services	B-2	5,646,569	5,645,969
School Administrative Services	B-2	6,232,027	6,231,566
On-behalf TPAF Social Security / Pension / Medical	B-2	3,315,400	3,285,118
Proprietary Fund	G-2	768,582	866,207
Capital Outlay	B-2	730,122	768,582
<b>Total Schoolwide Activities</b>		<u>\$ 26,921,449</u>	<u>\$ 26,885,054</u>

**FINANCIAL ANALYSIS OF THE BELOVED COMMUNITY CHARTER SCHOOL FUNDS**

The financial performance of the Beloved Community Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the Beloved Community Charter School completed the year, its general fund reported a combined, unassigned fund balance of \$12,369,738.

Revenues for the Beloved Community Charter School's governmental funds were \$31,509,175 while total expenses were \$26,152,867. (Exhibit B-2)

**GENERAL FUND**

The General Fund includes the primary operations of the Beloved Community Charter School in providing educational services to students from grade K through grade 11.

**BELOVED COMMUNITY CHARTER SCHOOL  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

The following schedule presents a summary of Revenues.

**Table A-4 (See Exhibit B-2)  
BELOVED COMMUNITY CHARTER SCHOOL  
Changes in Revenues - School Wide  
For the Fiscal Years Ended June 30**

<b>Revenues - School Wide</b>	<b>Year Ended 06/30/2022</b>	<b>Year Ended 06/30/2021</b>	<b>Amount of Increase (Decrease)</b>
<b>Local Sources:</b>			
Local Share	\$ -	\$ 4,794,531	(\$4,794,531)
Other Local Revenue	485,222	2,038,345	(1,553,123)
<b>Total Local Sources</b>	<b>\$ 485,222</b>	<b>\$ 6,832,876</b>	<b>(\$6,347,654)</b>
<b>Intergovernmental</b>			
Proprietary Fund	\$ 1,132,638	\$ 456,108	\$676,530
State Sources	28,197,290	16,741,118	11,456,172
Federal Sources	2,826,663	1,747,060	1,079,603
<b>Total Intergovernmental Sources</b>	<b>\$ 32,156,591</b>	<b>\$ 18,944,286</b>	<b>\$13,212,305</b>
<b>Total Revenue - School Wide</b>	<b>\$ 32,641,813</b>	<b>\$ 25,777,162</b>	<b>\$ 6,864,651</b>

The following schedule presents a summary of Expenditures.

**Table A-5 (See Exhibit B-2)  
BELOVED COMMUNITY CHARTER SCHOOL  
Changes in Expenditures - School Wide  
For the Fiscal Years Ended June 30**

<b>Expenditures - School Wide</b>	<b>Year Ended 06/30/2022</b>	<b>Year Ended 06/30/2021</b>	<b>Amount of Increase (Decrease)</b>
<b>Current:</b>			
Regular Instruction	\$ 10,228,749	\$ 8,857,665	\$ 1,371,084
General Administrative Services	5,646,569	4,601,330	1,045,239
School Administration	6,231,979	5,507,559	724,420
On-behalf TPAF Social Security / Pension / Medical	3,315,400	2,167,707	1,147,693
Proprietary Fund	768,582	425,733	342,849
Capital outlay	730,122	358,897	371,225
<b>Total Expenditures - School Wide</b>	<b>\$ 26,921,401</b>	<b>\$ 21,918,891</b>	<b>\$ 5,002,510</b>

**BELOVED COMMUNITY CHARTER SCHOOL  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

**UNASSIGNED FUND BALANCE (DEFICIT) AS A PERCENTAGE OF EXPENDITURES**

The following table shows the unassigned fund balance.

Table A-6  
BELOVED COMMUNITY CHARTER SCHOOL  
Changes in Fund Balance and Expenditures- School Wide  
For the Fiscal Years Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Unreserved-Undesignated Fund Balance	12,764,170	7,043,805	3,185,534	2,101,617	1,308,977	735,103
Expenditures	26,921,401	21,918,891	17,259,382	13,392,915	11,470,837	10,841,441
Percentages	47.4%	32.0%	18.0%	15.6%	11.5%	7%

The Beloved Community Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amount of unassigned fund balance for the subsequent years budgets \$12,764,170 for the 2022-23 school year.

**CAPITAL ASSETS**

Table A-7  
BELOVED COMMUNITY CHARTER SCHOOL  
Capital Assets - School Wide  
For the Fiscal Year Ended June 30, 2022

Equipment	\$519,277
Improvements	902,185
Total	<u>\$1,421,462</u>
Less: Accumulated Depreciation	<u>(114,599)</u>
Total - Capital Assets, Net	<u>\$1,306,863</u>

**FACTORS BEARING ON THE SCHOOL’S FUTURE**

While many factors influence the Charter School’s future, the availability of State funding and the economy will have the most impact on educational and fiscal decisions in the future.

These and many other factors were considered by the Charter School’s administration during the process of developing the fiscal year 2022-2023 budget. The primary factors were the Charter School’s projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs. These indicators were considered when adopting the budget for fiscal year 2022-2023.

**BELOVED COMMUNITY CHARTER SCHOOL  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

**CONTACTING THE BELOVED COMMUNITY CHARTER SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Beloved Community Charter School's finances and to demonstrate the Beloved Community Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Beloved Community Charter School, 508 Grand Street, Jersey City, New Jersey 07302

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the Beloved Community Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2022.

**SCHOOL-WIDE FINANCIAL STATEMENTS**

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Statement of Net Position**  
**As of June 30, 2022**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 11,979,850	\$ 458,691	\$ 12,438,541
Receivables	1,682,104	263,778	1,945,882
Interfund	297,546	(275,531)	22,015
Capital assets, net	1,306,863	-	1,306,863
Right-to-use lease assets-net	9,318,265		9,318,265
Total Assets	<u>24,584,628</u>	<u>446,938</u>	<u>25,031,566</u>
Deferred outflows of resources - Pensions	1,934,031		1,934,031
Total assets and deferred outflows of resources	<u>\$ 26,518,659</u>	<u>\$ 446,938</u>	<u>\$ 26,965,597</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,174,788	\$ 52,506	\$ 1,227,294
Payable to school districts	273,412	-	273,412
Deferred Revenue	141,562	-	141,562
Lease liabilities	9,619,702		9,619,702
Net Pension Liability - Noncurrent	2,984,303	-	2,984,303
Total Liabilities	<u>14,193,767</u>	<u>52,506</u>	<u>14,246,273</u>
Deferred inflows of resources - Pensions	2,162,276	-	2,162,276
Total Liabilities and Deferred Inflows of Resources	<u>16,356,043</u>	<u>52,506</u>	<u>16,408,549</u>
<b>NET POSITION</b>			
Invested in capital assets, net	1,306,863	-	1,306,863
Unrestricted	8,855,753	394,432	9,250,185
Total Net Position	<u>10,162,616</u>	<u>394,432</u>	<u>10,557,048</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 26,518,659</u>	<u>\$ 446,938</u>	<u>\$ 26,965,597</u>
Fund Balance June 30, 2022 - B-1	\$ 12,369,738		
Right-to-use lease assets-net of accumulated Amort	9,318,265		
Principal balance of lease liabilities	(9,619,702)		
Cost of capital assets net accumulated depreciation	1,306,863		
Net Position before pension adjustments	<u>13,375,164</u>		
Less pension adjustments net (Deficit)	(3,212,548)		
Total Net Position June 30, 2022	<u>\$ 10,162,616</u>		

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



**BELOVED COMMUNITY CHARTER SCHOOL**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

Exhibit A-2

Functions/Programs	Program Revenues			Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ (10,228,749)		\$ (2,440,713)		\$ (7,788,036)		\$ (7,788,036)
Support services:					-		
General administratrion	(5,646,569)		(385,950)		(5,260,619)		(5,260,619)
School administrative services/ operations plant serv.	(6,232,027)				(6,232,027)		(6,232,027)
On - behalf TPAF Social Security/Pension/Medical	(3,315,400)				(3,315,400)		(3,315,400)
Capital Outlay	(730,122)				(730,122)		(730,122)
Total governmental activities	(26,152,867)		(2,826,663)		(23,326,204)		(23,326,204)
Business-type activities:							
Food Service and After School Program	(768,582)	(768,582)	-			(768,582)	(768,582)
Total business-type activities	(768,582)	(768,582)				(768,582)	(768,582)
Total primary government	\$ (26,921,449)	\$ (768,582)	\$ (2,826,663)		\$ (23,326,204)	\$ (768,582)	\$ (24,094,786)
General revenues:							
Local Share					\$ -	\$ -	\$ -
State Share					17,012,492	18,648	17,031,140
State and Federal Aid					11,184,798	1,032,448	12,217,246
Miscellaneous Income					485,222	81,542	566,764
Increase in net Capital Outlay					892,494	-	892,494
Total general revenues, special items,					29,575,006	1,132,638	30,707,644
Change in Net Position - Increase					6,248,802	364,056	6,612,858
Amortization expense over principal payments of leases					(301,437)		(301,437)
Net Pension Adjustment					311,484	-	311,484
Net Position - July 1, 2021					3,903,767	30,376	3,934,143
Net Position - June 30, 2022					\$ 10,162,616	\$ 394,432	\$ 10,557,048

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

## **FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2022**

	General Fund	Special Revenue Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 11,939,510	\$ 40,340	\$ 11,979,850
Receivables	324,931	1,357,173	1,682,104
Interfund	1,489,565	(1,192,019)	297,546
Total assets	<u>\$ 13,754,006</u>	<u>\$ 205,494</u>	<u>\$ 13,959,500</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,110,856	\$ 63,932	\$ 1,174,788
Payable to School Districts	273,412	-	273,412
Deferred Revenue	-	141,562	141,562
Total liabilities	<u>\$ 1,384,268</u>	<u>\$ 205,494</u>	<u>\$ 1,589,762</u>
Fund Balances:			
Unassigned, reported in:			
General fund	12,369,738	-	12,369,738
Total Fund balances	<u>12,369,738</u>	<u>-</u>	<u>12,369,738</u>
Total liabilities and fund balances	<u>\$ 13,754,006</u>	<u>\$ 205,494</u>	<u>\$ 13,959,500</u>

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

Governmental Fund Balance - June 30, 2022	\$ 12,369,738
Right -to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,181,918 less the accumulated amortization (\$1,863,653)	9,318,265
Lease liabilities used in governmental activities are not financial resourced and therefore are not reported in the funds	(9,619,702)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation	1,421,462 <u>(114,599)</u>
Net position before pension adjustments	<u>1,306,863</u> 13,375,164
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore, are not reported in the fund statements. (See Note 4)	1,934,031
Deferred Inflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements	(2,162,276)
Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 6)	<u>(2,984,303)</u>
Net position of governmental activities - June 30, 2022	<u>\$10,162,616</u>

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

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2022**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local Sources:			
Local Share	\$ -		\$ -
State Share	17,012,492		17,012,492
Miscellaneous	485,222	100,704	585,926
Total - Local Sources	17,497,714	100,704	17,598,418
State Sources	11,184,798	-	11,184,798
Federal Sources	-	2,725,959	2,725,959
Total Revenues	\$ 28,682,512	2,826,663	\$ 31,509,175
<b>EXPENDITURES</b>			
Current:			
Regular instruction	\$ 7,788,036	\$ 2,440,713	\$ 10,228,749
Support services- General Administrative	5,260,619	385,950	5,646,569
Support Services- School Admin/ operations plant serv	6,232,027		6,232,027
On-behalf TPAF Social Security/Pension/Medical	3,315,400		3,315,400
Capital outlay	730,122		730,122
Total expenditures	23,326,204	2,826,663	26,152,867
Excess (Deficiency) of revenues over expenditures	5,356,308		5,356,308
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-		-
Transfers out	-		-
Total other financing sources and uses	-		-
Net change in fund balances - Increase	5,356,308		5,356,308
Fund balance - July 1, 2021	7,013,430		7,013,430
Fund balance - June 30, 2022	\$ 12,369,738		\$ 12,369,738

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

**BELOVED COMMUNITY CHARTER SCHOOL  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2022**

**Total net change in fund balances - governmental funds (from B-2)** \$ 5,356,308

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 in the period.

