



BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

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BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

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INDEPENDENT AUDITOR'S REPORT

December 21, 2023

To the Board of Trustees
Boys Latin of Philadelphia Charter School, Inc.
Philadelphia, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Boys Latin of Philadelphia Charter School, Inc. ("the School"), Philadelphia, Pennsylvania, as of and for the year ended June 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Boys Latin of Philadelphia Charter School, Inc., Philadelphia, Pennsylvania, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund 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 ("GAAS") 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 the 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.

To the Board of Trustees
Boys Latin of Philadelphia Charter School, Inc.

Responsibilities of Management for the Financial Statements

The School's 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 School's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

To the Board of Trustees
Boys Latin of Philadelphia Charter School, Inc.

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.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, the School has adopted the requirements of GASB Statement No. 96, "Subscription-Based Technology Information Arrangements." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain subscription assets and subscription liabilities for certain information technology arrangements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8, and the schedule of the School's proportionate share of the net pension liability, schedule of School pension contributions, schedule of the School's proportionate share of the net OPEB liability, and schedule of School OPEB contributions on pages 36 through 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards on page 45 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* ("Uniform Guidance"), and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
Boys Latin of Philadelphia Charter School, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

The Board of Trustees of Boys Latin of Philadelphia Charter School, Inc. ("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, 2023. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

- Total revenues for the general fund decreased by \$689,101 to \$16,817,216 due to decreases in local education agency assistance.
- At the close of the current fiscal year, the School reported an ending net position of \$9,731,209.
- The General Fund ended the year with a fund balance of \$8,296,290, an increase of \$1,308,445 from the previous year.

Overview of the Financial Statements

The management's 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 four components: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and reporting required under *Government Auditing Standards*.

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 the School's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between these items 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.

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 government-type entities, utilizes fund

**BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D
JUNE 30, 2023**

accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has two governmental funds – the General Fund and Capital Projects Fund.

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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2023, the School's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$9,731,209.

	June 30,	
	2023	2022
Current and other assets	\$ 9,844,241	\$ 8,330,549
Capital assets	13,237,732	11,210,707
Total assets	23,081,973	19,541,256
 Deferred outflows of resources	 633,747	 735,100
Long-term liabilities outstanding	8,803,360	11,349,045
Other liabilities	4,024,606	2,052,321
Total liabilities	12,827,966	13,401,366
 Deferred inflows of resources	 1,156,545	 2,137,566
 Net Position (Deficit):		
Net investment in capital assets	6,265,785	4,106,675
Unrestricted deficit	3,465,424	630,749
Total net position (deficit)	\$ 9,731,209	\$ 4,737,424

The School's net position increased by \$4,993,785 primarily as a result of increases in capital assets and decreases in deferred inflows of resources related to net pension and net OPEB liabilities.

The School's revenues are predominantly from the School District of Philadelphia, based on the student enrollment.

The total cost of all programs and services was \$13,073,324.

**BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D
JUNE 30, 2023**

	Year Ended June 30,	
	2023	2022
Revenues:		
Program revenues		
Operating and capital grants	\$ 4,490,838	\$ 4,576,925
General		
Local educational agency revenues	11,660,689	11,922,391
Other	1,915,582	1,315,267
Total Revenue	18,067,109	17,814,583
Expenses:		
Instructional services	6,110,604	6,162,304
Instructional staff support services	5,102,726	4,286,136
Non-instructional services	862,490	748,710
Depreciation/amortization expense	968,481	809,168
Interest expense	29,023	225,755
Total Expenses	13,073,324	12,232,073
Changes in Net Position	4,993,785	5,582,510
Beginning Net Position (Deficit)	4,737,424	(845,086)
Ending Net Position	\$ 9,731,209	\$ 4,737,424

Governmental Funds

The focus of the School's governmental funds 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 General Fund reported an ending fund balance of \$8,296,290, which was an increase of \$1,308,445 from the previous year. For the year ended June 30, 2023, the General Fund's revenue of \$16,817,216 and net other financing sources of \$295,461 exceeded expenditures of \$15,804,232. The Capital Projects Fund reported an ending fund balance of \$182,932, an increase of \$577,563 from the prior year.

Governmental Funds Budgetary Highlights

Actual revenues did not meet budgeted expectations by \$131,440 due to lower than expected local contributions.

Actual expenditures were under budgeted expenditures by \$862,325 mainly due to less capital outlays and lower than expected instructional costs.

**BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D
JUNE 30, 2023**

Capital Asset and Debt Administration

As of June 30, 2023, the School's investment in capital assets for its governmental activities totaled \$13,237,732 (net of accumulated depreciation/amortization). This investment in capital assets includes land, a building, classroom and office leasehold improvements, furniture and fixtures, equipment, right to use lease assets and subscription assets.

As of June 30, 2023, the School's long-term debts excluding pension and OPEB were \$6,971,947, consisting of four separate loans, a lease liability, and two subscription liabilities.

Additional information on the School's capital assets can be found in Note 6 of this report. Additional information on debt can be found in Note 9.

