Vida Charter School

Financial Statements
And
Independent Auditor's Report

Year Ended June 30, 2022

Vida Charter School
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Year Ended June 30, 2022

Independent Auditor's Report

To the Board of Trustees
Vida Charter School
Gettysburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Vida Charter School (the School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, during the year ended June 30, 2022, the School adopted new accounting guidance, GASB Statement No. 87, *Leases.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 and *Government Auditing Standards*, we:

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

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

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 School's internal control over financial reporting and compliance.

SD Associates P.C.

Certified Public Accountants
Elkins Park, Pennsylvania

December 22, 2022

The Board of Trustees of Vida Charter School (the School) offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

- Total revenues increased by approximately $115,000 due mainly to an increase in revenues from Federal sources.

- At the close of the current fiscal year, the School reports ending net position of ($212,741). This balance was the result of an increase in net assets of $463,805 for the year ended June 30, 2022.

- At the close of the current fiscal year, the School reports an ending general fund balance of $1,141,576. This balance was the result of a $72,315 deficit for the year ended June 30, 2022.

- The School's unrestricted cash balance at June 30, 2022 was $1,456,788, representing a decrease of $57,441 from June 30, 2021.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements as presented comprise three components: Management's Discussion and Analysis (this section), the basic financial statements and supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the components (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements report on the function of the School that is principally supported by subsidies from school districts whose constituents attend the School.

Overview of the Financial Statements (Continued)

Fund Financial Statements

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like governmental type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's two kinds of funds, governmental and proprietary, use different accounting approaches.

All of the School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. Such information is useful in assessing the School’s financing requirements. In particular, *fund balance* may serve as a useful measure of a government’s net resources available for spending for program purposes at the end of the fiscal year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary Information

The governmental fund budgetary comparison schedule is presented for purposes of additional analysis.

Government-Wide Financial Analysis

Management has adopted Governmental Accounting Standards Board (GASB) Statement 34 which requires a comparative analysis of current and prior periods.

	2022	2021
Assets		
Current assets	$ 1,738,626	$ 1,588,576
Noncurrent assets	2,664,718	79,876
	4,403,344	1,668,452
Deferred Outflows of Resources	105,592	125,024
Liabilities		
Current liabilities	1,053,517	412,022
Long-term liabilities	2,950,097	1,131,000
	4,003,614	1,543,022
Deferred Inflows of Resources	718,063	927,000
Net Position	$ (212,741)	$ (676,546)

Government-Wide Financial Analysis (Continued)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School's, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $212,741 as of June 30, 2022.

The School's revenues are predominately local school district's funds based on the student enrollment. For the year ended June 30, 2022, the School's total revenues of $3,583,206 exceeded expenditures of $3,119,401 by $463,805.

	2022	2021
Revenues		
Program revenues		
Local educational agency assistance	$ 3,080,847	$ 3,187,178
State sources	26,393	28,960
Federal sources	457,910	233,663
General revenues		
Other sources	18,056	18,414
Total revenues	3,583,206	3,468,215
Expenditures		
Instruction	1,598,943	1,375,954
Support services	828,668	1,358,503
Noninstructional services	25,462	18,631
Interest expense	131,623	-
Depreciation and amortization	534,705	17,701
Total expenditures	3,119,401	2,770,789
Change in net position	463,805	697,426
Net position, beginning	(676,546)	(1,373,972)
Net position, ending	$ (212,741)	$ (676,546)

Governmental Fund

The focus of the School's *governmental fund* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

The School's governmental fund (the General Fund) reported an ending fund balance of $1,141,576

Budget Variations

Actual revenues decreased $34,582 from the budget due to increases (decreases) as follows:

Budget Variations (Continued)

Local educational agency assistance	$	3,844
Federal sources		2,470
State sources		(8,392)
Other sources		(32,504)
	$	(34,582)

Actual expenditures increased $3,175,969 due to increases (decreases) as follows:

Instructional services	$	(12,430)
Support services		(443,605)
Noninstructional services		4,832
Debt service		507,624
Capital outlay		3,119,548
	$	3,175,969

The variances in support services, debt service, and capital outlay are the result of the School adopting GASB Statement No. 87, *Leases* (see Note 8). The adoption was not reflected in budget for the year ended June 30, 2022.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the School's investment in capital assets for its governmental activities totaled $50,064 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, classroom and office furniture, and computer equipment.