Depreciation expense	\$ (78,945)
Capital outlays	<u>971,439</u>

\$ 892,494

Amortization expense over principal payments on leases

\$ (301,437)

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

\$ 311,484

**Change in net position of governmental activities**

\$ 6,258,849

## **PROPRIETARY FUNDS**

Exhibit B-4

Beloved Community Charter School  
Proprietary Fund  
Statement of Net Position  
As of June 30, 2022

	<u>Business-Type Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 458,691
Intergovernmental Receivable	
Federal	243,015
State	3,737
Accounts Receivable - Other	17,026
Interfund	(275,531)
Total Assets	<u>\$ 446,938</u>
LIABILITIES	
Accounts Payable	\$ 52,506
Total Current Liabilities	<u>52,506</u>
Net Position	
Unrestricted	394,432
Invested in capital assets, net	
Total Liabilities and Net Position	<u>\$ 446,938</u>

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



**BELOVED COMMUNITY CHARTER SCHOOL**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2022**

	<b>Business-Type Activities Proprietary Fund Food Services</b>
<b>OPERATING REVENUES</b>	
Local Sources	
Daily Sales - Reimbursable Programs	
Special Lunch and Breakfast Program	\$18,727
Special Functions	0
Total Operating Revenues	18,727
<b>OPERATING EXPENSES</b>	
Cost of sales	(768,582)
Total Operating Expenses	(768,582)
Income (Loss) From Operations	(749,855)
<b>Nonoperating Revenues</b>	
State Sources	
State Sources	18,648
Federal Sources	
EM Schools	29,612
Supply Chain Assistance	32,589
PEBT	614
National School Lunch Program	793,812
National School Breakfast Program	209,523
National School Snack Program	29,113
Total Nonoperating Revenues	1,113,911
Change in Net Position	364,056
Transfer from General Fund to subsidize	0
Total Net Position - Beginning of Year - July 1, 2021	30,376
Total Net Position - End of Year - June 30, 2022	\$394,432

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

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Statements of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2022**

Cash flows from operating activities	
Cash Received from Customers	\$18,727
Cash Payments to Employee's Salaries and Benefits	
Cash Payments supplies, material and other	<u>(753,862)</u>
Net Cash (Used) by Operating Activities	<u>(735,135)</u>
Cash Flows from Noncapital Financing Activities	
Transferred form General Fund to subsidize	0
Adjustment to Interfund	26,586
Cash Received from State and Federal Subsidy Reimbursements	<u>895,007</u>
Net Cash Provided by Noncapital Financing Activities	<u>921,593</u>
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	<u>186,458</u>
Cash and Cash Equivalent, Beginning of Year	<u>272,233</u>
Cash and Cash Equivalent, End of Year	<u><u>\$458,691</u></u>
Reconcillation of Operating Income to Net Cash	
Used by Operating Activities	
Operating (Income)	<u>\$364,056</u>
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
Adjustment to Interfund	0
Increase in Accounts Receivable	26,586
Change in Assets and Liabilities	14,720
Increase/(Decrease) in Accounts Payable	<u>(218,904)</u>
Total Cash Provided by Operating Activities	<u>(177,598)</u>
Net Cash Provided by Operating Activities	<u><u>\$186,458</u></u>

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

## **FIDUCIARY FUNDS**

**Exhibit B-7**

**BELOVED COMMUNITY CHARTER SCHOOL  
Statement of Fiduciary Net Position  
Fiduciary Funds  
As of June 30, 2022**

**NOT APPLICABLE**

**Exhibit B-8**

**BELOVED COMMUNITY CHARTER SCHOOL  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

## **NOTES TO THE BASIC FINANICAL STATEMENTS**

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY**

Beloved Community Charter School ("Charter School") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board of Trustees (the "Board") consists of appointed officials and are responsible for the fiscal control of the Charter School. A director is appointed by the Board and is the administrative control of the Charter School.

A reporting entity is comprised primary government, component units and other organizations that are included to insure 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 for 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, section of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the 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 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.

**A. Basis of Presentation**

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

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 primary government, except for fiduciary funds.

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Government-Wide Statements**

The statement of net position presents the financial condition of the governmental activities of the Charter School at fiscal 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 activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, 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 expectations. 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.

**Fund Financial Statements**

During the fiscal year, 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 this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

**B. Fund Accounting**

The Charter School uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

**Governmental Funds**

Government funds are those 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 may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter School's major governmental funds:

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



**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

As required by the New Jersey State 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, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings that 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 of the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Proprietary Funds**

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

**Enterprise Fund** - The Enterprise Fund is utilized to account for operations that were financed and operated in a manner similar to private business enterprises - where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing education 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 appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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 noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into invested in capital assets net of related debt and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of fixed assets used by proprietary funds is charged as an expense against their operations.

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fiduciary Funds**

Fiduciary 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. As of June 30, 2022, there was no Fiduciary Fund due to the adoption of GASB Statement No. 84, Fiduciary Activities.

**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.

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

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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 School Board resolution at any time during the fiscal year subject to the limitation of P.L 2004 c73 (S 1701).

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

**E. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

using the modified accrual basis of accounting, except for the special revenue fund as described later. 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 School Board resolution at any time during the fiscal year subject to the limitation of P.L 2004 c73 (S 1701).

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

**F. Encumbrances**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$0 of encumbrances at June 30, 2022. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Cash, Cash Equivalents and Investments**

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

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

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks, 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 deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an 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.

**I. Short-Term Interfund Receivables/Payables**

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

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Capital Assets**

General Fund capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Charter School maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description of Capital Cost</u>	<u>Estimated Lives (Years)</u>
Right-to-Use Assets	7
Leasehold improvements	10
Furniture and Equipment	7

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of compensated absences and mortgage payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

**L. Net Position/Fund Balance**

**School-Wide Statements**

In the school-wide statements, there are three classes of net position:

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

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- improvement of those assets or related debt also should be included. Also included in invested in capital assets are amounts the Charter School prepaid in advance of the work performed.
- Restricted Net Position - reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - any portion of net position not already classified as either net invested in capital assets or net position - restricted is classified as net position – unrestricted, which includes deferred inflows and outflows

**Fund Balance and Equity**

The Charter School follows GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”), in establishing 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. Nonspendable – 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. Unearned/Deferred Revenue**

Unearned/Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**N. Fund Equity**

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**O. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

**P. 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.

**Q. Deferred Outflows/Inflows**

Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has one type which arise only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.



**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**R. 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". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years. Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days.

As of June 30, 2022, Charter School-wide compensated absences amounted to \$-0-.

**S. Fair Value of Financial Instruments**

The Charter School follows the accounting and disclosure standards pertaining to GASB No. 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 includes 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 instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

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

**Level 1** - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

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

**Level 3** - Inputs that are unobservable and which require significant judgment or estimation.

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**T. Adoption of New Accounting Standard**

**GASB 84: Fiduciary Activities**

During fiscal year 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 withholdings payable, unemployment activities in the General Fund in the Governmental Fund financial statements. Student activities are recorded in the Special Revenue Fund in the Governmental Fund financial statements.

In Fiscal Year 2022 the Beloved Community Charter School implemented the following GASB Standards:

**GASB 87: Leases**

During fiscal year 2022, the Charter School adopted GASB Statement No. 87, Leases (GASB 87), which requires the Charter School to recognize intangible right-to-use lease assets and lease liabilities for its lessee agreements. The adoption of this GASB did not impact the Charter School's beginning net position for the fiscal year ended June 30, 2022.

The Charter School accounts for any lease with a term greater than one year in accordance with GASB 87. The lease terms are defined as the noncancellable period of any lease, plus any options to extend under such leases, when management is reasonably certain those options will be exercised. Accordingly, the net present value of the estimated future minimum payments are reflected as a right-to-use lease asset and lease liability. The right-to-use lease assets will be recognized on a straight-line basis over the lesser of the life of the asset or the remaining lease period. The right-to-use lease assets related to the facility leases are being amortized over the term of each respective lease as follows:

School Premises	7 years
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**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. As of June 30, 2022, \$250,000 of the Charter School's bank balances were covered by the FDIC, the excess was covered by GUDPA.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Charter School or bonds or other obligations of the local unit or units within which the Charter School is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2022, the Charter School had no investments.

**4 PENSION PLANS**

**Description of Plans** - Substantially all of the employees of the 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 Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State.

**BELOVED COMMUNITY CHARTER SCHOOL**  
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**4 PENSION PLANS (continued)**

The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School and the systems other related non-contributing employers.

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The public Employees' Retirement Systems (PERS) was established as of January 1, 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, or public agency provided the employee is not a member of another state-administered retirement system.

The public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State of New Jersey or any county, municipality, School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

**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.

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15a and 43:03B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirements benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined.

Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

**BELOVED COMMUNITY CHARTER SCHOOL**  
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**4 PENSION PLANS (continued)**

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the member's accounts.

**Significant Legislation** - Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

**Pension Plan Design Changes** - Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

**Funding Changes** - Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF.

The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2019 for PERS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

**COLA Suspension**

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

**Contribution Requirements**

The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2001, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. Under current statute the

**BELOVED COMMUNITY CHARTER SCHOOL**  
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**4 PENSION PLANS (continued)**

School is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and Schools).

**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 School's contribution to PERS for the year ended June 30, 2022 was \$295,021.

In accordance with N.J.S.A 18A:66-66 the School recorded as revenue for the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries in the amount of \$594,186. Also the State paid \$2,690,932 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 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.

**5 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.

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**Notes to the Basic Financial Statements**  
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**5 PENSION PLANS – GASB 68 DISCLOSURES (continued)**

***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. 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 \$21,140,549 as measured on June 30, 2021 and \$21,739,646 as measured on June 30, 2020.

For the year ended June 30, 2022, the Charter School recognized pension expense of \$473,916 and revenue of \$473,916 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2022 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2020 and June 30, 2021.

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.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$9,458,881,999	\$9,932,767,606
Collective deferred inflows of resources	\$14,424,322,612	\$17,539,845,423
Collective net pension liability (Non-employer - State of New Jersey)	\$ 65,848,796,740	\$ 61,519,112,443
State's portion of the net pension liability that was associated with the Charter School	\$21,739,646	\$21,140,549
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	.033014%	.041894%

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
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**5 PENSION PLANS – GASB 68 DISCLOSURES (continued)**

***Actuarial Assumptions***

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

Inflation (Price):	2.75%
Inflation (Wage):	3.25%
Salary Increases: 2011-2026	1.55 - 4.45% based on years of service
Salary Increases: Thereafter	2.75 - 5.65% based on years of service
Investment Rate of Return:	7%

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits. The long term expected of return was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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



**BELOVED COMMUNITY CHARTER SCHOOL  
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For the Fiscal Year Ended June 30, 2022**

**5 PENSION PLANS – GASB 68 DISCLOSURES (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
US equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

***Discount Rate***

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

***Sensitivity of the of the Net Pension Liability to Changes in the Discount Rate***

<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
\$56,988,413,045	\$48,165,991,182	\$40,755,711,188

***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/gasb-notices.shtml>.

**BELOVED COMMUNITY CHARTER SCHOOL  
Notes to the Basic Financial Statements  
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**5 PENSION PLANS – GASB 68 DISCLOSURES (continued)**

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

***Summary of Significant Accounting Policies***

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

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

At June 30, 2022, the Charter School reported a liability of \$2,984,303 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021.

The Charter School’s proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2021. At June 30, 2021, the Charter School’s proportion was .025191%.