Economic Factors and Next Year's Budgets and Rates

The fiscal and operational stability of our Commonwealth's charter schools are directly linked to the State of Pennsylvania's Budget and shifting political realities. This issue manifested itself most clearly in the way that the State determines each charter school's per-pupil allotment which is calculated by student's school district of residence and form PDE-363. The PDE-363 uses a "state-determined" formula to calculate per-pupil allotments.

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 Chief Executive Officer, Boys Latin of Philadelphia Charter School, Inc., 5501 Cedar Avenue, Philadelphia, PA 19143, or call (215) 387-5149.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 8,470,902
State subsidies receivable	314,981
Federal subsidies receivable	942,923
Pledges receivable	58,600
Prepaid expenditures	56,835
Total Current Assets	<u>9,844,241</u>
NONCURRENT ASSETS:	
Property and equipment, net	12,970,388
Right to use leased asset, net	228,143
Subscription asset, net	39,201
Total Noncurrent Assets	<u>13,237,732</u>
TOTAL ASSETS	<u>23,081,973</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pension	602,442
Deferred outflows related to OPEB	31,305
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>633,747</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 23,715,720</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	
CURRENT LIABILITIES:	
Accounts payable	\$ 460,661
Accrued salaries and benefits payable	795,430
Deferred revenue	105,935
Due to other governments	2,993
Lease liability	43,248
Loan payable	2,593,617
Subscription liability	22,722
Total Current Liabilities	<u>4,024,606</u>
NONCURRENT LIABILITIES:	
Lease liability	189,565
Loan payable	4,109,128
Subscription liability	13,667
Net pension liability	4,312,000
Net OPEB liability	179,000
Total Noncurrent Liabilities	<u>8,803,360</u>
TOTAL LIABILITIES	<u>12,827,966</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pension	982,480
Deferred inflows related to OPEB	174,065
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,156,545</u>
NET POSITION (DEFICIT):	
Net investment in capital assets	6,265,785
Unrestricted deficit	3,465,424
TOTAL NET POSITION (DEFICIT)	<u>9,731,209</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	<u><u>\$ 23,715,720</u></u>

The accompanying notes are an integral part of these financial statements.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES:				
Instructional services	\$ 6,110,604	\$ -	\$ 2,361,337	\$ (3,749,267)
Support services	5,102,726	-	1,821,604	(3,281,122)
Non-instructional services	862,490	-	307,897	(554,593)
Depreciation and amortization	968,481	-	-	(968,481)
Interest expense	29,023	-	-	(29,023)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 13,073,324</u>	<u>\$ -</u>	<u>\$ 4,490,838</u>	<u>\$(8,582,486)</u>

GENERAL REVENUES:

Local educational agency revenues	11,660,689
Contributions	1,249,893
Other local revenues	665,689
TOTAL GENERAL REVENUES	<u>13,576,271</u>

CHANGE IN NET POSITION 4,993,785

NET POSITION, BEGINNING OF YEAR 4,737,424

NET POSITION, END OF YEAR \$ 9,731,209

The accompanying notes are an integral part of these financial statements.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 7,246,209	\$ 1,224,693	\$ 8,470,902
State subsidies receivable	314,981	-	314,981
Federal subsidies receivable	942,923	-	942,923
Pledges receivable	58,600	-	58,600
Prepaid expenditures	56,835	-	56,835
Due from other funds	<u>1,090,252</u>	<u>53,217</u>	<u>1,143,469</u>
TOTAL ASSETS	<u>\$ 9,709,800</u>	<u>\$ 1,277,910</u>	<u>\$ 10,987,710</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE			
LIABILITIES:			
Accounts payable and accrued expenses	\$ 460,661	\$ -	\$ 460,661
Accrued salaries and benefits payable	790,704	4,726	795,430
Deferred revenue	105,935	-	105,935
Due to other governments	2,993	-	2,993
Due to other funds	<u>53,217</u>	<u>1,090,252</u>	<u>1,143,469</u>
Total Liabilities	<u>1,413,510</u>	<u>1,094,978</u>	<u>2,508,488</u>
FUND BALANCE:			
Nonspendable - prepaid expenditures	1,090,252	-	1,090,252
Unassigned	<u>7,206,038</u>	<u>182,932</u>	<u>7,388,970</u>
Total Fund Balance	<u>8,296,290</u>	<u>182,932</u>	<u>8,479,222</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	<u>\$ 9,709,800</u>	<u>\$ 1,277,910</u>	<u>\$ 10,987,710</u>

The accompanying notes are an integral part of these financial statements.

**BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2023**

FUND BALANCE FOR GOVERNMENTAL FUNDS \$ 8,479,222

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Property and equipment, net	\$ 12,970,388	
Right to use lease asset, net	228,143	
Subscription asset, net	39,201	
	<u>13,237,732</u>	13,237,732

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Net pension liability	(4,312,000)	
Net OPEB liability	(179,000)	
Lease liability	(232,813)	
Subscription liability	(36,389)	
Loan payable	(6,702,745)	
	<u>(11,462,947)</u>	(11,462,947)

Deferred inflows and outflows of resources related to the School's pension and OPEB plans do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:

Deferred outflows of resources:		
Deferred outflows related to pension	602,442	
Deferred outflows related to OPEB	31,305	
Deferred inflows of resources:		
Deferred inflows related to pension	(982,480)	
Deferred inflows related to OPEB	(174,065)	
	<u>(522,798)</u>	(522,798)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 9,731,209

The accompanying notes are an integral part of these financial statements.

**BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Local educational agency assistance	\$ 11,660,689	\$ -	\$ 11,660,689
Federal sources	4,235,973	-	4,235,973
State sources	254,865	-	254,865
Other local revenue sources	665,689	1,249,893	1,915,582
TOTAL REVENUES	<u>16,817,216</u>	<u>1,249,893</u>	<u>18,067,109</u>
EXPENDITURES			
Current:			
Instruction	7,113,463	-	7,113,463
Support services	4,908,009	579,523	5,487,532
Non-instructional services	927,530	-	927,530
Capital outlay	2,464,802	-	2,464,802
Debt service	390,428	92,808	483,236
TOTAL EXPENDITURES	<u>15,804,232</u>	<u>672,331</u>	<u>16,476,563</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,012,984</u>	<u>577,562</u>	<u>1,590,546</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from lease and information technology arrangements	295,461	-	295,461
TOTAL OTHER FINANCING SOURCES (USES)	<u>295,461</u>	<u>-</u>	<u>295,461</u>
NET CHANGE IN FUND BALANCES	1,308,445	577,562	1,886,007
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>6,987,845</u>	<u>(394,630)</u>	<u>6,593,215</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,296,290</u>	<u>\$ 182,932</u>	<u>\$ 8,479,222</u>

The accompanying notes are an integral part of these financial statements.

**BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS \$ 1,886,007

Amounts reported for governmental activities in the statement of activities 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/amortization in the current period. 2,027,025

The issuance of long-term debt (e.g. notes, lease liability, subscription liability) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences. 132,084

Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the School's proportionate share of the expense of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 897,448

OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the School's proportionate share of the cost sharing OPEB expenses, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 51,221

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 4,993,785

The accompanying notes are an integral part of these financial statements.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original/ Final Budget	Actual Revenues/ Expenditures	Variance with Budget Positive (Negative)
REVENUES			
Local educational agency assistance	\$ 10,867,337	\$ 11,660,689	\$ 793,352
Federal sources	4,565,716	4,235,973	(329,743)
State sources	205,103	254,865	49,762
Other local revenue sources	1,310,500	665,689	(644,811)
TOTAL REVENUES	<u>16,948,656</u>	<u>16,817,216</u>	<u>(131,440)</u>
EXPENDITURES			
Instruction	7,773,603	7,113,463	660,140
Support services	4,959,629	4,908,009	51,620
Non-instructional services	792,004	927,530	(135,526)
Capital outlays	2,750,000	2,464,802	285,198
Debt service	391,321	390,428	893
TOTAL EXPENDITURES	<u>16,666,557</u>	<u>15,804,232</u>	<u>862,325</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	282,099	1,012,984	730,885
OTHER FINANCING SOURCES (USES)			
Proceeds from lease and information technology arrangements	-	295,461	295,461
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>295,461</u>	<u>295,461</u>
NET CHANGE IN FUND BALANCE	282,099	1,308,445	1,026,346
FUND BALANCE, BEGINNING OF YEAR	<u>6,987,845</u>	<u>6,987,845</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,269,944</u>	<u>\$ 8,296,290</u>	<u>\$ 435,424</u>

The accompanying notes are an integral part of these financial statements.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF THE ORGANIZATION

Boys Latin of Philadelphia Charter School, Inc. (“the School”) is organized as a nonprofit corporation in Pennsylvania to operate a charter in accordance with Pennsylvania Act 22 of 1997 (“the Act”) and is operating under a charter school contract through June 30, 2027. The School is located in Philadelphia, Pennsylvania. During the 2022-2023 school year, the School served students in grades 6 through 12.

Component Units

Choice Holdings, LLC (“Choice Holdings”) is a legally separate, nonprofit component unit of the School. Choice Holdings is a single member LLC where the School is the only member. Choice Holdings is the co-borrower on the 2007 loan used to renovate the Cedar Avenue property. Because the School controls the resources of Choice Holdings and utilizes these resources for its benefit, Choice Holdings is considered a blended component unit of the School and is combined with the governmental activities and general fund of the School. Choice Holdings did not have any assets, liabilities, fund balance, revenue or expenses for the year ended June 30, 2023.

Boys Latin Foundation (“the Foundation,” formally Choice Academics) is a legally separate, nonprofit component unit of the School. The Foundation’s purpose is to support the operations of the School. Because the School controls the resources and utilizes these resources for its benefit, the Foundation is considered a blended component unit of the School and is combined with the governmental activities of the School and shown as a capital projects fund.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards.

Reporting Entity

The School has financial accountability and control over all activities related to the students’ education. The School receives funding from local, state, and federal government sources and must comply with the requirement of these funding sources. The School, however, is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) pronouncement. In addition, the School has a blended component unit, Friends of Young Scholars, as defined by GASB.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GASB's *Codification of Governmental Accounting and Financial Reporting Standards* ("GASB Codification") established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. In evaluating the School as a reporting entity, management has addressed all potential component units which may or may not fall within the School's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the School's reporting entity are financial accountability and the nature and significance of the relationship. On the basis of these criteria, Boys Latin Foundation ("the Organization") is a component unit of the School.