Major capital assets purchases during the year included the following:

- Capital expenditures of $26,321 for equipment and furniture

Right to Use Leased Assets

During the year ended June 30, 2022, the School adopted new accounting guidance, GASB Statement No. 87, *Leases.* As of June 30, 2022, the School's right to use leased assets totaled $2,577,317 (net of accumulated amortization). Additional information on the School's right to use leased assets can be found in Note 8 of this report.

Long-Term Debt

The School's lease liabilities were $2,717,227 at June 30, 2022 (see Note 8).

Economic Factors and Next Year's Budgets and Rates

The School's primary source of revenue, the per student subsidy provided by local school districts, is expected to increase 5-7% due to a slight enrollment increase as well as a modest increase to funding rates (historic average is 2%). Further, state subsidies are projected to increase by approximately 10%, although they comprise a relatively small portion of the School's funding.

Economic Factors and Next Year's Budgets and Rates (Continued)

Federal grants, through the availability of ESSER pandemic relief programs, are expected to decrease by approximately 38%, but the School has already factored this reduction into its approved 2022-2023 budget. This Federal funding will run through September 2024. The School is projecting a modest surplus for the year ending June 30, 2023.

Future Events that will Financially Impact the School

Except as listed in the above economic factors, there are no known additional future events that will financially impact the school.

Contacting the School's Financial Management

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the CEO, Vida Charter School, 120 East Broadway, Gettysburg, PA 17325.

Vida Charter School
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	$ 1,456,788
Federal subsidies receivable	88,867
State subsidies receivable	15,000
Local receivables	72,715
Prepaid expenses	105,256
Security deposit	37,337
Right to use leased assets, net	2,577,317
Property and equipment, net	50,064
Total assets	4,403,344
Deferred Outflows of Resources	
Deferred outflows of resources	105,592
Liabilities	
Accounts payable	41,740
Accrued expenses	339,088
Long-term debt	
Due within one year	419,130
Due after one year	2,298,097
Deferred revenue	34,710
Due to other governments	218,849
Net OPEB liability	36,000
Net pension liability	616,000
Total liabilities	4,003,614
Deferred Inflows of Resources	
Deferred inflows of resources	718,063
Net Position	
Invested in capital assets, net of related debt	(89,846)
Unrestricted	(122,895)
Total net position	$ (212,741)

See accompanying notes to financial statements.

Vida Charter School
Statement of Activities
Year Ended June 30, 2022

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 1,598,943	$ 2,060,484	$ 109,768	$ 571,309
Support services	828,668	1,020,363	374,535	566,230
Noninstructional services	25,462	462	-	(25,000)
Interest expense	131,623	-	-	(131,623)
Depreciation and amortization	534,705	-	-	(534,705)
Total governmental activities	3,119,401	3,081,309	484,303	446,211
	General Revenues			
	Contributions			1,368
	Other revenues			16,226
	Change in net position			463,805
	Net Position - Beginning of Year			(676,546)
	Net Position - End of Year			$ (212,741)

See accompanying notes to financial statements.

Vida Charter School
Balance Sheet-Governmental Funds
June 30, 2022

	General Fund
Assets	
Cash and cash equivalents	$ 1,456,788
Federal subsidies receivable	88,867
State subsidies receivable	15,000
Local receivables	72,715
Prepaid expenses	105,256
Security deposits	37,337
Total assets	$ 1,775,963
Liabilities	
Accounts payable	$ 41,740
Accrued expenses	339,088
Deferred revenue	34,710
Due to other governments	218,849
Total liabilities	634,387
Fund Balances	
Nonspendable	142,593
Assigned	600,000
Unassigned	398,983
Total fund balances	1,141,576
	$ 1,775,963

See accompanying notes to financial statements.

Vida Charter School
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2022

Total Fund Balance for Governmental Funds		$ 1,141,576
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Equipment	327,098	
Furniture and fixtures	66,672	
Improvements	6,045	
Accumulated depreciation and amortization	(349,751)	50,064
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Right to use assets at historical cost	3,093,227	
Accumulated amortization	(515,910)	2,577,317
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year end consist of:		
Net OPEB liability		(36,000)
Net pension liability		(616,000)
Lease liabilities		(2,717,227)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources		105,592
Deferred inflows of resources		(718,063)
Total Net Position of Governmental Activities		$ (212,741)

See accompanying notes to financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Funds
Year Ended June 30, 2022

	General Fund
Revenues	
Local education agency assistance	$ 3,080,847
Federal sources	457,910
State sources	26,393
Other sources	18,056
Total revenues	3,583,206
Expenditures	
Instruction	2,070,695
Support services	1,025,419
Noninstructional services	25,462
Debt service	507,624
Capital outlay	3,119,548
Total expenditures	6,748,748
Excess of Expenditures Over Revenues	(3,165,542)
Other Financing Sources	
Lease liabilities issued	3,093,227
Net Change in Fund Balance	(72,315)
Fund Balance - Beginning of Year	1,213,891
Fund Balance - End of Year	$ 1,141,576

See accompanying notes to financial statements.