For the year ended June 30, 2022, the Charter School recognized pension expense (benefit) of (\$407,334). At June 30, 2022, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 47,066	\$ 21,364
Changes of assumptions	15,542	1,062,431
Net difference between projected and actual earnings on pension plan investments		292,337
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	1,576,402	786,144
Charter School contributions subsequent to the measurement date.	295,021	0
Total	\$1,934,031	\$2,162,276

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
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**5 PENSION PLANS – GASB 68 DISCLOSURES (continued)**

The Charter School reported \$295,021 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 ended June 30, 2022, the plan measurement date was June 30, 2019) will be recognized as a reduction of the net pension liability measured as of June 30, 2022.

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

	<b>Year Ended June 30:</b>
2022	(704,153)
2023	(502,764)
2024	(342,799)
2025	(257,683)
2026	100
Total:	<u><u>(\$1,807,299)</u></u>

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$9,458,881,999	\$ 6,356,228,800
Collective deferred inflows of resources	\$14,424,322,612	\$27,175,330,929
Collective net pension liability (Non-State-Local Group)	\$65,848,796,740	\$48,165,991,182
Charter School's proportion of net pension liability	2,552,954	2,984,303
Charter School's proportion percentage	.015655%	.025191%

***Actuarial Assumptions***

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

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

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,

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**5 PENSION PLANS – GASB 68 DISCLOSURES (continued)**

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-2019.

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

The following presents the Charter School’s proportionate share of the net pension liability measured as of June 30, 2021, calculated using the discount rate of 7.00%, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<b>2021</b>		
	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Charter School’s proportionate share of the net pension liability	\$3,431,948	\$2,984,303	\$2,536,657

***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/gasb-notices.shtml>.

***Long-Term Expected Rate of Return***

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the

**BELOVED COMMUNITY CHARTER SCHOOL**  
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**5 PENSION PLANS – GASB 68 DISCLOSURES (continued)**

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 PERS’s target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
US equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

***Discount Rate***

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

**6 POST RETIREMENT MEDICAL BENEFITS**

**Plan description and benefits provided**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. The State of New Jersey reports a Liability as a result of its statutory requirements to pay other post-employment (health) benefit for

**BELOVED COMMUNITY CHARTER SCHOOL**  
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**6 POST RETIREMENT MEDICAL BENEFITS (continued)**

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

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

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

**Total Nonemployer OPEB Liability**

The State, a nonemployer 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 LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA 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 Charter School.

Actuarial assumptions and other imputes The June 30, 2022 GASB 75 reporting is based on a measurement date of June 30, 2021. The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018, for TPAF and PERS, respectively. 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:

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**6 POST RETIREMENT MEDICAL BENEFITS (continued)**

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.45%
Rate Thereafter	2.75% to 4.45%
Discount rate (2021)	2.16%
Discount rate (2022)	2.21%
Healthcare cost trend rates (PPO Plans)	5.74%, increasing to 12.93% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (HMO Plans)	6.01%, increasing to 15.23.93% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (Prescription Drug Benefits)	6.75%, increasing to 4.5% long term trend rate after seven years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	5.65%

The discount rate for June 30, 2021 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.

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

**BELOVED COMMUNITY CHARTER SCHOOL  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**6 POST RETIREMENT MEDICAL BENEFITS (continued)**

Changes in the Total OPEB Liability reported by the State of New Jersey:

	<b>Total OPEB Liability</b>
<b>The State's Total OPEB Liability Balance at June 30, 2020</b>	<b>\$67,809,962,608</b>
Changes for the year:	
Service Cost	3,217,184,264
Interest on the Total OPEB Liability	1,556,661,679
Changes in Benefit Terms	(63,870,842)
Differences Between Expected and Actual Experience	(11,385,071,658)
Changes of Assumptions	59,202,105
Gross Benefit Payments	-
Contributions from Members	(1,186,417,186)
Net Changes	(7,802,311,638)
<b>The State's Total OPEB Liability Balance at June 30, 2021</b>	<b>\$60,007,650,970</b>
<b>The State's Total OPEB Liability attributable to the Charter School</b>	<b>\$7,991,543</b>

Benefit Changes: The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021 and other changes.

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	June 30, 2021		
	At 1% Decrease 1.16%	At Discount Rate 2.16%	At 1% Increase 3.16%
Total OPEB Liability (School Retirees)	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138
	June 30, 2020		
	At 1% Decrease 1.21%	At Discount Rate 2.21%	At 1% Increase 3.21%
Total OPEB Liability (School Retirees)	\$81,748,410,002	\$67,809,962,608	\$56,911,439,160



**BELOVED COMMUNITY CHARTER SCHOOL  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**6 POST RETIREMENT MEDICAL BENEFITS (continued)**

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the State, as well as what the State’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage- point higher than the current healthcare cost trend rates:

<b>June 30, 2021</b>			
	<b>At 1% Decrease</b>	<b>Health Care Cost Trend Rate</b>	<b>At 1% Increase</b>
Total OPEB Liability (School Retirees)	\$48,576,388,471	\$60,007,650,970	\$75,358,991,782
<b>June 30, 2020</b>			
	<b>At 1% Decrease</b>	<b>Health Care Cost Trend Rate</b>	<b>At 1% Increase</b>
Total OPEB Liability (School Retirees)	\$54,738,488,540	\$67,809,962,608	\$83,375,182,975

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

For the year ended June 30, 2021, the Charter School recognized OPEB expense and related revenue of \$2,202,562 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Charter School's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB from the following sources:

	<b>Deferred Outflows of</b>	<b>Deferred Inflows of</b>
Differences between expected and actual experience	\$9,045,886,863	\$18,009,362,976
Changes of assumptions or other inputs	10,179,536,966	6,438,261,807
Total	<u>\$10,179,536,966</u>	<u>\$24,447,624,783</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB will be recognized in OPEB expense as follows:

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**6 POST RETIREMENT MEDICAL BENEFITS (continued)**

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2022	(\$1,182,303,041)
2023	(\$1,182,303,041)
2024	(\$1,182,303,041)
2025	(\$1,182,303,041)
2026	(840,601,200)
Thereafter	347,612,410
	<u>(\$5,222,200,954)</u>

**7 DEFERRED COMPENSATION**

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

**8 CONTINGENT LIABILITIES**

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government.

If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited, except as disclosed in the K Section of this report, 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 that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Charter School and which might materially affect the Charter School’s financial position.

**9 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.

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**9**     **RISK MANAGEMENT (continued)**

**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.

**10**    **RECEIVABLES**

Receivables as of June 30, 2022 consisted of accounts, intergovernmental, grants, notes and miscellaneous. All receivables are considered collectible in full.

A summary of the principal items of receivables are as follows:

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Enterprise Fund</u></b>	<b><u>Total All Funds</u></b>
Receivables:				
Accounts	\$324,931	\$1,357,173	\$263,778	\$1,945,882
Gross Receivables	\$324,931	\$1,357,173	\$263,778	\$1,945,882

**11**    **CAPITAL ASSETS**

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

	<b><u>7/1/21</u></b>	<b><u>Additions</u></b>	<b><u>6/30/22</u></b>
Equipment	\$218,573	\$300,704	\$519,277
Leasehold Improvements	231,450	670,735	902,185
Total	\$450,023	\$971,439	\$1,421,462
Less Accumulated Depreciation	(35,654)	(78,915)	(114,599)
Net Capital Assets	\$414,369	\$892,524	\$1,306,863

A total depreciation expense of \$78,915 was charged to an unallocated function.

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**11 CAPITAL ASSETS (continued)**

	Beginning Balance <u>July 1, 2021</u>	Net Additions (Deletions)	Ending Balance <u>June 30, 2022</u>
<b>Governmental Activities</b>			
<b>Right to use lease assets:</b>			
Premises	\$11,181,918	-	\$11,181,918
Total	\$11,181,918		\$11,181,918
Less: accumulated amortization	-	(1,863,653)	(1,863,653)
Right to use lease assets, net	<u>\$11,181,918</u>	<u>(\$1,863,653)</u>	<u>\$9,318,265</u>

**12. COMMITMENTS AND SHARED SERVICES**

**Professional Services Agreement**

The school entered into a professional services agreement with an entity to provide specialized support services. The terms of the contract were for the period July 1, 2021 to June 30, 2022 at an annual fee of \$183,900, payable at \$15,325 monthly.

**Shared Services**

The School entered into agreements with Empowerment Academy Charter School Inc. for certain receipt of operational and custodial services for \$122,040 per annum. Offset by business, educational support, and transportation income of \$439,760 net income to Beloved Charter School of \$317,720.

The Friends of Beloved Community Charter School, Inc. is a New Jersey nonprofit corporation organized to provide support to the school. On May 21, 2016, the school sold the building and land to the Friends of Beloved Community Charter School, Inc. for \$12,852,929.

The school subsequently entered into a rental lease agreement to rent the property that was sold to the Friends of Beloved Community Charter School, a Related Party.

**13. RELATED PARTY/RENTAL OF PREMISES**

In July 2019, the Friends of Beloved Community Charter School sold the building and land to the Friends of Beloved Community Charter School 2, Inc.

**Related Party – Lease agreement**

The school entered into a rental lease agreement in July 2019 from The Friends of Beloved Community Charter School 2, Inc., a related party for its location on 508 and 531 Grand Street, Jersey City NJ. The initial term of the lease was from July 2019 to June 2022, with options to renew the lease subject to the School maintaining its charter. The base monthly initial rent was \$153,346., commencing 8/1/2019. The School is also subject to certain covenants, including a sufficient coverage service ratio of 110% and 45 days cash on hand at June 30, 2022 and 2022. As of June 30,

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**13. RELATED PARTY/RENTAL OF PREMISES (continued)**

2022, the school was in compliance with its debt covenants. Future minimum rental payments under the lease for the next five years are as follows:

<u>June 30</u>	
2023	2,540,397
2024	2,544,731
2025	2,542,566
2026	2,539,534
	<u>\$11,730,150</u>

The Friends of Beloved Community Charter School 2, Inc. (the Landlord) leases the buildings to the Beloved Charter School.

The Landlord has entered into a Loan Agreement with the New Jersey Economic Development Authority ("**NJEDA**") pursuant to which the NJEDA is loaning a portion of the proceeds of the Bonds issued to Landlord to be used to (i) refinance the Landlord's loans related to, and reimburse funds used to complete the fit out of, the high school located at 531 Grand Street; (ii) acquire the elementary school and middle school facilities located at 508 Grand Street from Friends of Beloved Community Charter School, Inc. for a price equal to the costs of retiring the outstanding debt related to such facilities and to pay the transaction costs related thereto; (iii) complete various capital improvements relating to the school facilities, including an addition to the elementary and middle school facilities (the properties located at 531 Grand Street and 508 Grand Street and such capital improvements being referred to herein as the "**Leased Premises**"), all for use by Beloved Community Charter School, Inc. in the City of Jersey City, Hudson County, New Jersey, (iv) pay certain costs of issuing the Bonds; (v) fund capitalized interest; and (vi) fund deposits to the debt service reserve fund and various funds and accounts. The Bonds issued were series A&B Bonds with a par value of \$37,735,000.

The Charter School leases its premises under the terms of non-cancelable through the Charter School's current charter. Certain leases are automatically extended upon the charter renewal and can be extended through various dates. Interest expense on the leases was \$782,734 for the year ended June 30, 2022, which is reflected as lease interest expense in the accompanying budgetary comparison schedule – general fund (exhibit C-1). The net value of the right-to-use lease assets and lease liabilities was \$(301,437) as of June 30, 2022, which was calculated using a discount rate of 7% (the School's estimated incremental borrowing rate as of July 1, 2021). The value of the lease liabilities and right-of-use lease assets at July 1, 2021 was \$11,181,918. Amortization of the related right-to-use lease assets was \$1,863,653 for the year ended June 30, 2022.

