

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
BELOVED COMMUNITY CHARTER SCHOOL
NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

BELOVED COMMUNITY CHARTER SCHOOL
JUNE 30, 2024
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January 15, 2025

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Beloved Community Charter School for the fiscal year ended June 30, 2024, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

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

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

BelovED is a public charter school operating in Jersey City, NJ. School Year 2024 (July 2023-June 2024), the subject year of this audit, was BelovED's twelfth operating year.

BelovED, a public charter school operating in Jersey City, NJ, features an extended school day; free bus transportation, tutoring, afterschool programs and summer school; and dual credit programs that enable students to earn college credits while in high school.

The school's education program combines a formative assessment-intensive, data-driven approach to instruction with Teach Like a Champion instructional techniques and a values and character education program inspired by Martin Luther King, Jr.'s, conception of the "Beloved Community."

- 2) **ENROLLMENT OUTLOOK** – BelovED opened in 2012, offering grade levels K-12. It added one grade level a year through 2023, when it became a K-12 school. BelovED has always operated close to its approved maximum enrollment and enjoys a waitlist of over 1,500 applicants.

School Year	Maximum Approved Enrollment	Actual Enrollment / % of Maximum Approved
SY12-13	360	335 / 93%
SY13-14	480	470 / 98%
SY14-15	600	596 / 99%
SY15-16	720	718 / 100%
SY16-17	840	840 / 100%
SY17-18	960	958 / 100%
SY18-19	1,080	1,074 / 99%
SY19-20	1,200	1,200 / 100%
SY20-21	1,320	1,320 / 100%
SY21-22	1,440	1,430 / 99%
SY22-23	1,560	1,548 / 99%
SY23-24	1,560	1,550 / 99%

BelovED also enjoys a high level of student retention. When students leave, it is usually because their families are moving out of Jersey City. The lag between when a student leaves and when a waitlisted student fills the opened seat is what accounts for any seat temporarily not being filled.

Looking ahead, BelovED anticipates that it will operate at its approved 1,560 student maximum enrollment through the end of its current charter term but will apply for an up to 46% increase in enrollment over the course of its next charter term, which would begin on July 1, 2026, and extend to June 30, 2031. Jersey City's population is booming and additional seats at high quality public schools are desperately needed.

STRONG FINANCES

In SY17-18, New Jersey passed a school funding reform to correct problems that had existed under the previous school funding law. This has caused BelovED's funding on a per

student basis to rise from less than half that of the traditional local school district to approximately 90% of it, the ratio called for in New Jersey's Charter School law.

School Year	State & Local Funding (Excluding Non-Budgeted State Funding for Pensions)	Enrollment	State & Local Funding/Student
SY17-18	\$11,083,815	958	\$11,570
SY18-19	\$12,557,910	1074	\$11,693
SY19-20	\$15,862,222	1200	\$13,219
SY20-21	\$21,545,432	1320	\$16,322
SY21-22	\$28,197,290	1430	\$19,718
SY22-23	\$32,552,914	1548	\$21,029
SY23-24 ¹	\$41,094,424	1550	\$26,513
SY24-25 ¹	\$42,185,860	1560	\$27,042

¹Unaudited values based on NJDOE revenue guidance

With BelovED's State & Local Funding *per student* having caught up to where it should be in relation to that of the traditional Jersey City Public Schools District, we do not expect it to grow as rapidly over the next five years as it did during the past five. But we do believe that it will grow faster than the New Jersey average as Jersey City's booming economic development continues to increase the property and payroll tax revenues shared by the city's traditional and charter public schools.

In SY25, BelovED's federal grant revenues will have returned to what might be considered a normalized level following their Covid-grant swelled levels of SY23 and SY24. Meanwhile, BelovED's non-tax Other Revenue, the majority of which is earned providing bus transportation to its partner charter school, Empowerment Academy, is up and is likely to continue growing, given that Empowerment Academy had its charter renewed this year and received approval for a 59% increase in enrollment by SY29.

The growth of BelovED's Total Revenues since SY17-18 follows below.