Vida Charter School
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$ (72,315)
Capital outlays and deferred charges 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 and amortization expense. This is the amount by which capital outlays and deferred charges exceeds depreciation in the current period.		
Capital outlays	26,321	
Depreciation and amortization expense	(18,795)	7,526
Right to use leased assets	3,093,227	
Amortization expense	(515,910)	2,577,317
Governmental funds report School pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
School pension contributions	73,549	
Cost of benefits earned net of employee contributions	594,954	668,503
Lease liabilities issued	(3,093,227)	
Principal payments on long-term debt	376,001	(2,717,226)
Change in Net Position of Governmental Activities		$ 463,805

See accompanying notes to financial statements.

Note 1. Background and Summary of Significant Accounting Policies

Vida Charter School (the School) is organized as a nonprofit corporation in Pennsylvania to operate a charter school in accordance with Pennsylvania Act 22 of 1997. The School is operating under a charter school contract expiring on November 30, 2024.

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report on the School as a whole. The statement of activities demonstrates the degree to which the direct expenses of the School's function are offset by program revenues.

The fund financial statements (governmental fund balance sheet and statement of governmental fund revenues, expenditures and changes in fund balance) report on the School's general fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The School reports the following major governmental fund:

> General Fund – The General Fund is the operating fund of the School and accounts for all revenues and expenditures of the School.

Amounts reported as program revenues include a per-student subsidy from local school districts as well as federal and state grants. Internally dedicated resources are reported as general revenues rather than as program revenues.

Note 1. Background and Summary of Significant Accounting Policies

Method of Accounting

The School has adopted the provision of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements – and Managements' Discussion and Analysis – for State and Local Governments."* Statement 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position and a statement of activities. It requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These calculations are defined as follows:

- Invested in capital assets, net of related debt – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

- Restricted – This component of net position consists of constraints placed on asset use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net position – This component of net position typically includes unrestricted liquid assets.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed for the included program.

Fund Balances - Governmental Funds

The School elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Type Definition* during the year ended June 30, 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The School classified prepaid expenses and security deposit as being nonspendable as these items are not expected to be converted to cash.

- Restricted - included amounts restricted by external sources, such as creditors or grantors, or by constitutional provision or enabling legislation.

- Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees.

- Assigned - includes amounts that the School intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The School assigned $600,000 for future operating costs.

- Unassigned - includes all amounts that are not included in other spendable classifications.

Note 1. Background and Summary of Significant Accounting Policies

Fund Balances - Governmental Funds (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual budget is adopted for the General Fund.

The Budgetary Comparison Schedule should present both the original and the final appropriated budgets for the reporting period.

Use of Estimates

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

Concentration of Credit Risk

Periodically, the School may maintain deposits in excess of the Federal Deposit Insurance Corporation's limit of $250,000 with financial institutions. Under Pennsylvania Act 72, financial institutions pledge collateral on a pooled basis to secure public deposits in excess of FDIC insurance limits. The School's accounts are covered by this Act.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the School's cash and cash equivalents is considered to be cash on hand and demand deposits.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The School established a threshold of $2,500 for capitalization of depreciable assets. Similar items purchased in the same timeframe and items related to the same project or purchase can be pooled together for capitalization and depreciation. Capital assets of the School are depreciated using the straight-line method over the useful lives of the assets; furniture and fixtures (7 years) and equipment (5 years).

Lease Assets

Lease assets are valued at the future minimum lease payment. Amortization is based on the lease terms (6 years for building and 4 years for equipment).

Note 1. Background and Summary of Significant Accounting Policies

Deferred Outflows/Inflows of Resources

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of net position and related disclosures. In compliance with Statement No. 63, the statement of net position includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as in inflow of resources (revenue) until that time.

Advertising Costs

All costs associated with advertising and promotions are recorded as expenditures in the year incurred.