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

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**13. RELATED PARTY/RENTAL OF PREMISES (continued)**

BELOVED CHARTER SCHOOL  
 Long Term Lease Schedule  
 June 30, 2022

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortization</u>
2023 - 2027	\$9,619,702	\$2,110,848	\$9,318,264

**14. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$1,489,565	-0-
Special Revenue		(1,192,019)
Food Service		(275,531)
Agency		(22,015)
Total	<u>\$1,489,565</u>	<u>(\$1,489,565)</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds.

**Interfund Transfers:**

	<u>Transfer In: Food Service Fund</u>
Transfer Out:	
General Fund	-0-
Total Transfers	<u>-0-</u>

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**15. 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) as of June 30, 2022 – Governmental	\$12,369,738
Cost of capital assets net accumulated depreciation	1,306,863
Right-to-Use assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is less the accumulated amortization	9,318,265
Lease liabilities used in governmental activities are not financial resourced and therefore are not reported in the funds	(9,619,702)
Pension deferred outflows	1,934,031
Pension deferred inflows	(2,162,276)
Deferred pension liability as of June 30, 2022	(2,984,303)
Net position (per A-1) as of June 30, 2022 – Governmental	\$10,162,616

**16. LINE OF CREDIT/LOANS PAYABLE**

The school has entered into a Line of Credit agreement with the Community Bank of Bergen County effective August 6, 2015 and maturing August 10, 2018 in the amount of \$250,000. Interest rate at prime plus 2.5%. The initial rate was interest rate of 6%. The line of credit was paid off in full in January 2018. No amounts were outstanding at June 30, 2022.

**17. SUBSEQUENT EVENTS**

The Charter School has evaluated subsequent events occurring after the financial statement date through May 4, 2023 which is the date the financial statements were available to be issued. Based upon this evaluation, the Charter School has determined that the following subsequent events needed to be disclosed:

During fiscal year 2021, COVID-19 continued to be recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there is

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**17. SUBSEQUENT EVENTS (continued)**

considerable uncertainty around the duration and the impact it will have on the Charter School's operations and financial position. As a result, the adverse impact COVID-19 will have on the Charter School's businesses, operating results, cash flows, and financial condition is uncertain. It is management's opinion that the adverse impact would not be material.

Empowerment and BelovED Charter Schools (related parties) are planning to lease additional school facility space for occupancy in SY25-26 or SY26-27.

Friends of Quality Education, Inc. ("FQE"), is a 501(c)3 non-profit school facility development corporation that is conducting due diligence, architectural design, site planning, and permitting

work in connection with the development of a charter school campus in the Canal Crossing Redevelopment Area of Jersey City for prospective lease to BelovED Community Charter School and Empowerment Academy Charter School.

If BelovED executes a lease with FQE, FQE would become obligated to develop the contemplated school facility for BelovED and BelovED would become obligated, after the facility is completed and ready for occupancy in SY26 or SY27, to begin making rent payments to FQE.

The charter public school campus to be constructed (the "Campus") is expected to feature approximately 275,000 sf of instructional facilities. BelovED would prospectively be the lead tenant, leasing approximately 76% of that space, and would move all of its K-12 operations into the new facilities. Empowerment Academy would sub-lease BelovED's current facilities for its K-8 operations and would lease the remaining 24% of the space to be constructed at Canal Crossing Charter School Campus for a planned high school.

FQE has not yet distributed bid packages to prospective Construction Managers and does not yet have a Guaranteed Maximum Price for the construction of the campus. After it has received bids, selected a bidder and secured a Guaranteed Maximum Price, it expects to finalize financing plans for the project and then to present projected lease terms to BelovED and Empowerment Academy. If the schools approve the final project plans and lease terms, they will execute the lease and become obligated to pay the agreed upon rents upon the facilities being constructed and approved by the Jersey City building department for occupancy.



**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART II**

**BUDGETARY COMPARISON SCHEDULES**

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Share	\$ 68,681	\$ -	\$ 68,681	\$ -	\$ 68,681
State Share	17,012,492	-	17,012,492	17,012,492	-
Miscellaneous	625,374	-	625,374	485,222	140,152
Total - Local Sources	<u>17,706,547</u>	<u>-</u>	<u>17,706,547</u>	<u>17,497,714</u>	<u>208,833</u>
Special Education	378,159	-	378,159	378,159	-
Security Aid	682,800	-	682,800	682,800	-
Jersey City Payroll Tax	6,739,758	-	6,739,758	6,739,758	-
Non-Public Aid	-	-	-	68,681	(68,681)
TPAF Disability (On-Behalf - Non-Budgeted)	-	-	-	2,548	(2,548)
TPAF Medical (On-Behalf - Non-Budgeted)	-	-	-	509,156	(509,156)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	2,179,228	(2,179,228)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	624,468	(624,468)
Total State Sources	<u>7,800,717</u>	<u>-</u>	<u>7,800,717</u>	<u>11,184,798</u>	<u>(3,384,081)</u>
Federal Sources:				-	-
Total - Federal Sources					
<b>Total Revenues</b>	<u>25,507,264</u>	<u>-</u>	<u>25,507,264</u>	<u>28,682,512</u>	<u>(3,175,248)</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Teachers Salary	\$ 6,141,836	\$ (166,305)	\$ 5,975,531	\$ 5,878,546	\$ 96,985
Other Salaries	1,782,851	(490,272)	1,292,579	1,201,844	90,735
Prof/Tech Services	130,000	(376)	129,624	52,362	77,262
Other Purchased Services (400-500 series)	289,993	33,098	323,091	322,715	376
General Supplies	247,680	(35,865)	211,815	177,563	34,252
Textbooks	191,200	(116,676)	74,524	77,978	(3,454)
Other Objects	65,000	12,978	77,978	77,028	950
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>8,848,560</u>	<u>(763,418)</u>	<u>8,085,142</u>	<u>7,788,036</u>	<u>297,106</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Support Services - General Administrative</b>					
Salaries of Administrative Salaries	2,778,308	54,510	2,832,818	2,667,898	164,920
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Cost of Benefits	1,979,065	(47,772)	1,931,293	1,714,486	216,807
Consultants	306,700	94,236	400,936	400,936	-
Other Purchased Services (400-500 series)	180,489	153,104	333,593	233,485	100,108
Communications/Telephone	129,600	49,180	178,780	139,778	39,002
Supplies and Materials	70,560	(14,144)	56,416	54,036	2,380
Other Objects	57,600	(7,318)	50,282	50,000	282
	<u>5,502,322</u>	<u>281,796</u>	<u>5,784,118</u>	<u>5,260,619</u>	<u>523,499</u>
<b>Support Services - School Admin/Operation Plant Services</b>					
Salaries	1,666,107	388,318	2,054,425	1,978,450	75,975
Purchased Professional and Technical Services	292,684	77,632	370,316	363,917	6,399
Other Purchased Services	392,552	(121,161)	271,391	253,369	18,022
Lease Principal	1,562,216	-	1,562,216	1,562,216	-
Lease Interest	576,857	205,877	782,734	782,734	-
Rent	298,728	-	298,728	298,728	-
Insurance	368,220	45,394	413,614	405,600	8,014
General Supplies	90,720	3,531	94,251	86,539	7,712
Transportation- Trips	110,217	112,250	222,467	165,626	56,841
Energy (Energy and Electricity)	346,244	(115,850)	230,394	230,394	-
Other Objects	123,480	(15,173)	108,307	104,454	3,853
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>	<u>5,828,025</u>	<u>580,818</u>	<u>6,408,843</u>	<u>6,232,027</u>	<u>176,816</u>
<b>Food Service and After Care Program</b>					
Other Purchased Services	-	-	-	-	-
<b>Total Food Services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
On-behalf TPAF LTD Contributions (non-budgeted)				2,548	(2,548)
On-behalf TPAF Medical Contributions (non-budgeted)				509,156	(509,156)
On-behalf TPAF Pension Contributions (non-budgeted)				2,179,228	(2,179,228)
Reimbursed TPAF Social Security Contributions (non-budgeted)				624,468	(624,468)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,315,400</u>	<u>(3,315,400)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>					
	<u>11,330,347</u>	<u>862,614</u>	<u>12,192,961</u>	<u>14,808,046</u>	<u>(2,615,085)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>20,178,907</u>	<u>99,196</u>	<u>20,278,103</u>	<u>22,596,082</u>	<u>(2,317,979)</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Regular Programs - Instruction:</b>					
Non-Instructional Equipment	100,000	88,680	188,680	52,595	136,085
Instructional Equipment	65,000	(20,072)	44,928	6,792	38,136
Building Improvements	2,500,000	(167,804)	2,332,196	670,735	1,661,461
Miscellaneous Expense	-	-	-	-	-
<b>Total Equipment</b>	<u>2,665,000</u>	<u>(99,196)</u>	<u>2,565,804</u>	<u>730,122</u>	<u>1,835,682</u>
<b>TOTAL EXPENDITURES- GENERAL FUND</b>	22,843,907	-	22,843,907	23,326,204	(482,297)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	2,663,357	-	2,663,357	5,356,308	(2,692,951)
<b>Other Financing Sources:</b>					
<b>Operating Transfer In:</b>	(2,663,357)	-	(2,663,357)	-	(2,663,357)
<b>Total Other Financing Sources:</b>	<u>(2,663,357)</u>	<u>-</u>	<u>(2,663,357)</u>	<u>-</u>	<u>(2,663,357)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	-	-	5,356,308	(5,356,308)
<b>Fund Balance, July 1, 2021</b>	-	-	7,013,430	7,013,430	-
<b>Fund Balance, June 30, 2022</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,013,430</u>	<u>\$ 12,369,738</u>	<u>\$ (5,356,308)</u>

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2022**

Exhibit C-2  
Page 1

	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources					
State Sources	100,704		100,704	100,704	
Federal Sources	2,725,959		2,725,959	2,725,959	
<b>Total Revenues</b>	<u>2,826,663</u>		<u>2,826,663</u>	<u>2,826,663</u>	
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	1,151,777		1,151,777	1,151,777	
Other Salaries for Instruction	-		-	-	
Purchased Professional -Educational Services	7,977		7,977	7,977	
Purchased Professional and Technical Services	615,351		615,351	615,351	
Recruitment	57,513		57,513	57,513	
Other Purchased Services (400-500 series)	-		-	-	
Textbooks	-		-	-	
General Supplies	297,634		297,634	297,634	
Personal Services- Employee Benefits	9,757		9,757	9,757	
Instructional services	-		-	-	
Equipment- instructional	200,000		200,000	200,000	
Equipment- instructional	100,704		100,704	100,704	
<b>Total Instruction</b>	<u>2,440,713</u>	<u>-</u>	<u>2,440,713</u>	<u>2,440,713</u>	
<b>Support Services</b>					
Salaries of Supervisor of Instruction	188,489		188,489	188,489	
Salaries of Program Directors					
Salaries of Other Professional Staff	-		-	-	
Salaries of Secretaries & Clerical Assistants					
Other Salaries					
Personal Services - Employee Benefits	-		-	-	
Purchased Professional - Educational Services	43,665		43,665	43,665	
Other Purchased Professional Services	10,537		10,537	10,537	
Supplies	89,724		89,724	89,724	
Field Trips					
Scholarships					
Tuition					
Travel					
Other purchased Services (400-500 series)	53,535		53,535	53,535	
Building Improvements					
<b>Total Support Services</b>	<u>385,950</u>		<u>385,950</u>	<u>385,950</u>	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Transfer to Charter School</b>					
Total Expenditures	2,826,663		2,826,663	2,826,663	
<b>Other Financing Sources (Uses)</b>					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
<b>Total Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>					
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION**



**BELOVED COMMUNITY CHARTER SCHOOL  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to RSI  
For the Fiscal Year Ended June 30, 2022**