Government-wide and Fund Financial Statements

Government-wide 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 the program revenues.

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. 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.

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

The government-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of borrowing attributable to acquiring, constructing, or improving those assets. Net position is reported as restricted when position is reported as restricted when constraints placed on the net position use are either externally imposed by creditors (such as through debt covenants), grantors or contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Fund Financial Statements:

The fund financial statements (balance sheets - governmental funds and statements of revenues, expenditures, and changes in fund balance - governmental funds) report on the School's general fund and the activities of the Foundation.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, if measurable. The fund utilized by the School and a brief description of its accounting purpose is as follows:

Governmental Funds – The School reports two major funds, the General Fund and Capital Projects Fund. The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund. The Capital Projects fund is used to account for, and report financial resources of the Foundation.

Fund balance of the governmental funds is classified as applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of Trustees. The Board is the highest level of decision-making authority for the School. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Executive Director may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are 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 or Chief Operating Officer have provided otherwise in their commitment or assignment actions.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax Status

The School and Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, have no provision for federal income taxes. The School has been classified as an organization that is not a private foundation under Sections 509(a)(1) and 170(b)(1)(a)(iv) of the Internal Revenue Code. The School did not engage in any unrelated business activities during the fiscal year. Management believes more likely than not that its tax-exempt status and tax positions will be sustained if examined by authorities.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with GAAP. An annual budget was only adopted for the general fund.

The budgetary comparison statement represents both the original and final appropriated budget amounts for the reporting period, as there were no amendments. Appropriations lapse at the end of the fiscal year.

Federal and State Subsidies Receivable

Accounts receivable primarily consist of amounts due from the Pennsylvania Department of Education for federal grants and state subsidy programs. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection experience, and existing economic conditions. Accounts deemed uncollectible are charged off based on this review. As of June 30, 2023, no allowance for doubtful accounts was deemed necessary.

Other Receivables

Other receivables include grants, and other non-contract receivables. The School provides an allowance for doubtful accounts using the allowance method, which is based on management's judgment considering historical information. In addition, an allowance is provided for other accounts when a significant pattern of collectability has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. As of June 30, 2023, no allowance for doubtful accounts was deemed necessary.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

cash flows. The discounts on those amounts are computed using a risk-adjusted interest rate of 4.5 percent at June 30, 2023. Conditional promises to give are not included as support until the conditions are substantially met. As of June 30, 2023, the School had determined all other receivables to be collectable; no allowance for these receivables was recorded.

Capital Assets

Capital assets, which include the building, building improvements, furniture and fixtures, equipment and right to use lease assets 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, and the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life is expensed.

The School will capitalize any asset purchased at a cost greater than \$2,500. Capital assets of the School are depreciated using the straight-line method over the useful lives of the assets, which range from 3 to 25 years.

Right to use lease assets consist of copiers and are amortized over the term of the lease.

Subscription assets consist of learning software for students and are amortized over the term of the arrangement.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. Certain changes to the net pension and OPEB liabilities are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows of resources in the statement of net position.

Deferred Inflows of Resources

Deferred inflows of resources represent 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. Certain changes to the net pension and OPEB liabilities are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred inflows of

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

resources in the statement of net position. In addition, pledges receivable not collected within 60 days of year end are not considered to be a current financial resource under the modified accrual basis of accounting and are recorded as a deferred inflow of resources in the governmental fund balance sheet.

Implementation of GASB Statement

During the year ended June 30, 2023, the School implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, "Subscription-Based Technology Information Arrangements." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases. The implementation of this standard did not have a material impact on the School's prior period financial statements.

NOTE 3 DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned. The School does not have a policy for custodial credit risk on deposits. At June 30, 2023, the carrying amount of the School's deposits was \$8,470,902, and the bank balance was \$8,637,149. Of the bank balance, \$1,008,786 was covered by federal depository insurance at June 30, 2023. The remaining balance of \$7,628,363 was uninsured and subject to custodial credit risk.

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable were as follows at June 30, 2023:

Receivable in less than one year	<u>\$ 58,600</u>
TOTAL	<u>\$ 58,600</u>

No allowances for uncollectible accounts have been provided for since all pledges are deemed fully collectible.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	Balance 07/01/22	Additions	Deletions	Balance 06/30/23
Capital assets not being depreciated/ amortized:				
Land - component unit	\$ 1,490,524	\$ -	\$ -	\$ 1,490,524
Construction-in-progress	1,213,811	2,169,341	-	3,383,152
Total Capital Assets Not Being Depreciated/Amortized	<u>2,704,335</u>	<u>2,169,341</u>	<u>-</u>	<u>4,873,676</u>
Capital assets being depreciated/ amortized				
Buildings and improvements	10,149,311	144,951	-	10,294,262
Building – component unit	3,591,289	-	-	3,591,289
Equipment	3,177,237	359,086	-	3,536,323
Right to use assets	100,217	256,661	-	356,878
Subscription assets	-	65,467	-	65,467
Total Capital Assets Being Depreciated/ Amortized	<u>17,018,054</u>	<u>826,165</u>	<u>-</u>	<u>17,844,219</u>
Less:				
Accumulated depreciation	8,487,139	838,023	-	9,325,162
Accumulated amortization	24,543	130,458	-	155,001
Total accumulated depreciation	<u>8,511,682</u>	<u>968,481</u>	<u>-</u>	<u>9,480,163</u>
Total Capital Assets Being Depreciated/ Amortized, Net	<u>8,506,372</u>	<u>(142,316)</u>	<u>-</u>	<u>8,364,056</u>
CAPITAL ASSETS, NET	<u>\$ 11,210,707</u>	<u>\$ 2,027,025</u>	<u>\$ -</u>	<u>\$ 13,237,732</u>