Income Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. The School adopted the provisions of ASC 740-10, *Accounting for Uncertainty in Income Taxes. Management* evaluated the School's tax positions and concluded that the School had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The School files a Return of Organizations Exempt from Income Tax annually. The School's returns for 2021, 2020, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. 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.

General Information About the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at wwvv.psers.state.pa.us.

Note 1. Background and Summary of Significant Accounting Policies (Continued)

Pensions (Continued)

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions:

The contribution rates based on qualified member compensation for virtually all members is presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Share	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	7.50%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.30%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	8.25%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	7.50%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Note 1. Background and Summary of Significant Accounting Policies (Continued)

Pensions (Continued)

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions:

The School's contractually required contribution rate for fiscal year ended June 30, 2022 was 33.99% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School were $71,858 for the year ended June 30, 2022.

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24.5 or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate of the HOP or employer-sponsored health insurance program.

Note 1. Background and Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits (Continued)

Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School were $1,691 for the year ended June 30, 2022.

Recently Adopted Accounting Pronouncements

Leases

In June 2017, the GASB issued GASB Statement No. 87, “Leases” (“GASB 87”). The primary objective of the Statement is to enhance the relevance and consistency of information about government’s leasing activities by requiring lessees to recognize certain lease assets and lease liabilities on the balance sheet that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement also requires disclosures related to the timing, significance, and purpose of a government’s leasing arrangements. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The standard is effective for fiscal years beginning after June 15, 2021, as per GASB Statement No. 95, which extended the effective date for 18 months.

Effective July 1, 2021, the School changed its method of recognizing operating lease expense in its financial statements to conform with GASB 87. As a result, the cumulative effect of applying the new method retroactively as of July 1, 2021 was the recording of a lease asset and lease liability of $3,093,227.

Note 1. Background and Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncements

Subscription-Based Information Technology Arrangements

In May 2020, the GASB issued GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements ("SBITA") for government end users ("governments"). This Statement (11) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. The Statement is effective for fiscal years beginning after June 15, 2022. The School is currently evaluating the Statement and its impact on the financial statements.

Note 2. Cash

The School's cash and cash equivalents balance at June 30, 2022, was $1,456,788. The actual amount of cash on deposit in the School's bank accounts at June 30, 2022 was the same balance. As of June 30, 2022, the School's bank balance was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging bank's trust department, not in the School's name	$	1,206,788
Insured amount	$	250,000

Custodial Credit Risk-Deposits
Custodial credit risk is the risk than in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a policy for custodial credit risk.

Note 3. Receivables

Receivables as of June 30, 2022 consist primarily of subsidies from federal and state authorities. All receivables are considered collectible due to the stable condition of these programs.

Note 4. Capital Assets

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

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22
Furniture and fixtures	$ 65,464	$ 5,171	$ -	$ 70,635
Improvements	6,045	-	-	6,045
Equipment	301,986	21,150	-	323,136
	373,495	26,321	-	399,816
Less: accumulated depreciation and amortization	330,956	18,796	-	349,752
	$ 42,539	$ 7,525	$ -	$ 50,064

Note 4. Capital Assets (Continued)

Depreciation and amortization expense was $18,796 for the year ended June 30, 2022.

Note 5. Funding

The School receives funding from local public school districts on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis.

Note 6. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the School reported a liability of $616,000 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 used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the School's proportion was .0015%, which was a decrease of .0007% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the School recognized a pension credit of ($578,884). At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 98,000
Differences between expected and actual experience	-	8,000
Changes in proportion	-	550,000
Changes in assumptions	30,000	
Difference between employer contributions and proportionate share of total contributions	-	1,859
Contributions subsequent to the measurement date	71,858	-
	$ 101,858	$ 657,859

The $71,858 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2023	$ (294,718)
2024	(204,323)
2025	(96,807)
2026	(31,878)
2027	(133)

Note 6. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Changes in Actuarial Assumptions

The total pension liability at June 30, 2021 was determined by rolling forward the System's total pension liability at June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2020
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
    - Salary growth rate – decreased from 5.00% to 4.50%.
    - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
    - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

The long-term expected rate of return on pension plan investments 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.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Note 6. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Changes in Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	-13.0%	0.1%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.0%	1% Increase 8.00%
School's proportionate share of the net pension liability	$ 808,000	$ 616,000	$ 453,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov

Note 7. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the School reported a liability of $36,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021. The School's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the School's proportion was .0015%, which was a decrease of .0007% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022 the School recognized an OPEB credit of ($15,303). At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	$ -	$ 60,000
Changes of assumptions	4,000	-
Difference between employer contributions and proportionate share of total contributions	-	204
Contributions subsequent to the measurement date	1,691	-
	$ 5,691	$ 60,204

The $1,691 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2023	$ (16,967)
2024	(17,027)
2025	(10,146)
2026	(6,064)
2027	(4,000)
Thereafter	(2,000)

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2021, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Note 7. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Actuarial Assumptions (Continued)

The Total OPEB Liability as of June 30, 2021, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Note 7. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Actuarial Assumptions (Continued)

OPEB - Asset Class	Target Allocation	
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	2.7%	-0.3%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometrical real rates of return for each major asset class as of June 30, 2021.