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

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

**BELOVED COMMUNITY CHARTER SCHOOL  
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS  
FOR THE FISCAL YEARS ENDED JUNE 30\*  
(UNAUDITED)**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Charter School Proportion of the net pension liability (asset)	0.25191%	.015655%	.015799%	.018594	.018594%	.015786%
Charter School Proportionate share of the net pension liability (asset)	<u>2,984,303</u>	<u>2,552,954</u>	<u>2,846,745</u>	<u>3,661,002</u>	<u>3,661,002</u>	<u>4,675,141</u>
Charter School Covered employee payroll	1,997,128	1,593,526	1,065,122	1,166,601	1,166,601	1,635,229
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	149.4%	160.2%	267.2%	318.7%	318.7%	285.9%
Plan fiduciary net position as a percentage of the total pension liability	66.9%	62.4%	37.4%	31.8%	31.8%	34.9%

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

**BELOVED COMMUNITY CHARTER SCHOOL  
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS  
FOR THE FISCAL YEARS ENDED JUNE 30\*  
(UNAUDITED)**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$295,021	\$171,260	\$153,678	\$188,475	\$153,477	\$144,480
Contributions in relation to the contractually required contribution	(\$295,021)	(\$171,260)	(\$153,678)	(\$188,475)	(\$153,477)	(\$144,480)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Charter School Covered employee payroll	\$1,997,128	\$1,593,526	\$1,065,122	\$1,166,601	\$1,166,601	\$1,635,229
Contributions as a percentage of covered employee payroll	14.9%	10.7%	14.3%	16.16%	13.16%	8.83%

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

**BELOVED COMMUNITY CHARTER SCHOOL  
SCHEDULE OF THE CHARTER SCHOOL PROPORTIONATE SHARE  
OF NET PENSION LIABILITY - TPAF  
FOR THE FISCAL YEARS ENDED JUNE 30  
(UNAUDITED)  
Teachers' Pension and Annuity Fund (TPAF)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Charter School Proportion of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the Charter School	\$20,140,549	\$21,739,646	\$16,318,602	\$12,943,696	\$15,076,478	\$14,642,818
<b>Total</b>	<b>\$20,140,549</b>	<b>\$21,739,646</b>	<b>\$16,318,602</b>	<b>\$12,943,696</b>	<b>\$15,076,478</b>	<b>\$14,642,818</b>
Charter School Covered employee payroll	\$6,692,916	\$5,380,511	\$4,125,082	\$3,305,900	\$3,305,900	\$3,226,258
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%

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

**BELOVED COMMUNITY CHARTER SCHOOL  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PENSION SCHEDULES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)**

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

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

*Changes of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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

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

*Changes of assumptions.* Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**BELOVED COMMUNITY CHARTER SCHOOL  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (TPAF AND PERS)  
(UNAUDITED)  
Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>The State of New Jersey's Total OPEB Liability</u></b>					
Service Cost	\$3,217,874,264	\$1,790,973,822	\$1,734,404,850	\$1,984,642,729	\$2,391,878,884
Interest	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736
Change in Benefit Terms					
Difference Between Expected and Actual Experience	11,449,632,500	11,544,750,637	(7,323,140,818)	(5,002,065,740)	
Benefit Payment	59,202,105	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)
Contributions from Members		35,781,384	37,971,171	42,614,005	45,748,749
Changes of Assumptions or other inputs	(1,186,417,186)	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)
<b>Net change in total OPEB liability</b>	<b>(\$7,802,311,638)</b>	<b>\$26,080,881,563</b>	<b>(\$4,381,751,937)</b>	<b>(\$7,529,008,876)</b>	<b>(\$4,191,942,326)</b>
<b>Total OPEB Liability - Beginning</b>	<b>\$67,809,962,608</b>	<b>\$41,729,081,045</b>	<b>\$46,110,832,982</b>	<b>\$53,639,841,858</b>	<b>\$57,831,784,184</b>
<b>Total OPEB Liability - Ending</b>	<b>\$60,007,650,970</b>	<b>\$67,809,962,608</b>	<b>\$41,729,081,045</b>	<b>\$46,110,832,982</b>	<b>\$53,639,841,858</b>
<b>The State of New Jersey's total OPEB liability**</b>	<b>\$60,007,650,970</b>	<b>\$67,809,962,608</b>	<b>\$41,729,081,045</b>	<b>\$46,110,832,982</b>	<b>\$53,639,841,858</b>
<b>The State of New Jersey's OPEB liability attributable to the Charter School</b>	<b>\$7,991,543</b>	<b>\$8,012,002</b>	<b>\$3,167,005</b>	<b>\$2,579,640</b>	<b>\$3,183,715</b>
<b>The Charter School's proportionate share of the total OPEB liability</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Charter School's covered employee payroll</b>	<b>869,044</b>	<b>\$6,974,037</b>	<b>\$5,190,204</b>	<b>\$4,472,501</b>	<b>\$4,472,501</b>
<b>Total Charter School's OPEB liability as a percentage of its covered-employee payroll</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Charter School's contribution</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>State's covered employee payroll</b>	<b>\$14,425,669,769</b>	<b>\$14,267,738,657</b>	<b>\$13,929,081,045</b>	<b>\$13,640,275,833</b>	<b>\$13,493,400,208</b>
<b>Total State's OPEB liability as a percentage of its covered-employee payroll</b>	<b>416.00%</b>	<b>475.00%</b>	<b>300.00%</b>	<b>338.05%</b>	<b>397.53%</b>

\*\*Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

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

## **SPECIAL REVENUE FUND**

Special Revenue Funds are used to account for the proceeds of special revenue resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**BELOVED COMMUNITY CHARTER SCHOOL  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures- Budgetary Basis  
For the Fiscal Year Ended June 30, 2022**

	TOTAL	Title IA	Title IIA	Title III	Immigrant Title III	IDEA Part B	IDEA Preschool	Cares Act	ESSER Grant	ARP ESSER	CRRSA ESSER	CSP GRANT	Emergent Needs & Cap
<b>REVENUES</b>													
Intergovernmental													
Federal	\$2,725,960	\$654,325	\$101,789	\$37,115	\$9,784	\$175,790	\$4,258	\$47,088	\$200,000	\$794,429	\$40,369	\$661,013	\$0
State	100,704												100,704
Miscellaneous													
Total Revenues	<u>2,826,664</u>	<u>654,325</u>	<u>101,789</u>	<u>37,115</u>	<u>9,784</u>	<u>175,790</u>	<u>4,258</u>	<u>47,088</u>	<u>200,000</u>	<u>794,429</u>	<u>40,369</u>	<u>661,013</u>	<u>100,704</u>
<b>EXPENDITURES</b>													
Instruction													
Salaries	1,151,777	509,157		32,900						547,200		62,520	
Salaries -Other Instruction	0												
Other Purchased Services	7,978	7,978											
Purchased Prof. and Tech.and Edu Services	615,351	15,306			9,784	126,590						463,671	
General Supplies	297,634	97,214		3,820			4,258	47,088		17,320		127,934	
Recruitment	57,513									57,513			
Personal Services - Employee Benefits	9,757										2,869	6,888	
Food Service Subsidy	0												
Textbooks	0												
Non- Instructional Equipment	200,000								200,000				
Equipment - Instructional	100,704												100,704
Total Instruction	<u>2,440,714</u>	<u>629,655</u>	<u>0</u>	<u>36,720</u>	<u>9,784</u>	<u>126,590</u>	<u>4,258</u>	<u>47,088</u>	<u>200,000</u>	<u>622,033</u>	<u>2,869</u>	<u>661,013</u>	<u>100,704</u>
Support Services													
Salaries of Supervisors of Instruction	188,489		101,789			49,200					37,500		
Salaries of Program Directors	0												
Salaries of Other Prof. Staff	0												
Salaries of Secretarial and Clerical Ass't	0												
Personal Services - Employee Benefits	0												
Supplies and Materials	89,724			395						89,329			
Other Purchased Services	10,537	537								10,000			
Purchased Professional/Educational Services	43,665	20,598								23,067			
Miscellaneous	53,535	3,535								50,000			
Building Improvements	0												
Non instructional Equipment													
Total Support Services	<u>385,950</u>	<u>24,670</u>	<u>101,789</u>	<u>395</u>	<u>0</u>	<u>49,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>172,396</u>	<u>37,500</u>	<u>0</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<u><b>\$2,826,664</b></u>	<u><b>\$654,325</b></u>	<u><b>\$101,789</b></u>	<u><b>\$37,115</b></u>	<u><b>\$9,784</b></u>	<u><b>\$175,790</b></u>	<u><b>\$4,258</b></u>	<u><b>\$47,088</b></u>	<u><b>\$200,000</b></u>	<u><b>\$794,429</b></u>	<u><b>\$40,369</b></u>	<u><b>\$661,013</b></u>	<u><b>\$100,704</b></u>



## **PROPRIETARY FUNDS**

## **ENTERPRISE FUND**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Food Service Fund** - The fund provides for the operation of food services in all schools.

Exhibit G-1

Beloved Community Charter School  
 Proprietary Fund  
 Statement of Net Position  
 As of June 30, 2022

	<u>Business-Type Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 458,691
Intergovernmental Receivable	
Federal	243,015
State	3,737
Accounts Receivable - Other	17,026
Interfund	(275,531)
Total Current Assets	<u>446,938</u>
<b>Total Assets</b>	<b><u><u>\$ 446,938</u></u></b>
LIABILITIES	
Accounts Payable	<u>\$ 52,506</u>
<b>Total Current Liabilities</b>	<b><u>52,506</u></b>
Net Position	
Unrestricted	394,432
Invested in capital assets, net	-
Total Net Position	<u>394,432</u>
<b>Total Liabilities and Net Position</b>	<b><u><u>\$ 446,938</u></u></b>

Exhibit G-2

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2022**

	<b>Business-Type Activities</b> <b>Proprietary Fund</b> <b>Food Services</b>
<b>OPERATING REVENUES</b>	
Local Sources	
Daily Sales - Reimbursable Programs	
Special Lunch and Breakfast Program	\$ -
Special Functions	18,727
Total Operating Revenues	18,727
<b>OPERATING EXPENSES</b>	
Cost of sales	(768,582)
Total Operating Expenses	(768,582)
Income (Loss) From Operations	(749,855)
<b>Nonoperating Revenues</b>	
State Sources	
State Sources	18,648
Federal Sources	
EM Schools	29,612
Supply Chain Assistance	32,589
PEBT	614
School Breakfast Program	209,523
National School Lunch Program	793,812
Federal Snack	29,113
Total Nonoperating Revenues	1,113,911
Change in Net Position (Decrease)	364,056
Transfer from General Fund to subsidize	-
Total Net Position - Beginning of Year - July 1, 2021	30,376
Total Net Position - End of Year - June 30, 2022	\$ 394,432

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Statements of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2022**

Cash flows from operating activities	
Cash Received from Customers	\$ 18,727
Cash Payments to Employee's Salaries and Benefits	
Cash Payments supplies, material and other	(753,862)
Net Cash (Used) by Operating Activities	<u>(735,135)</u>
 Cash Flows from Noncapital Financing Activities	
Transfer from General fund to subsidize	-
Cash Received from Special Fund Transfer (Contribution)	26,586
Cash Received from State and Federal Subsidy Reimbursements	895,007
Net Cash Provided by Noncapital Financing Activities	<u>921,593</u>
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	<u>186,458</u>
Cash and Cash Equivalents, Beginning of Year	272,233
Cash and Cash Equivalents, End of Year	<u>\$ 458,691</u>
 Reconciliation of Operating Income to Net Cash	
Used by Operating Activities	
Operating (Income)	\$ 364,056
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
Increase in Accounts Receivable	(218,904)
Adjustment to Interfund	26,586
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	14,720
Total Cash Provided by Operating Activities	<u>(177,598)</u>
 Net Cash Provided by Operating Activities	<u>\$ 186,458</u>

**FIDUCIARY FUNDS  
(NOT APPLICABLE)**

**BELOVED COMMUNITY CHARTER SCHOOL  
Fiduciary Funds  
Combining Statement of Agency Fund Net Position  
As of June 30, 2022**