NOTE 6 LOCAL EDUCATIONAL AGENCIES REVENUE

The School receives funding from the School District of Philadelphia on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis.

NOTE 7 GOVERNMENT GRANTS AND REIMBURSEMENT PROGRAMS

The School participates in numerous state and federal grant and reimbursement programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs and reimbursement programs for facility lease costs and health services 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 and reimbursement programs, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 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.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LEASE

The School leases a copier with lease agreement that runs through February 2028. As of June 30, 2023, the minimum future payments under this lease is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 43,248	\$ 16,045	\$ 59,293
2025	46,649	12,644	59,293
2026	50,270	9,023	59,293
2027	54,173	5,120	59,293
2028	38,473	1,099	39,572
Total	<u>\$ 232,813</u>	<u>\$ 43,931</u>	<u>\$ 276,744</u>

NOTE 9 LONG-TERM LIABILITIES

A schedule of changes in the long-term liabilities for the year ended June 30, 2023 is as follows:

	Amounts			Amounts	Due Within
	Outstanding	Additions	Retirements	Outstanding	One Year
	07/01/2022			06/30/2023	
Net pension liability	\$ 4,311,000	\$ 1,000	\$ -	\$ 4,312,000	\$ -
Net OPEB liability	249,000	-	70,000	179,000	-
Loan payable	7,011,142	-	308,397	6,702,745	2,593,617
Lease liability	77,890	256,661	101,738	232,813	43,248
Subscription liability	-	58,096	21,707	36,389	22,722
Total	<u>\$11,649,032</u>	<u>\$ 315,757</u>	<u>\$ 501,842</u>	<u>\$11,462,947</u>	<u>\$ 2,659,587</u>

NOTE 10 LONG-TERM DEBT - MORTGAGES

Loan 1 – In September 2007, Choice Holdings and Boys Latin secured a construction loan with TD Bank for a total amount of \$5,775,000 to fund Boys Latin's improvements to the building. In May 2009, the loan was converted to a 25-year term at an annual rate of 4.73%. The loan is payable in monthly installments of \$32,610 and is secured by all assets of Boys Latin subject to the security agreement and all real and personal property subject to the lien of the mortgage.

\$ 3,423,717

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 LONG-TERM DEBT – MORTGAGES (cont'd)

Loan 2 – In May 2007, the School secured a note for a total amount of \$1,175,000. The original terms of the note were 5-year term at an annual interest rate of 7%. In October 2012, the accrued interest on the loan was forgiven and all future interest is suspended until further notice. The note matures on July 1, 2023. 775,000

Loan 3 – The School secured a note for an amount of \$2,530,000. In October 2012, the accrued interest on the loan was forgiven and all future interest is suspended until further notice. The original terms of the note were a 138-month term at an annual interest rate of 7%. During the year ended June 30, 2016, the lender made a charitable contribution to the School by forgiving \$1,000,000 of the principal balance due. The note matures of July 1, 2023. 1,530,000

Loan 4 – In July 2015, Choice Academics entered into a construction loan with Meridian Bank. The purpose of the construction loan is for renovations on certain real property at 331-37 63rd Street. The construction period had ended, and the loan has been converted into a conventional term loan. Interest accrues on the outstanding and unpaid balance of this loan for the first five-year term at 4.50% per annum. Thereafter, the interest rate will be equal to the Federal Home Loan Bank published five-year non-amortizing Fixed-Rate Credit Rate, 2.75%. The loan is secured by a first mortgage on Choice Academics' real property, substantially all other of Choice Academics and an assignment of all rents and leases arising from the property. The loan matures and the outstanding principal is due on July 27, 2025. 974,028

TOTAL \$ 6,702,745

Presented below is a summary of the debt service requirements for the mortgages by year through maturity:

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2024	\$ 2,593,617	\$ 195,511	\$ 2,789,128
2025	302,599	181,529	484,128
2026	1,120,758	142,225	1,262,983
2027	266,809	125,513	391,322
2028	279,588	111,734	391,322
2029-2023	1,619,005	337,602	1,956,607
2034-2035	<u>520,369</u>	<u>20,658</u>	<u>541,027</u>
	<u>\$ 6,702,745</u>	<u>\$ 1,114,772</u>	<u>\$ 7,817,517</u>

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 11 PENSION PLAN

The School contributes to the Public School Employees' Retirement System ("PSERS"), 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 comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

The PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one 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 became 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 three 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 two percent or two and one-half percent, depending upon the 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 may be elected.