School Year	BelovED Total Revenues	Enrollment	Total Revenues Per Student
SY17-18	\$12,044,711	958	\$12,573
SY18-19	\$14,185,555	1074	\$13,208
SY19-20	\$18,343,299	1200	\$15,286
SY20-21	\$25,777,162	1320	\$19,528
SY21-22	\$32,641,813	1430	\$22,826
SY22-23	\$43,840,051	1548	\$28,320
SY23-24 ¹	\$46,424,024	1550	\$30,847
SY24-25 ¹	\$45,194,860	1560	\$28,971

¹Unaudited values.

By controlling its spending, BelovED has turned its increased revenues into large operating surpluses. This has enabled the school to undertake substantial capital spending to improve its facilities and yet still enjoy a rising General Fund Balance.

School Year	Unreserved General Fund Balance at Year End AFTER Capital Spending	Fund Balance Increase From Prior Year
SY17-18	\$1,308,977	\$573,874
SY18-19	\$2,101,617	\$792,640
SY19-20	\$3,185,534	\$1,083,917
SY20-21	\$7,013,430	\$3,827,916
SY21-22	\$12,369,738	\$5,356,308
SY22-23	\$15,915,780	\$3,546,042
SY23-24	\$32,727,578	\$16,811,798

In SY27-28, BelovED plans to move into new K-12 facilities that a 501(c)3 development entity named Friends of Quality Education (“FQE”) is constructing in Jersey City. BelovED plans to share the new campus with Empowerment Academy Charter School, with which BelovED has shared facilities in the past. This will reduce BelovED’s per student cost for the new space because it will result in site acquisition and infrastructure costs, and the cost of constructing spaces such as a campus theater (that would otherwise be underutilized), being spread over a greater number of students served.

The two schools also plan for Empowerment Academy to occupy and take over the costs of BelovED’s current facilities on Grand Street in Jersey City after BelovED moves its students there to the new campus. When these moves are completed, both schools will enjoy facilities that provide improved support for their academic program and mission.

STRONG EDUCATION PROGRAM

BelovED’s student population mirrors that of the Jersey City Public Schools district (“JCPS”) in its demographic composition, with the exception that BelovED’s student body is MORE economically disadvantaged than that of the local district (and FAR MORE economically disadvantaged than the student population statewide).

**BelovED's Students Are Lower-Income,
But are Otherwise Similar to Their Peers in the Jersey City Public Schools District**

SY22-23 Demographic Data*	BelovED	Jersey City Public Schools (JCPS)	State
% White	19	16	39
% Hispanic	31	38	33
% Black	29	25	14
% Asian	16	18	10
% Two or More Races	4	2	3
% Economically Disadvantaged	76	50	37
% Students with Disabilities	10	14	19
% English Learners	9	16	9

* Most recent data published by the NJDOE.

BelovED has worked hard to provide each of its scholars a constantly improving education program. Covid negatively impacted student learning everywhere but note the steadily improving performance of BelovED's students on state ELA and Math assessments, both before the pandemic and since.

Pre-Pandemic: BelovED Proficiency Rates Rose Every Year

School Year	ELA	Math
2015-16	49	36
2016-17	56	41
2017-18	59	42
2018-19	62	44

Post-Pandemic: BelovED Proficiency Rates Continue to Rise

School Year	ELA	Math
2021-22	59%	40%
2022-23	59%	45%
2023-24	64%	45%

Seemingly intransigent statewide achievement gaps associated with economic disadvantage would predict lower proficiency rates at BelovED than in the Jersey City Public Schools (JCPS) District -- and far lower proficiency rates than the averages statewide.

Instead, thanks to BelovED's strong education program, its scholars beat the odds and outperform their Jersey City and statewide peers.

At BelovED, Our Students' Lower Incomes are No Bar to Higher Learning

Test	BelovED SY24 % Proficient & Above Proficient	JCPS SY23* % Proficient & Above Proficient	State SY23* % Proficient & Above Proficient
ELA 3	55%	40%	42%
ELA 4	57%	43%	51%
ELA 5	50%	44%	53%
ELA 6	59%	41%	49%
ELA 7	76%	53%	56%
ELA 8	71%	45%	55%
ELA 9	77%	42%	52%
ELA Schoolwide	64%	44%	51%
MATH 3	60%	36%	46%
MATH 4	59%	31%	44%
MATH 5	30%	28%	40%
MATH 6	22%	24%	34%
MATH 7	47%	28%	34%
MATH 8	34%	11%	18%
GEOMETRY	45%	27%	35%
ALGEBRA 1	50%	61%	55%
MATH Schoolwide	45%	29%	38%

* Most recent NJDOE published data.