**NOT APPLICABLE**

**Exhibit H-2**

**BELOVED COMMUNITY CHARTER SCHOOL  
Nonexpendable Trust Fund  
Combining Statement of Agency Fund Net Position  
Fiduciary Funds  
As of June 30, 2022**

**NOT APPLICABLE**



**Exhibit H-3**

**BELOVED COMMUNITY CHARTER SCHOOL  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

**Exhibit H-4**

**BELOVED COMMUNITY CHARTER SCHOOL  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

Exhibit H-5

**BELOVED COMMUNITY CHARTER SCHOOL  
Unemployment Compensation Insurance Trust Fund  
Statement of Receipts and Disbursements  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

## STATISTICAL SECTION

This part of the Beloved Community Charter School annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the school's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

J- 1 to J-5

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

#### **Revenue Capacity**

J-6 to J-9

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

#### **Debt Capacity**

J-10 to J-13

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

#### **Demographic and Economic Information**

J-14 and J-15

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

#### **Operating Information**

J-16 to J-20

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

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

## **FINANCIAL TRENDS**

**BELOVED COMMUNITY CHARTER SCHOOL  
NET POSITION (DEFICIT) BY COMPONENT  
FOR THE FISCAL YEARS ENDED JUNE 30  
ACCURAL BASIS OF ACCOUNTING  
(UNAUDITED)**

	2022	2021	2020	2019	2018	2017
<b>Governmental activities</b>						
Invested in capital assets	\$ 1,306,863	\$ 279,419	\$ 134,950	\$ 68,952		
Net Pension Adjustment	(3,212,548)	(3,419,458)				
Amortization expense over principal payments of lea	(301,437)					
Unassigned Fund Balance (Deficit)	12,369,738	7,013,430	3,185,534	2,101,617	1,308,977	735,103
<b>Total governmental activities net position</b>	<b>\$ 10,162,616</b>	<b>\$ 3,873,391</b>	<b>\$ 3,320,484</b>	<b>\$ 2,170,569</b>	<b>\$ 1,308,977</b>	<b>\$ 735,103</b>
<b>Business-type activities</b>						
Unassigned Fund Balance (Deficit)	394,432	30,376	-	-	-	-
<b>Total business-type activities net position</b>	<b>\$ 394,432</b>	<b>\$ 30,376</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School-wide</b>						
Invested in capital assets	\$ 1,306,863	279,419	134,950	68,952	-	-
Net Pension Adjustment	(3,212,548)	(3,389,082)				
Amortization expense over principal payments of lea	(301,437)	-	-	-	-	-
Unassigned Fund Balance (Deficit)	12,764,170	7,043,806	3,185,534	2,101,617	1,308,977	735,103
<b>Total Schoolwide activities net position</b>	<b>\$ 10,557,048</b>	<b>\$ 3,934,143</b>	<b>\$ 3,320,484</b>	<b>\$ 2,170,569</b>	<b>\$ 1,308,977</b>	<b>\$ 735,103</b>

**Source: School Financial Statements**

**BELOVED COMMUNITY CHARTER SCHOOL  
CHANGES IN NET POSITION (DEFICIT)  
FOR THE FISCAL YEARS ENDED JUNE 30  
ACCURAL BASIS OF ACCOUNTING  
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Expenses</b>						
Governmental activities						
Instruction						
Regular	\$10,228,749	\$8,857,665	\$6,564,960	\$5,475,192	\$4,756,679	\$4,224,132
Support Services:						
General administration	5,646,569	4,601,330	3,669,926	2,808,411	2,358,870	1,881,144
School Administrative Services	6,232,027	5,507,559	4,940,065	3,856,061	3,352,862	3,111,775
On-behalf TPAF Social Security/Pension/Medical	3,315,400	2,167,707	1,456,761	1,155,085	789,967	694,438
Capital outlay	730,122	358,897	83,046	98,166	212,459	929,952
Amortization exp. over prin. paymts over leases	301,437					
Unallocated depreciation	78,945	25,634	8,852	1,168	0	0
Total governmental activities expenses	<u>26,533,249</u>	<u>21,518,792</u>	<u>16,723,610</u>	<u>13,394,083</u>	<u>11,470,837</u>	<u>10,841,441</u>
Business-type activities:						
Food service	768,582	425,733	544,623	0	0	0
Total business-type activities expense	<u>768,582</u>	<u>425,733</u>	<u>544,623</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total school expenses	<u>\$27,301,831</u>	<u>\$21,944,525</u>	<u>\$17,268,233</u>	<u>\$13,394,083</u>	<u>\$11,470,837</u>	<u>\$10,841,441</u>
<b>Program Revenues</b>						
Governmental activities:						
Operating grants and contributions	\$2,826,663	\$1,747,060	\$913,872	\$875,568	\$668,766	\$550,356
Capital grants and contributions						
Total governmental activities program revenues	<u>2,826,663</u>	<u>1,747,060</u>	<u>913,872</u>	<u>875,568</u>	<u>668,766</u>	<u>550,356</u>
Business-type activities:						
Charges for services						
Food service	0	0	0	0	0	0
Operating grants and contributions	1,132,638	456,108	544,623	0	0	0
Capital grants and contributions						
Total business type activities program revenues	<u>1,132,638</u>	<u>456,108</u>	<u>544,623</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total school program revenues	<u>\$3,959,301</u>	<u>\$2,203,168</u>	<u>\$1,458,495</u>	<u>\$875,568</u>	<u>\$668,766</u>	<u>\$550,356</u>
<b>Net (Expense)/Revenue</b>						
Governmental activities	(\$23,706,586)	(\$19,771,732)	(\$15,809,739)	(\$12,518,515)	(\$10,802,071)	(\$10,291,085)
Business-type activities	\$364,056	\$30,375	\$0	\$0	\$0	\$0
Total school-wide net expense	<u>(\$23,342,530)</u>	<u>(\$19,741,357)</u>	<u>(\$15,809,739)</u>	<u>(\$12,518,515)</u>	<u>(\$10,802,071)</u>	<u>(\$10,291,085)</u>
Governmental activities:						
Local share	\$0	\$4,794,531	\$3,748,837	\$10,751,338	\$9,049,331	\$7,882,569
State Share	17,012,492	10,264,535	8,768,479	38,277	761,497	1,089,486
State and Federal Aid aid	11,184,798	6,476,583	3,338,973	1,768,295	1,272,987	745,220
Net pension adjustment	311,484					
Miscellaneous income	485,222	2,038,345	1,028,515	752,077	292,130	1,534,898
Increase (Decrease) in Net Capital Outlay	971,439	143,723	74,850	70,120	0	0
Total governmental activities	<u>\$29,965,435</u>	<u>\$23,717,717</u>	<u>\$16,959,654</u>	<u>\$13,380,107</u>	<u>\$11,375,945</u>	<u>\$11,252,173</u>
Business-type activities:						
Investment earnings						
Transfers	0	0	0	0	0	0
Total business-type activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total school-wide	<u>\$29,965,435</u>	<u>\$23,717,717</u>	<u>\$16,959,654</u>	<u>\$13,380,107</u>	<u>\$11,375,945</u>	<u>\$11,252,173</u>
<b>Change in Net Position (Deficit)</b>						
Governmental activities	\$6,258,849	\$3,976,360	\$1,149,915	\$861,592	\$573,874	\$961,088
Business-type activities	\$364,056	\$30,375	\$0	\$0	\$0	\$0
Total school	<u>\$6,622,905</u>	<u>\$4,006,735</u>	<u>\$1,149,915</u>	<u>\$861,592</u>	<u>\$573,874</u>	<u>\$961,088</u>
<b>Source: School Financial Statements</b>						

**BELOVED COMMUNITY CHARTER SCHOOL  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	
Unassigned Fund Balance	12,369,738	7,013,430	3,185,534	2,101,617	1,308,977	735,103
Total general fund	<u>\$ 12,369,738</u>	<u>\$ 7,013,430</u>	<u>\$ 3,185,534</u>	<u>\$ 2,101,617</u>	<u>\$ 1,308,977</u>	<u>\$ 735,103</u>
All Other Governmental Funds						
Unreserved	394,432	30,376				
Total all other governmental funds	<u>\$ 394,432</u>	<u>\$ 30,376</u>				

Source: School Financial Statements



**BELOVED COMMUNITY CHARTER SCHOOL  
SCHOOL WIDE REVENUES AND EXPENDITURES  
FOR THE FISCAL YEARS ENDED JUNE 30  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Local tax Levy	\$0	\$4,794,531	\$3,748,837	\$10,751,338	\$9,049,331	\$7,882,569
Other local revenue	503,949	2,039,226	1,088,705	752,077	292,130	1,534,898
State sources	28,197,290	16,750,901	12,113,335	1,806,572	2,034,484	1,834,706
Federal sources	3,940,574	2,192,504	1,392,422	875,568	668,766	550,356
Total revenue	<u>32,641,813</u>	<u>25,777,162</u>	<u>18,343,299</u>	<u>14,185,555</u>	<u>12,044,711</u>	<u>11,802,529</u>
<b>Expenditures</b>						
Instruction						
Regular Instruction	7,788,036	7,240,020	5,654,588	4,632,628	4,090,839	3,678,954
Support Services:						
General administration	5,260,619	4,471,915	3,666,426	2,775,407	2,355,944	1,875,966
School administrative services/Plant	6,231,979	5,507,559	4,940,065	3,856,061	3,352,862	3,111,775
TPAF Social Security/Pension/Medical	3,315,400	2,167,707	1,456,762	1,155,085	789,967	694,438
Capital outlay	730,122	358,897	83,046	98,166	212,459	929,952
Enterprise Fund	768,582	425,733	544,623			
Special Revenue	2,826,663	1,747,060	913,872	875,568	668,766	550,356
Total expenditures	<u>26,921,401</u>	<u>21,918,891</u>	<u>17,259,382</u>	<u>13,392,915</u>	<u>11,470,837</u>	<u>10,841,441</u>
Excess (Deficiency) of revenues over (under) expenditures						
<b>Other Financing sources (uses)</b>						
Transfers in						
Transfers out						
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>\$ 5,720,412</u>	<u>\$ 3,858,271</u>	<u>\$ 1,083,917</u>	<u>\$ 792,640</u>	<u>\$ 573,874</u>	<u>\$ 961,088</u>

Source: School Financial Statements

## **REVENUE CAPACITY**

**BELOVED COMMUNITY CHARTER SCHOOL  
General Fund - Other Local Revenue By Source  
For the Fiscal Years Ended June 30  
(UNAUDITED)**

	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>SBA// PPP LOAN FORGIVENESS</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Other Local</u>	<u>Totals</u>
2016						\$679,982	\$679,982
2017	910,000	287,772				\$337,126	1,534,898
2018						\$292,130	\$292,130
2019						\$752,077	\$752,077
2020						1,028,515	1,028,515
2021			1,500,755			537,590	2,038,345
2022						485,222	485,222

Source: School Financial Statements

**BELOVED COMMUNITY CHARTER SCHOOL**  
**Assessed Value and Actual Value of Taxable Property**  
**For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

**Exhibit J-7**

**BELOVED COMMUNITY CHARTER SCHOOL  
Direct and Overlapping Property Tax Rates  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

**Exhibit J-8**

**BELOVED COMMUNITY CHARTER SCHOOL  
Principal Property Taxpayers  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

## **DEBT CAPACITY**

**Exhibit J-9**

**BELOVED COMMUNITY CHARTER SCHOOL  
Property Tax Levies and Collections  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**



**Exhibit J-10**

**BELOVED COMMUNITY CHARTER SCHOOL  
Ratios of Outstanding Debt by Type  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

**Exhibit J-11**

**BELOVED COMMUNITY CHARTER SCHOOL  
Ratios of Net General Bonded Debt Outstanding  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

**Exhibit J-12**

**BELOVED COMMUNITY CHARTER SCHOOL  
Direct and Overlapping Governmental Activities Debt  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**Exhibit J-13**

**BELOVED COMMUNITY CHARTER SCHOOL  
Legal Debt Margin Information  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