For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to two percent or two and one-half percent, depending upon the 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.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 11 PENSION PLAN (cont'd)

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 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.

Member Contributions

Active members who joined the system prior to July 22, 1983 contributed at 5.25 percent (Membership Class T-C), or at 6.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C), or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system after June 30, 2001 and before July 1, 2011 contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the system after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30 percent (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50 percent and 9.50 percent, and Membership Class T-F contribution rate to fluctuate between 10.30 percent and 12.30 percent.

Employer Contributions

The School's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2023, the rate of the employer contribution was 35.26 percent of covered payroll, which was comprised of 34.31 percent for pension contributions, 0.75 percent for healthcare contributions, and 0.20 percent for Act 5 defined contributions. The District's contribution to PSERS for pension contributions for the year ended June 30, 2023 was \$471,442.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 11 PENSION PLAN (cont'd)

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2023, the School reported a liability of \$4,312,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of July 1, 2021 to June 30, 2022. 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, 2023, the School's proportion was 0.0097 percent, which was a decrease of 0.0008 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School recognized a pension credit of \$426,006. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 73,000
Changes in assumptions	129,000	-
Difference between actual and expected experience	2,000	37,000
Changes in proportion of the School's amount of the total pension liability	-	866,000
Difference between the School's contributions and proportionate share of total contributions	-	6,480
Contributions subsequent to the date of measurement	<u>471,442</u>	<u>-</u>
	<u>\$ 602,442</u>	<u>\$ 982,480</u>

Deferred outflows of resources resulting from the School's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024 were \$471,442. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ (384,050)
2025	(362,457)
2026	(209,167)
2027	104,097
2028	<u>97</u>
	<u>\$ (851,480)</u>

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 11 PENSION PLAN (cont'd)

Actuarial Assumptions

The total pension liability as of June 30, 2022 was determined by rolling forward the system's total pension liability as of the July 1, 2021 actuarial valuation to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry-age normal, level percentage of pay
- Investment return – 7.00 percent, including inflation of 2.50 percent
- Salary increases – effective average of 4.50 percent, which reflects an allowance for inflation of 2.50 percent, and 2.00 percent for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 50 percent PubT-2010 and 50 percent 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 long-term expected rate of return on pension plan investments was determined using the 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 PSERS Board of Directors. Plan assets are managed with a long-term objective of achieving and maintaining a fully-funded status for the benefits provided through the pension.

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute return	6.0%	3.5%
Infrastructure/MLPs	9.0%	5.4%
Real Estate	11.0%	4.6%
Cash	3.0%	0.5%
Leverage	(11.0%)	0.5%
	<u>100.0%</u>	

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 11 PENSION PLAN (cont'd)

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

The discount used to measure the total pension liability was 7.00 percent. 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 which are 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 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School's proportionate share of the net pension liability	\$ 5,578,000	\$ 4,312,000	\$ 3,246,000

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.state.pa.us.

NOTE 12 403(b) RETIREMENT PLAN

The School and Foundation maintain savings incentive 403(b) plans for its employees. All employees are eligible. Participants may elect voluntary salary deferrals under the plan up to the maximum permitted by law. The School makes a contribution for certain employees enrolled in the plan at a rate of 5 percent of eligible compensation as defined in the plan agreement. The Foundation makes a contribution for certain employees enrolled in the plan at a rate of 7.55 percent of eligible compensation as defined in the plan agreement. Total contribution expense for the plan amounted to \$271,388 for the year ended June 30, 2023.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

The School contributes to the Health Insurance Premium Assistance Program ("Premium Assistance"), which is a governmental cost sharing, multiple-employer other postemployment benefits 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 24½ 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 in the HOP or employer-sponsored health insurance program.

OPEB Plan Description

The PSERS is a government cost-sharing multiple-employer defined post-employment benefit 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.pfers.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. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Employer Contributions

The School's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2023, the rate of the employer contributions was 0.75 percent of covered payroll. The School's health insurance assistance contribution to PSERS for the year ended June 30, 2023 was \$10,305.

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

At June 30, 2023, the School reported a liability of \$179,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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 July 1, 2021 to June 30, 2022. The School's proportion of the net 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 0.0097 percent, which was a decrease of 0.0008 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School recognized an OPEB credit of \$40,916. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 19,000	\$ 42,000
Changes in proportions	-	130,000
Net difference between expected and actual experience	2,000	1,000
Difference between employer contributions and proportionate share of total contributions	-	1,065
Contributions subsequent to the measurement date	<u>10,305</u>	<u>-</u>
	<u>\$ 31,305</u>	<u>\$ 174,065</u>

Change in Assumption

The discount rate used to measure the total OPEB liability increased from 2.18 percent as of June 30, 2021 to 4.09 percent as of June 30, 2022.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

An amount of \$10,305 is reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>Year Ended June 30,</u>	
2024	\$ (52,675)
2025	(46,673)
2026	(22,749)
2027	(15,035)
2028	(15,969)
Thereafter	<u>36</u>
	<u>\$ (153,065)</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by rolling forward the system's total OPEB liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal – level percent of pay
- Investment return – 4.09 percent – S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50 percent comprised of inflation of 2.50 percent and 2.00 percent 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 percent PubT-2010 and 50 percent 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 percent.
 - Eligible retirees will elect to participate post-age 65 at 70 percent.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- Asset valuation method – market value
- Participation rate – 63 percent of eligible retirees are assumed to elect premium assistance.
- Morality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	100.0%	0.5%
	<u>100.0%</u>	

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, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09 percent. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contributions 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 payment; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 2.18 percent, which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System's 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, 2022, retirees' Premium Assistance benefits are not subject to future

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 members were receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on the healthcare cost trends as depicted below.