Expanding educational opportunity for the children of Jersey City is what BelovED is all about – and BelovED is particularly proud that its percentage of economically disadvantaged students meeting grade level proficiency standards is almost TWICE the average statewide.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2024.

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

8) OTHER INFORMATION:

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Nicole Jackson', with a stylized, cursive script.

Nicole Jackson
Board President

BELOVED COMMUNITY CHARTER SCHOOL

ROSTER OF TRUSTEES

JUNE 30, 2024

<u>BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Nicole Jackson	6/25
Annjo Balbutin	6/25
Salvatore Risalvato	6/25
Rich Valdes	6/25
Sam Mikhail	6/25
John Giotis	6/26
Kathleen Mone	6/25

CONSULTANTS AND ADVISORS

June 30, 2024

AUDIT FIRM

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Bank of America

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Beloved Community Charter School, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Beloved Community Charter School's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Beloved Community Charter School as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Beloved Community Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Beloved Community Charter School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beloved Community Charter School's basic financial statements. The combining and individual fund financial statements and the schedules of expenditures of federal awards and state financial assistance, 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 New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, are presented for additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In my opinion, the combining and individual fund financial statements and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2024. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditors' report thereon. My opinions

on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 15, 2025, on my consideration of the Beloved Community Charter School's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Beloved Community Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Beloved Community Charter School's internal control over financial reporting and compliance.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
January 15, 2025

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

BELOVED COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

This section of Beloved Community Charter School annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023-24 fiscal year include the following:

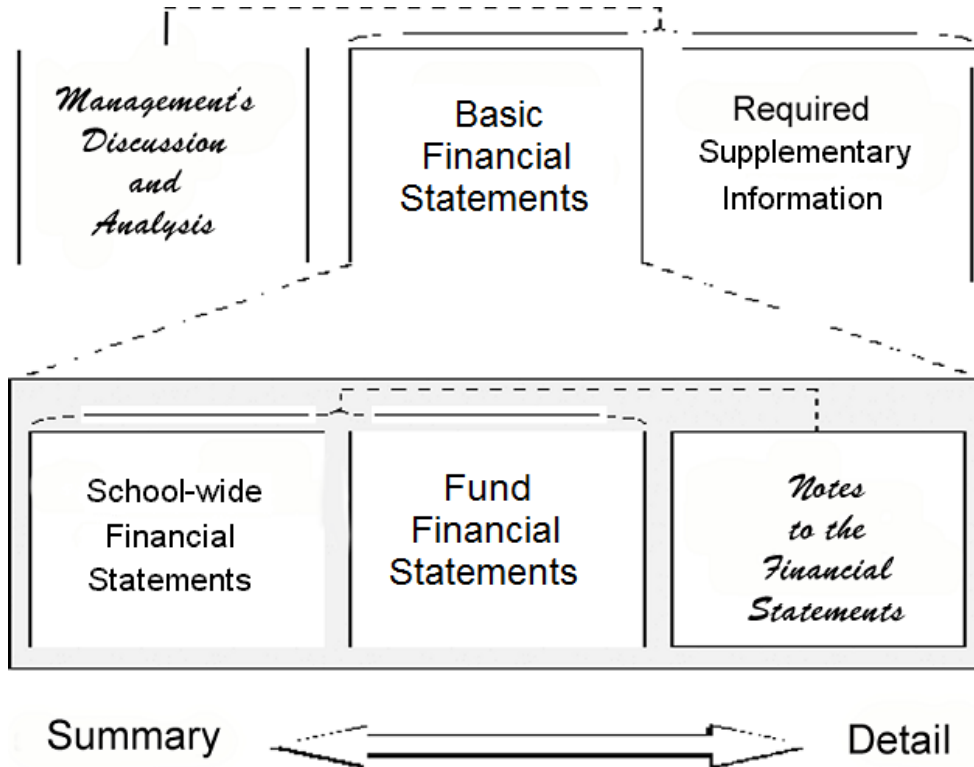
- Total Net Position was \$41,619,219.
- The Unassigned General Fund balance at June 30, 2024 is \$32,727,578.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

BELOVED COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

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



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

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

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

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

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School-wide Statements

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

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

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

- *Governmental activities*- Most of the Beloved Community Charter School's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aid finance most of these activities.
- *Business-type activities*- The Beloved Community Charter School's Food Service Fund and the after school program would be included here for the year ended June 30, 2024.