**BELOVED COMMUNITY CHARTER SCHOOL  
Demographic and Economic Statistics  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

**OPERATING INFORMATION  
(UNAUDITED)**

**Exhibit J-15**

**BELOVED COMMUNITY CHARTER SCHOOL  
Principal Employers  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**



**BELOVED COMMUNITY CHARTER SCHOOL**  
**Full-time Equivalent School Employees by Function/Program**  
**For the Fiscal Years Ended June 30**  
**(UNAUDITED)**

<u>Function/Program</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Instruction							
Regular	92	81	82	65	58	53	50
Special education	14	15	11	7	6	4	3
Other special education	2						
Vocational							
Other instruction	26	25	13	14	13	14	12
Nonpublic school programs							
Adult/continuing education programs							
Support Services:							
Student & instruction related services							
General administration	10	8	7	6	5	5	4
School administrative services	6	12	11	9	6	3	9
Other administrative services	11	8	6	8			
Central services				8	5	2	
Administrative Information Technology	3	4	3	2	1		
Plant operations and maintenance	23	26	16	15	10	13	10
Pupil transportation	61	48	38	32	26	19	18
Other support services	12	10	10		4		
Special Schools							
Food Service							
Child Care							
Total	260	237	197	166	134	113	106

**Source:** School Personnel Records

**BELOVED COMMUNITY CHARTER SCHOOL  
Operating Statistics  
For the Fiscal Year Ended June 30  
(UNAUDITED)**

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Elementary, Middle, HS School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	718	8,654,166	12,053	-10.30%	50	14.2	N/A	711.1	685.47	19%	95.47%
2017	840	10,147,004	12,080	0.00%	57	14.7	N/A	839.5	795.85	16%	94.80%
2018	958	11,215,205	11,707	-3.00%	64	15.0	N/A	957.7	919.39	16%	96.00%
2019	1074	12,237,831	11,395	-2.66%	72	14.9	N/A	1056.8	1025.67	12%	95.50%
2020	1200	14,344,126	11,953	4.90%	93	12.9	N/A	1200.2	1154.53	14%	96.14%
2021	1320	17,561,460	13,304	11.30%	105	12.6	N/A	1315.2	1278.82	10%	96.88%
2022	1430	20,140,775	14,084	5.86%	105	11.4	22.9	1429.8	1330.20	9%	93.00%

Sources: School records

**BELOVED COMMUNITY CHARTER SCHOOL**  
**School Building Information**  
**For the Fiscal Year Ended June 30**  
**(UNAUDITED)**

<b>School Building</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Main Campus						
Square Feet	79,200	79,200	79,200	63,200	63,200	63,200
Capacity (students)	960	960	960	960	960	840
Enrollment	960	960	720	834	958	840
Second Campus						
Square Feet	46,000	46,000	46,000	46,000		
Capacity (students)	480	480	480	480		
Enrollment	480	360	480	240		
Number of Schools at June 30						
Elementary/Middle School	1	1	1	1	1	1
High School	1	1	1	1		

**Source:** School Office

**Exhibit J-19**

**BELOVED COMMUNITY CHARTER SCHOOL  
General Fund - Schedule of Required Maintenance  
For the Fiscal Year Ended June 30, 2022**

**NOT APPLICABLE**

**BELOVED COMMUNITY CHARTER SCHOOL  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2022  
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property		
Each Occurrence	\$ 1,000,000	\$ 5,000
Damages/Rented Premises	100,000	0
Medical	20,000	0
Personal & Adv Injury	1,000,000	5,000
General Aggregate	3,000,000	5,000
Products -Comp/OP/AGG	3,000,000	5,000
Employee Benefits	10,000	
 Cybersecurity	 1,000,000	
 Automobile	 1,000,000	 -
 Umbrella	 4,000,000	 -
 Workers' Compensation		
Each Accident	1,000,000	-
Disease - Each Employee	1,000,000	
Disease - Policy Limiy	1,000,000	
 Property	 1,600,000	 500
 Employee Theft	 150,000	

**CHARTER SCHOOL PERFORMANCE  
FRAMEWORK FINANCIAL INDICATORS**

**BELOVED COMMUNITY CHARTER SCHOOL**  
**FINANCIAL PERFORMANCE - FINANCIAL RATIOS**  
**FOR THE FISCAL YEARS ENDED JUNE 30**  
**(UNAUDITED)**

**Charter School Performance Framework Financial Indicators**  
**Near Term Indicators**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Cash and Cash Equivalents	12,438,541	6,831,708	3,503,981	2,068,355	789,852	930,911
Current Assets	14,406,438	8,344,009	5,921,749	3,291,504	2,758,958	1,510,496
Right-to-use lease assets-net	9,318,265					
Deferred outflows	1,934,031					
Capital Assets-Net	1,306,863	414,369	134,950	68,952	0	0
Total Assets	26,965,597	8,758,378	6,056,699	3,360,456	2,758,958	1,510,496
Current Liabilities	1,642,268	1,300,203	2,736,215	1,189,887	1,449,981	775,393
Lease liabilities	9,619,702					
Long Term Liabilities	5,146,579	0	0	0	0	0
Total Liabilities	16,408,549	1,300,203	2,736,215	1,189,887	1,449,981	775,393
Net Position (Deficit)	10,557,048	7,458,175	3,320,484	2,170,569	1,308,977	735,103
Total Revenue	32,641,813	25,777,162	18,343,299	14,254,507	12,044,711	11,802,529
Total Expenses	26,921,449	21,918,891	17,259,382	13,392,915	11,470,837	10,841,441
Change in Net Position	5,720,364	3,858,271	1,083,917	861,592	573,874	961,088
Depreciation	78,945	25,634	8,852	1,168	0	0
Principal Payments	0	0	0	0	0	0
Interest payments	0	0	0	0	0	0
Final average daily enrollment	1,419	1,320	1,314	958	958	840
March 30th budgeted Enrollment	1,419	1,320	1,314	958	958	840
Near term indicators	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
CURRENT RATIO	9.68	15.5	2.16	2.77	1.9	1.95
Unrestricted days cash	168.83	113.76	74.1	56.47	25.13	31.34
Enrollment variance	0%	0%	0%	0%	0%	0%
Default	N/A	N/A	N/A	N/A	N/A	N/A
Total Margin	18	15	6%	6%	6%	8%
Debt to Asset	N/A	N/A	N/A	N/A	N/A	N/A
Cash Flow	5,606,833	3,327,727	1,435,626	1,278,503	(141,059)	269,504
Debt Service Coverage ratio	N/A	N/A	N/A	N/A	N/A	N/A

**SINGLE AUDIT SECTION K**



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**EXHIBIT K-1**

**INDEPENDENT AUDITORS' 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 Chairman and  
Members of the Board of Trustees  
Beloved Community Charter School  
County of Hudson  
Jersey City, New Jersey

I 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Beloved Community Charter School ("the Charter School"), in the County of Union, State of New Jersey, as of and for the fiscal year ending June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued my report thereon, dated May 4, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 my 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, I 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. My 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 my audit I did not identify any

deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

I did, however, identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings #2022-001, #2022-002, and #2022-003 that I consider to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed 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* which are described in the accompanying schedule of findings and questioned costs as items #2022-001, #2022-002, and #2022-003.

I also noted certain matters that I have reported to the Board of Trustees of the Beloved Community Charter School, in the County of Hudson, New Jersey in a separate *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, dated May 4, 2023.

### **Charter School's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Charter School's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Charter School's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo  
Certified Public Accountant  
May 4, 2023

**GERALD D. LONGO**  
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**EXHIBIT K-2**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJ OMB 15-08**

The Honorable Chairman and  
Members of the Board of Trustees  
Beloved Community Charter School  
County of Hudson  
Jersey City, New Jersey

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

I have audited Beloved Community Charter School's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Beloved Community Charter School's major Federal and State programs for the year ended June 30, 2022. Beloved Community 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 my opinion, Beloved Community Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and State programs for the year ended June 30, 2022.

**Basis for Opinion on Each Major Federal and State Program**

I conducted my 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; and the 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 NJ OMB Circular 15-08. My responsibilities under those standards, the Uniform Guidance and NJ OMB Circular 15-08, are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Beloved Community Charter School and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major Federal and State programs. My audit does not provide a legal determination of Beloved Community Charter School's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

My 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 Beloved Community Charter School's compliance based on my 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, the Uniform Guidance and NJ OMB Circular 15-08, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Beloved Community Charter School's compliance with the requirements of each major Federal and State programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and NJ OMB Circular 15-08, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Beloved Community Charter School's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Beloved Community 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 Uniform Guidance and NJ OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Beloved Community Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

## **Other Matters**

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying

schedule of findings and questioned costs as Findings #2022-001, #2022-002, and #2022-003. My opinion on each major federal and state programs are not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Charter School's response to the noncompliance findings identified in my audit described in the accompanying schedule of findings and questioned costs. The Charter School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

### **Report on Internal Control over Compliance**

My 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 my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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 and State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal and 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 and 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. I consider the deficiencies in the internal control over compliance described in the accompanying schedule of findings and questioned costs as items #2022-001, #2022-002 and #2022-003 to be significant deficiencies.

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

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo  
Certified Public Accountant  
May 4, 2023