The following presents the system's net OPEB liability for June 30, 2022, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School's proportionate share of the net OPEB liability	\$ 202,000	\$ 179,000	\$ 159,000

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 4.09 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09 percent) or one percentage point higher (5.09 percent) than the current rate:

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
School's proportionate share of the net OPEB liability	\$ 179,000	\$ 179,000	\$ 179,000

OPEB Plan Fiduciary Net Position

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

NOTE 14 SUBSCRIPTION LIABILITY

The School entered into subscription arrangements for certain educational software. The software arrangement expires between fiscal year ends June 30, 2024 and June 30, 2025. As of June 30, 2023, the minimum future payments under this lease are as follows:

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 14 SUBSCRIPTION LIABILITY (cont'd)

Year Ending June 30,	Principal	Interest	Total
2024	\$ 22,722	\$ 1,746	\$ 24,468
2025	13,667	697	14,364
Total	\$ 36,389	\$ 2,443	\$ 38,832

NOTE 15 EXCESS EXPENDITURES OVER APPROPRIATIONS

The School overspent budgetary allocations in the following categories:

Non-instructional services	\$ 135,526
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The excess of expenditures over appropriations was financed current year expenditures under budget in other areas and the proceeds from the lease.

NOTE 16 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through December 21, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	MEASUREMENT DATE									
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School's proportion of the net pension liability	0.0097%	0.0105%	0.0128%	0.0131%	0.0158%	0.0238%	0.0253%	0.0263%	0.0275%	0.0214%
School's proportion of the net pension liability - dollar value	\$ 4,312,000	\$ 4,311,000	\$ 6,303,000	\$ 6,129,000	\$ 7,585,000	\$ 11,754,000	\$ 12,538,000	\$ 11,392,000	\$ 10,884,000	\$ 8,761,000
School's covered employee payroll	\$ 1,489,079	\$ 1,489,079	\$ 1,794,000	\$ 1,812,000	\$ 2,134,000	\$ 3,165,000	\$ 3,274,000	\$ 3,387,000	\$ 3,510,000	\$ 2,752,000
School's proportionate share of the net pension liability as a percentage of its covered employee payroll	289.57%	289.51%	351.34%	338.25%	355.44%	371.37%	382.96%	336.34%	310.09%	318.35%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

**BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 471,442	\$ 500,711	\$ 606,000	\$ 595,000	\$ 746,000	\$ 691,000	\$ 844,000	\$ 777,000	\$ 598,000
Contributions in relation to the contractually required contribution	<u>471,442</u>	<u>501,196</u>	<u>606,000</u>	<u>595,000</u>	<u>746,000</u>	<u>691,000</u>	<u>844,000</u>	<u>777,000</u>	<u>598,000</u>
Contribution excess	<u>\$ -</u>	<u>\$ 485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 1,374,000	\$ 1,474,540	\$ 1,808,415	\$ 1,783,573	\$ 2,288,344	\$ 2,177,064	\$ 2,890,411	\$ 3,108,000	\$ 3,511,000
Contributions as a percentage of covered employee payroll	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	17.03%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)

	MEASUREMENT DATE					
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School's proportion of the net OPEB liability	0.0097%	0.0105%	0.0128%	0.0131%	0.0158%	0.0238%
School's proportion of the net OPEB liability - dollar value	\$ 179,000	\$ 249,000	\$ 277,000	\$ 279,000	\$ 329,000	\$ 485,000
School's covered employee payroll	1,474,540	1,489,079	1,794,000	1,812,000	2,134,000	3,165,000
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	12.14%	16.72%	15.44%	15.40%	15.42%	15.32%
System fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 10,305	\$ 12,264	\$ 15,000	\$ 15,000	\$ 20,000
Contributions in relation to the contractually required contribution	<u>10,305</u>	<u>12,000</u>	<u>15,000</u>	<u>15,000</u>	<u>20,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 1,374,000	\$ 1,474,540	\$ 1,808,415	\$ 1,783,573	\$ 2,288,344
Contributions as a percentage of covered employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SINGLE AUDIT INFORMATION



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

December 21, 2023

To the Board of Trustees
Boys Latin of Philadelphia Charter School, Inc.
Philadelphia, 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 each major fund of the Boys Latin of Philadelphia Charter School, Inc. ("the School"), Philadelphia, Pennsylvania, as of and for the year ended June 30, 2023, 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 21, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 School'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.

To the Board of Trustees
Boys Latin of Philadelphia Charter School, Inc.