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.18%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.18% which represents the S&P 20 year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2021, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2021, 93,392 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2020, 611 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2021, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health care cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	$ 36,000	$ 36,000	$ 36,000

Note 7. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Actuarial Assumptions (Continued)

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using the discount rate of 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.18%) or 1-percentage point higher (3.18%) than the current rate:

	1% Decrease 1.18%	Current Discount 2.18%	1% Increase 3.18%
School's proportionate share of the net OPEB liability	$ 42,000	$ 36,000	$ 32,000

OPEB plan fiduciary net position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

Note 8. Leasing Arrangements

A summary of the lease asset activity during the year ended June 30, 2022 is as follows:

	Balance, 7/1/2021	Additions	Deletions	Balance, 6/30/2022
Lease Assets:				
Equipment	$ -	$ 8,942	$ -	$ 8,942
Building		3,084,285		3,084,285
Less: accumulated amortization	-	(515,910)		(515,910)
Lease assets, net	$ -	$ 2,577,317	$ -	$ 2,577,317

Lease Liabilities

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance, June 30, 2022
Equipment	9/1/2021	4 years	$ 210	6.0%	$ 8,942	$ 6,903
Building	7/1/2021	6 years	Variable	4.5%	3,084,285	2,710,324
						$ 2,717,227

The School leases its facilities in Gettysburg, Pennsylvania under a lease that expires in June 2027. The monthly lease payment was $44,200 for the year ended June 30, 2022 and increases each year in accordance with the lease terms.

Note 8. Leasing Arrangements (Continued)

The equipment was leased for the School with the terms noted above. The lease is not renewable and the School will not acquire the equipment at the end of the term.

The following is a schedule of future minimum lease payments as of June 30, 2022:

Year Ending June 30,	Principal	Interest	Total
2023	$ 419,130	$ 113,790	$ 532,920
2024	476,323	93,725	570,048
2025	538,790	70,978	609,768
2026	604,394	45,370	649,764
2027	678,590	16,438	695,028
	$ 2,717,227	$ 340,301	$ 3,057,528

Changes in lease liabilities are as follows:

Balance, July 1, 2021	$ -
Additions	3,093,227
Deletions	(376,000)
Balance, June 30, 2022	$ 2,717,227

Note 9. Retirement Plan

The School also provides pension benefits for all of its employees through the Vida Charter School 403(b) Plan. All employees are eligible to participate from the date of employment, with a mandatory minimum contribution of 5%. The School will match the employees' contributions dollar for dollar up to 5% of their compensation. School contributions to the plan for the year ended June 30, 2022 totaled $69,121.

Note 10. Grants

The School participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 11. Risk Management

The School is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. There has been no significant reduction in insurance coverage of the School's policies.

Note 12. Litigation

The School is, from time to time, involved in claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, at this time, the ultimate resolution of these matters will not have an adverse effect of the financial position of the School.

Required Supplementary Information

Vida Charter School
Governmental Fund Budgetary Comparison Schedule
Year Ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Revenues/ Expenditures	Variance With Budget
Revenues				
Local educational agency assistance	$ 3,077,003	$ 3,077,003	$ 3,080,847	$ 3,844
Federal sources	455,440	455,440	457,910	2,470
State sources	34,785	34,785	26,393	(8,392)
Other sources	50,560	50,560	18,056	(32,504)
Total revenues	3,617,788	3,617,788	3,583,206	(34,582)
Expenditures				
Instruction	2,083,125	2,083,125	2,070,695	12,430
Support service	1,469,024	1,469,024	1,025,419	443,605
Debt service	-	-	507,624	(507,624)
Noninstructional services	20,630	20,630	25,462	(4,832)
Capital outlay	-	-	3,119,548	(3,119,548)
Total expenditures	3,572,779	3,572,779	6,748,748	(3,175,969)
Excess of Expenditures Over Revenues	45,009	45,009	(3,165,542)	(3,210,551)
Other Financing Sources				
Lease liabilities issued	-	-	3,093,227	(3,093,227)
Net Change in Fund Balance	45,009	45,009	(72,315)	(117,324)
Fund Balance, Beginning	1,213,891	1,213,891	1,213,891	-
Fund Balance, Ending	$ 45,009	$ 45,009	$ (72,315)	$ (117,324)

See accompanying notes to financial statements.