**BELOVED COMMUNITY CHARTER SCHOOL  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2022**

<b>Federal/Grantor Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Federal Award Identification Number</b>	<b>Grant Period</b>	<b>Award Amount</b>	<b>Balance July 1, 2021</b>	<b>Prior Carry-over</b>	<b>Cash Received</b>	<b>Budgetary Expenditures</b>	<b>Refund of Prior Years' Balances</b>	<b>Adjust</b>	<b>Deferred Revenue/ (Accounts Receivable) June 30, 2022</b>	<b>Due to State June 30, 2022</b>
<b>Enterprise Fund:</b>												
U.S. Department of Agriculture												
Pass-Through Programs:												
Passed-Through New Jersey State Department of Agriculture												
Pandemic EBT Administrative Costs	10.649	202225900941	10/01/21-09/30/22	614	-	-	614	614	-	-	-	-
National School Breakfast	10.553	211NJ304N1099	10/01/20-09/30/21	170,451	(16,994)	-	16,994	-	-	-	-	-
National School Lunch	10.555	211NJ304N1099	10/01/20-09/30/21	274,007	(9,641)	-	9,641	-	-	-	-	-
National School Breakfast	10.553	221NJ304N1099	10/01/21-09/30/22	209,523	-	-	169,890	209,523	-	-	(39,633)	-
National School Lunch	10.555	221NJ304N1099	10/01/21-09/30/22	793,812	-	-	631,441	793,812	-	-	(162,371)	-
National School Snack	10.555	221NJ304N1099	10/01/21-09/30/22	29,113	-	-	20,691	29,113	-	-	(8,422)	-
Supply Chain Assistance	10.555	221NJ304N1099	10/01/21-09/30/22	32,589	-	-	-	32,589	-	-	(32,589)	-
EM Schools	10.555	202121H170341	10/01/21-09/30/22	29,612	-	-	29,612	29,612	-	-	-	-
<b>Total Enterprise Fund/Total US Dept. of Agriculture Pass Through Programs</b>					<b>(26,635)</b>	<b>-</b>	<b>878,883</b>	<b>1,095,263</b>			<b>(243,015)</b>	
<b>Special Revenue Fund:</b>												
U.S. Department of Education												
Pass-Through Programs: Through New Jersey State Department of Education												
Title I Part A	84.010	S010A200030	07/01/20-09/30/21	501,906	(501,906)	-	501,906	-	-	-	-	-
Title I Part A	84.010	S010A210030	07/01/21-09/30/22	850,759	-	-	471,611	654,324	-	-	(182,713)	-
Title II	84.367A	S367A200029	07/01/20-09/30/21	67,235	(67,235)	-	67,235	-	-	-	-	-
Title II	84.367A	S367A210029	07/01/21-09/30/22	101,789	-	-	101,789	101,789	-	-	-	-
Title III	84.365	S365A200030	07/01/20-09/30/21	17,830	(17,830)	-	17,830	-	-	-	-	-
Title III	84.365	S365A210030	07/01/21-09/30/22	47,349	-	-	23,100	37,116	-	-	(14,016)	-
Title III Immigrant	84.365	S365A200030	07/01/20-09/30/21	748	(748)	-	748	-	-	-	-	-
Title III Immigrant	84.365	S365A210030	07/01/21-09/30/22	9,784	-	-	-	9,784	-	-	(9,784)	-
<b>Total ESEA</b>					<b>(587,719)</b>	<b>-</b>	<b>1,184,219</b>	<b>803,013</b>			<b>(206,513)</b>	
<b>Special Education Cluster</b>												
IDEA Pre-School	84.173A	H173A200114	07/01/20-09/30/21	3,573	(3,573)	-	3,573	-	-	-	-	-
IDEA Part B	84.027A	H027A200100	07/01/20-09/30/21	200,180	(25,526)	-	25,526	-	-	-	-	-
IDEA Pre-School	84.173A	H173A210114	07/01/21-09/30/22	4,258	-	-	-	4,258	-	-	(4,258)	-
IDEA Part B	84.027A	H027A210100	07/01/21-09/30/22	350,592	-	-	111,475	175,790	-	-	(64,315)	-
ARP IDEA Pre-School	84.173X	H173X210114	07/01/21-09/30/22	6,351	-	-	-	-	-	-	-	-
ARP IDEA Part B	84.027X	H027X210100	07/01/21-09/30/22	74,934	-	-	-	-	-	-	-	-
<b>Total Special Education Cluster</b>					<b>(29,099)</b>	<b>-</b>	<b>140,574</b>	<b>180,048</b>			<b>(68,573)</b>	
Charter School Program Grant	84.282A	S282E190023	04/01/2021-09/30/23	1,000,000	-	-	661,013	661,013	-	-	-	-
<b>Education Stabilization Fund Cluster</b>												
Cares Act	84.425D	S425D200027	03/13/20-09/30/22	412,580	(184,764)	-	184,764	47,088	-	-	(47,088)	-
CRRSA ESSER 11	84.425D	S425D210027	03/13/20-09/30/23	1,819,716	(354,938)	-	354,938	794,429	-	-	(794,429)	-
CRRSA Mental Health	84.425D	S425D210027	03/13/20-09/30/23	45,000	-	-	-	40,369	-	-	(40,369)	-
ARP ESSER	84.425U	S425U210027	03/13/20-09/30/24	4,089,694	-	-	-	200,000	-	-	(200,000)	-
<b>Total Education Stabilization Fund Cluster</b>					<b>(539,702)</b>	<b>-</b>	<b>539,702</b>	<b>1,081,886</b>			<b>(1,081,886)</b>	
Total Special Revenue/NJ Dept. of Education, Pass Through Programs					<b>(1,156,520)</b>	<b>-</b>	<b>2,525,508</b>	<b>2,725,960</b>			<b>(1,356,972)</b>	
Total Expenditures of Federal Awards					<b>\$ (1,183,155)</b>	<b>\$</b>	<b>3,404,391</b>	<b>\$ 3,821,223</b>			<b>\$ (1,599,987)</b>	

See accompanying notes to schedules of expenditures of Federal and State award programs.

BELOVED COMMUNITY CHARTER SCHOOL  
Schedule of Expenditures of State Awards  
For the Fiscal Year Ended June 30, 2022

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2021</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Prior Years' Balances</u>	<u>Adjust.</u>	
<b>NJ DEPARTMENT OF EDUCATION</b>									
<b>GENERAL FUND</b>									
TPAF Social Security	22-495-034-5094-003	07/01/21-06/30/22	624,468		624,468	624,468			
Non Public Aid	22-100-034-5120-509	07/01/21-06/30/22	68,681		68,681	68,681			
Equalization Aid - State / Local	22-495-034-5120-078	07/01/21-06/30/22	17,012,492		17,012,492	17,012,492			
Special Education Aid	22-495-034-5120-089	07/01/21-06/30/22	378,159		378,159	378,159			
Security Aid	22-495-034-5120-084	07/01/21-06/30/22	682,800		682,800	682,800			
Jersey City Payroll Tax reimbursement	22-495-034-5120-078	07/01/21-06/30/22	6,739,758		6,739,758	6,739,758			
TPAF LT Disability (On-Behalf - Non-Budgeted)	22-495-034-5094-004	07/01/21-06/30/22	2,548		2,548	2,548			
TPAF Medical (On-Behalf - Non-Budgeted)	22-495-034-5094-001	07/01/21-06/30/22	509,156		509,156	509,156			
TPAF Pension (On-Behalf - Non-Budgeted)	22-495-034-5094-002	07/01/21-06/30/22	2,179,228		2,179,228	2,179,228			
Total General Fund/Total State Department of Education						28,197,290	28,197,290		
<b>SPECIAL REVENUE FUND</b>									
School Development Authority - Emergent Needs and Capital Maintenance		07/01/21-06/30/22	-		100,704	100,704		-	
Total Special Revenue Fund						100,704	100,704		-
<b>ENTERPRISE FUND</b>									
State School Lunch	21-100-010-3350-023	07/01/21-06/30/22	18,648	(1,210)	16,121	18,648		(3,737)	
Total Enterprise						16,121	18,648		(3,737)
Total State Financial Assistance					(1,210)	28,314,115	28,316,642		(\$3,737)
TPAF LT Disability (On-Behalf - Non-Budgeted)	21-495-034-5094-004	07/01/21-06/30/22			(2,548)	(2,548)			
TPAF Medical (On-Behalf - Non-Budgeted)	21-495-034-5094-001	07/01/21-06/30/22			(509,156)	(509,156)			
TPAF Pension (On-Behalf - Non-Budgeted)	21-495-034-5094-002	07/01/21-06/30/22			(2,179,228)	(2,179,228)			
Total State Financial Assistance subject to Single Audit						25,623,183	25,625,710		
<b>See accompanying notes to schedules of expenditures of Federal and State Awards</b>									

**BELOVED COMMUNITY CHARTER SCHOOL  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
AND STATE ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1. GENERAL**

The accompanying schedules present the activity of all federal and state assistance programs of the Beloved Community Charter School. The Board of Trustees is defined in the Notes to the school's basic financial statements. All federal and state assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules 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 basis 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 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.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting revenue is not recognized until the subsequent year or 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 account 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-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:



**BELOVED COMMUNITY CHARTER SCHOOL  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
AND STATE ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Federal	State	Total
General Fund	\$ 0	\$ 28,197,290	\$ 28,197,290
Special Revenue Fund	2,725,960	100,704	2,826,664
Enterprise Fund	1,095,263	18,648	1,113,911
Total Awards and Financial Assistance	<u>\$3,821,223</u>	<u>\$28,316,642</u>	<u>\$32,137,865</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER INFORMATION**

The TPAF Social Security Contributions of \$624,468 represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2022.

The amount reported as TPAF Pension System Contributions of \$2,179,228 TPAF, Post-Retirement Medical Benefits Contributions of \$509,156 and TPAF LT DIS. contributions of \$2,548, totaling \$2,690,932 represents the amount paid by the State on behalf of the School for the fiscal year ended June 30, 2022.

**NOTE 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 schools basic financial statements and the amount subject to State single audit and major program determination.

**NOTE 7. DE MINIMIS INDIRECT COST RATE**

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

**BELOVED COMMUNITY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**PART 1 – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statement Section**

Type of auditor’s report issued:	Unmodified	
	<u>YES</u>	<u>NO</u>
Internal control over financial reporting:		
Material weakness(es) identified:		X
Significant deficiencies identified not considered to be material weakness(es)?	X	
Noncompliance material to financial statements noted?		X

**Federal Awards**

Internal control over compliance:		
Material weakness(es) identified?		X
Significant deficiencies identified not considered to be material weakness(es)?	X	None Reported
Type of auditor’s report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with Uniform Guidance.	X	

Identification of major programs:

<u>CDFA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
84.425	Educational Stabilization Fund	
Dollar threshold used to distinguish between type A and type B programs.		\$750,000
Auditee qualified as low risk auditee:		X

**BELOVED COMMUNITY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**PART 1 – SUMMARY OF AUDITOR’S RESULTS (Continued)**

<b>State Awards</b>	<b><u>YES</u></b>	<b><u>NO</u></b>	
Dollar threshold used to distinguish between type A and type B programs (.520)	\$750,000		
Auditee qualified as low risk auditee:	<b>X</b>		
Internal control over major programs:			
Material weakness(es) identified:		<b>X</b>	
Significant deficiencies identified not considered to be material weakness(es)?		<b>X</b>	None Reported
Type of auditor’s report on compliance for major programs:		Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08?		<b>X</b>	
Identification of major programs:			
<u><b>CDFA Number(s)</b></u>			<u><b>Name of State Program or Cluster</b></u>
22-495-034-5120-078			Equalization Aid
22-495-034-5120-084			Security Aid
22-495-034-5120-089			Special Education Aid
22-495-034-5200-078			Jersey City Payroll Tax Reimbursement

**BELOVED COMMUNITY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

The significant deficiencies and matters of noncompliance defined as items #2022-001, #2022-002 and #2022-003 are reflected in Part III - Schedule of Federal Award and State Financial Assistance Findings and Questioned Costs

**BELOVED COMMUNITY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

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

**Finding #2022-001**

A collaborative monitoring audit was performed by the NJ DOE and an audit report was issued in July 2022 covering various federal programs. The audit found numerous areas of non compliance.

**Criteria or Specific Requirement**

Uniform Grant Guidance. 2. C.F.R. 200.305 Federal Payment: *Office of Grants Management, General Federal entitlement Grant Guidance and Policies and Procedures for Reimbursement of Federal and Other Grant Expenditures.*

**Condition**

The Charter School did not adhere to many grant compliance requirements.

**Questioned Costs**

None

**Recommendation**

It is recommended that both Charter School program and fiscal staff work collaboratively, to institute policies and procedures to ensure all Federally funded program requirements are adhered to.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**Finding #2022-002**

**Criteria or Specific Requirement**

As a function of effective internal controls. The general ledger should be maintained and reconciled to subsidiary records on a timely basis in accordance with NJ SA 18A17-9.

**BELOVED COMMUNITY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

**Condition**

The Charter School's general ledger was not maintained on a timely basis. Adjustments were required to properly reflect the Charter School's financial position as of June 30, 2022.

**Context**

My review of the accounting records revealed the following:

- The general ledger was not reconciled to subsidiary records for various accounts on a timely basis.

**Effect or Potential Effect**

That controls over the financial accounts may not be effective to reduce the likelihood that errors could occur and not be detected.

**Cause**

Control procedures are not in place to review the financial reports prior to closing.

**Recommendation**

That the Charter School reviews and implements internal controls to ensure the accuracy of all financial reports.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**Finding #2022-003**

**Criteria or Specific Requirement**

N J SA 18A 17-9 requires that accurate monthly reconciliations of all bank accounts are prepared on a timely basis and prepared prior to the completion of the Board Secretary's monthly reports.

**Condition**

Bank reconciliations for various funds were not prepared on a timely manner on a monthly basis.

**Context**

Formal bank reconciliations and Board Secretary reports were not prepared in a timely manner.

**BELOVED COMMUNITY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Effect or Potential Effect**

That controls over the financial accounts may not be effective to reduce the likelihood that errors could occur and not be detected.

**Cause**

Control procedures are not in place to review the financial reports prior to closing.

**Recommendation**

That the Charter School reviews and implements internal controls to ensure the accuracy of all financial reports and that formal monthly cash reconciliations for all Charter School funds be prepared on a timely basis

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**BELOVED COMMUNITY CHARTER SCHOOL  
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Status of Prior Year Findings**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year findings.