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 or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.


BARBACANE, THORNTON & COMPANY LLP



INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

December 21, 2023

To the Board of Trustees
Boys Latin of Philadelphia Charter School, Inc.
Philadelphia, Pennsylvania

Report on Compliance for the Major Program

Opinion on Major Federal Program

We have audited the Boys Latin of Philadelphia Charter School, Inc.'s ("the School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2022. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

To the Board of Trustees
Boys Latin of Philadelphia Charter School, Inc.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

To the Board of Trustees
Boys Latin of Philadelphia Charter School, Inc.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor Project Title	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 6/30/2022	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2023	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Education											
<u>Passed through Pennsylvania Department of Education</u>											
Title I - Grants to Local Education Agencies	I	84.010	013-22-1065	09/01/21-09/30/22	\$ 768,075	\$ 76,312	\$ 76,312	\$ -	\$ -	\$ -	\$ -
Title I - Grants to Local Education Agencies	I	84.010	013-23-1065	08/10/22-09/30/24	757,653	649,420	-	754,289	754,289	104,869	-
Total ALN 84.010						725,732	76,312	754,289	754,289	104,869	-
Title II - Improving Teacher Quality	I	84.367	020-22-1065	09/01/21-09/30/22	56,616	3,935	3,935	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-23-1065	08/10/22-09/30/23	48,444	34,366	-	48,444	48,444	14,078	-
Total ALN 84.367						38,301	3,935	48,444	48,444	14,078	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-22-1065	09/01/21-09/30/22	58,334	9,009	9,009	-	-	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-23-1065	08/10/22-09/30/23	60,267	60,267	-	60,267	60,267	-	-
Total ALN 84.424						69,276	9,009	60,267	60,267	-	-
Elementary and Secondary School Emergency Relief Fund I	I	84.425D	200-20-1065	03/13/20-09/30/22	570,821	30,043	30,043	-	-	-	-
Elementary and Secondary School Emergency Relief Fund II	I	84.425D	200-21-1065	03/13/20-09/30/23	2,866,123	1,333,080	427,021	1,505,946	1,505,946	599,887	-
American Rescue Plan - Elementary and Secondary School Emergency Relief	I	84.425U	223-21-1065	03/13/20-09/30/24	5,797,337	1,475,686	446,813	928,284	928,284	(100,589)	-
American Rescue Plan - Elementary and Secondary School Emergency Relief	I	84.425U	225-21-1065	03/13/20-09/30/24	321,847	140,442	64,014	71,080	71,080	(5,348)	-
American Rescue Plan - Elementary and Secondary School Emergency Relief	I	84.425U	225-21-1065	03/13/20-09/30/24	64,369	28,089	(1,158)	54,994	54,994	25,747	-
American Rescue Plan - Elementary and Secondary School Emergency Relief	I	84.425U	225-21-1065	03/13/20-09/30/24	64,369	28,088	53,836	-	-	25,748	-
Total ALN 84.425						3,035,428	1,020,569	2,560,304	2,560,304	545,445	-
<u>Subgrant from U.S. Department of Education</u>											
<u>Passed through School District of Philadelphia</u>											
IDEA	I	84.027	N/A	07/01/21-06/30/22	209,513	209,513	209,513	-	-	-	-
IDEA	I	84.027	N/A	07/01/22-06/30/23	213,951	-	-	213,951	213,951	213,951	-
IDEA - American Rescue Plan	I	84.027	N/A	03/13/20-09/30/24	47,971	47,971	47,971	-	-	-	-
Total ALN 84.027						257,484	257,484	213,951	213,951	213,951	-
Total U.S. Department of Education						4,126,221	1,367,309	3,637,255	3,637,255	878,343	-
U.S. Department of Agriculture											
<u>Passed through Pennsylvania Department of Education</u>											
National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	472,426	12,656	12,656	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	426,222	376,255	-	426,222	426,222	49,967	-
School Breakfast Program	I	10.553	N/A	07/01/21-06/30/22	116,326	4,452	4,452	-	-	-	-
School Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	143,398	128,785	-	143,398	143,398	14,613	-
Supply Chain Assistance	I	10.555	N/A	07/01/22-06/30/23	28,470	28,470	-	28,470	28,470	-	-
Total Child Nutrition Cluster						550,618	17,108	598,090	598,090	64,580	-
P-EBT Local Admin Funds	I	10.649	N/A	07/01/22-06/30/23	628	628	-	628	628	-	-
Total U.S. Department of Education						551,246	17,108	598,718	598,718	64,580	-
TOTAL FEDERAL AWARDS						\$ 4,677,467	\$ 1,384,417	\$ 4,235,973	\$ 4,235,973	\$ 942,923	\$ -

Source Code:
I = Indirect Funding

See accompanying notes to the schedule of expenditures of federal awards

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF THIS SCHEDULE

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

The School uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C INDIRECT COST RATE

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

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major program:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

Yes No

Identification of major program:

Assistance Listing Number

Name of Federal Program or Cluster

84.425D, 84.425U
84.010

Education Stabilization Fund
Title I – Improving Basic Programs

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

BOYS LATIN OF PHILADELPHIA CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.