Vida Charter School
Schedule of the School's Proportionate Share of the Net Pension Liability and Contributions

Last 10 Fiscal Years*

Schedule of the School's Proportionate Share of the Net Pension Liability
PSERS Measurement Date

Fiscal Year	PSERS Net Pension Liability: School's Proportion	PSERS Net Pension Liability: School's Proportionate Share	School's Covered Employee Payroll	School's Proportionate Share of NPL as a % of Covered-Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
6/30/2013	0.6700%	$ 2,743,000	$ 857,893	319.74%	54.49%
6/30/2014	0.7400%	$ 2,929,000	$ 948,510	308.80%	57.24%
6/30/2015	0.9200%	$ 3,985,000	$ 918,427	433.89%	54.36%
6/30/2016	0.7300%	$ 3,618,000	$ 939,451	385.12%	50.14%
6/30/2017	0.5000%	$ 2,469,000	$ 661,433	373.28%	51.84%
6/30/2018	0.3800%	$ 1,824,000	$ 517,543	352.43%	54.00%
6/30/2019	0.3100%	$ 1,450,000	$ 433,686	334.34%	55.66%
6/30/2020	0.2200%	$ 1,083,000	$ 307,236	352.50%	54.32%
6/30/2021	0.1500%	$ 616,000	$ 205,538	299.70%	63.67%

Schedule of School Contributions

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Total Covered-Employee Payroll
6/30/2016	$ 229,607	$ 229,607	$ -	$ 939,451	24.44%
6/30/2017	$ 183,947	$ 183,947	$ -	$ 661,433	27.81%
6/30/2018	$ 158,551	$ 158,551	$ -	$ 517,543	30.64%
6/30/2019	$ 139,481	$ 139,481	$ -	$ 433,686	32.16%
6/30/2020	$ 95,887	$ 95,887	$ -	$ 307,236	31.21%
6/30/2021	$ 68,876	$ 68,876	$ -	$ 205,538	33.51%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

Vida Charter School
Schedule of the School's Proportionate Share of the Net OPEB Liability and Contributions

Last 10 Fiscal Years*

Schedule of the School's Proportionate Share of the Net OPEB Liability

Fiscal Year	PSERS Net OPEB Liability: School's Proportion	PSERS Net OPEB Liability: School's Proportionate Share	School's Covered Employee Payroll	School's Proportionate Share of OPEB as a % of Covered-Employee Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
6/30/2016	0.7300%	$ 157,000	$ 939,451	16.71%	5.47%
6/30/2017	0.5000%	$ 102,000	$ 661,433	15.42%	5.73%
6/30/2018	0.3800%	$ 79,000	$ 517,543	15.26%	5.56%
6/30/2019	0.3100%	$ 66,000	$ 433,686	15.22%	5.56%
6/30/2020	0.2200%	$ 48,000	$ 307,236	15.62%	5.69%
6/30/2021	0.1500%	$ 36,000	$ 205,538	17.52%	5.30%

Schedule of School Contributions

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Total Covered-Employee Payroll
6/30/2018	$ 4,146	$ 4,146	$ -	$ 517,543	0.80%
6/30/2019	$ 3,551	$ 3,551	$ -	$ 433,686	0.82%
6/30/2020	$ 2,414	$ 2,414	$ -	$ 307,326	0.79%
6/30/2021	$ 1,685	$ 1,685	$ -	$ 205,538	0.82%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

Note 1. Changes in Benefit Terms

None.

Note 2. Changes in Assumptions

Pensions

The Discount Rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.

Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75% and real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted Table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

OPEB

The Discount Rate decreased from 2.66% to 2.18%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.

Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75% and real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted Table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Other Reports Required By Government Auditing Standards

SD Associates P.C.
Certified Public Accountants & Business Advisors

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

To the Board of Trustees
Vida Charter School
Gettysburg, Pennsylvania

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund of Vida Charter School (the School) as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon, dated December 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SD Associates P.C.

Certified Public Accountants
Elkins Park, Pennsylvania

December 22, 2022