Fund Financial Statements

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

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

- Some funds are required by State law.

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

**BELOVED COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
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The Beloved Community Charter School has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE BELOVED COMMUNITY CHARTER SCHOOL AS A WHOLE

Net position. The Beloved Community Charter School's net position school wide is \$41,619,219 as of June 30, 2024. (See Table A-1).

Governmental Funds	\$41,298,721
Proprietary Fund	<u>320,498</u>
Total	<u><u>\$41,619,219</u></u>

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Management's Discussion and Analysis
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(Unaudited)

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

- Special Revenues for Federal and State Activities were \$4,376,425.
- Special Revenues and Expenditures for Federal and State Activities were \$4,312,261.
- General Fund Revenues were \$47,150,340.
- General Fund Expenditures were \$29,914,677.

Table A-1
BELOVED COMMUNITY CHARTER SCHOOL
Statement of Net Position
As of June 30, 2024

	<u>Total</u>
Current and Other Assets	\$36,607,496
Deferred Capital Improvements	8,398,371
Capital Assets, Net	3,620,544
Right-to-use lease assets-Net	3,848,120
Deferred Outflows of Resources - Pension	1,905,786
Total Assets and Deferred Outflows	<u>\$54,380,317</u>
Current and Other Liabilities	\$3,396,106
Long-Term Liabilities - Pension	4,783,268
Deferred inflow of resources - Pension	342,236
Lease liabilities - Non Current	4,239,488
Total Liabilities and Deferred Inflows	<u>\$12,761,098</u>
Net Position:	
Invested In Capital Assets, Net	\$3,620,544
Capital Reserve	8,398,371
Restricted - School Escrow	75,249
Restricted - Student Activity	88,065
Unrestricted	29,436,990
Total Net Position	<u>\$41,619,219</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$54,380,317</u>
Fund Balance - June 30, 2024	\$41,609,761
Capital Assets, Net	3,620,544
Net Position before Pension Adjustment	45,230,305
Amortization expense over principal payments on leases	(391,368)
Less: Pension Adjustment	(3,219,718)
Net Position - June 30, 2024	<u>\$41,619,219</u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of Net Position of \$41,619,219 as of June 30, 2024.

BELOVED COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Table A-2
BELOVED COMMUNITY CHARTER SCHOOL
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2024

Revenues	Total
Program revenues	
Charges for services	\$ -
Operating grants and contributions	
General revenues	
Local Share	-
Federal and State Aid-Unrestricted	45,262,893
Special Revenue Aid-Restricted	4,376,425
Proprietary Fund	1,026,595
Other	1,896,447
Increase in Capital Outlay, net	783,222
Total revenues	\$ 53,345,582
Expenses	
Regular Instruction	13,530,257
General Administrative	8,182,773
School Administrative	7,350,422
On-behalf TPAF Social Security / Pension / Medical	4,151,597
Capital Outlay and Deferred Capital Improvements	1,011,889
Proprietary Fund	1,138,963
Total expenses	\$ 35,365,901
Increase in Net Position	17,979,681
Net Position - Beginning of year - July 1, 2023	24,053,684
Net Position before pension adjustment	\$ 42,033,365
Amortization expense over principal payments of leases	102,151
Net Pension Adjustment	(516,297)
Net Position - End of Year - June 30, 2024	\$ 41,619,219

**BELOVED COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)**

**Table A-3 (See Exhibit A-2)
BELOVED COMMUNITY CHARTER SCHOOL
Total and Net Cost of Services - School Wide
For the Fiscal Year Ended June 30, 2024**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Schoolwide Activities			
Instruction			
Regular	B-2	\$ 13,530,257	\$ 11,074,459
Support Services			
General Administrative Services	B-2	8,182,773	6,326,310
School Administrative Services	B-2	7,350,422	7,350,422
On-behalf TPAF Social Security / Pension / Medical	B-2	4,151,597	4,151,597
Proprietary Fund	G-2	1,138,963	1,138,963
Capital Outlay	B-2	1,011,889	1,011,889
Total Schoolwide Activities		<u>\$ 35,365,901</u>	<u>\$ 31,053,640</u>

FINANCIAL ANALYSIS OF THE BELOVED COMMUNITY CHARTER SCHOOL FUNDS

The financial performance of the Beloved Community Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the Beloved Community Charter School completed the year, its general fund reported a combined, unassigned fund balance of \$32,727,578.

Revenues for the Beloved Community Charter School's governmental funds were \$51,535,765 while total expenses were \$34,226,938. (Exhibit B-2)

GENERAL FUND

The General Fund includes the primary operations of the Beloved Community Charter School in providing educational services to students from grade K through grade 12.

BELOVED COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The following schedule presents a summary of Revenues.

Table A-4
BELOVED COMMUNITY CHARTER SCHOOL
Changes in Revenues - School Wide
For the Fiscal Years Ended June 30

Revenues - School Wide	Year Ended 06/30/2024	Year Ended 06/30/2023	Amount of Increase (Decrease)
Local Sources:			
Local Share	\$ -	\$ -	\$ -
Other Local Revenue	1,896,447	2,126,938	(230,491)
Total Local Sources	\$ 1,896,447	\$ 2,126,938	(\$230,491)
Intergovernmental			
Proprietary Fund	\$ 1,026,595	\$ 948,821	\$ 77,774
State Sources	45,262,893	35,961,323	9,301,570
Special Revenue Sources	4,376,425	4,802,969	(426,544)
Total Intergovernmental Sources	\$ 50,665,913	\$ 41,713,113	\$ 8,952,800
Total Revenue - School Wide	\$ 52,562,360	\$ 43,840,051	\$ 8,722,309

The following schedule presents a summary of Expenditures.

Table A-5
BELOVED COMMUNITY CHARTER SCHOOL
Changes in Expenditures - School Wide
For the Fiscal Years Ended June 30

Expenditures - School Wide	Year Ended 06/30/2024	Year Ended 06/30/2023	Amount of Increase (Decrease)
Current:			
Regular Instruction	\$ 13,530,257	\$ 13,117,013	\$ 413,244
General Administrative Services	8,182,773	6,843,725	1,339,048
School Administration	7,350,422	6,500,882	849,540
On-behalf TPAF Social Security / Pension / Medical	4,151,597	4,045,944	105,653
Proprietary Fund	1,138,963	910,387	228,576
Capital outlay	1,011,889	9,171,339	(8,159,450)
Total Expenditures - School Wide	\$ 35,365,901	\$ 40,589,290	\$ (5,223,389)

BELOVED COMMUNITY CHARTER SCHOOL
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For the Fiscal Year Ended June 30, 2024
(Unaudited)

UNASSIGNED FUND BALANCE (DEFICIT) AS A PERCENTAGE OF EXPENDITURES

The following table shows the unassigned fund balance.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Unreserved-Undesignated						
Fund Balance	33,048,076	15,482,914	12,764,170	7,043,805	3,185,534	2,101,617
Expenditures	35,365,901	40,589,290	26,921,401	21,918,891	17,259,382	13,392,915
Percentages	93.4%	38.2%	47.4%	32.0%	18.0%	15.6%

The Beloved Community Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amount of unassigned fund balance for the subsequent years budgets \$33,048,076 for the 2024-25 school year.

CAPITAL ASSETS

Table A-7
BELOVED COMMUNITY CHARTER SCHOOL
Capital Assets - School Wide
For the Fiscal Year Ended June 30, 2024

Equipment	\$1,845,566
Improvements	2,307,951
Total	<u>\$4,153,517</u>
Less: Accumulated Depreciation/Amortization	<u>(532,973)</u>
Total - Capital Assets, Net	<u>\$3,620,544</u>

FACTORS BEARING ON THE SCHOOL'S FUTURE

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

These and many other factors were considered by the Charter School's administration during the process of developing the fiscal year 2024-2025 budget. The primary factors were the Charter School's projected student population, anticipated state and federal aid as well as increasing salary

**BELOVED COMMUNITY CHARTER SCHOOL
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and related benefit costs. These indicators were considered when adopting the budget for fiscal year 2024-2025.

CONTACTING THE BELOVED COMMUNITY CHARTER SCHOOL'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the Beloved Community Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2024.

SCHOOL-WIDE FINANCIAL STATEMENTS

BELOVED COMMUNITY CHARTER SCHOOL
Statement of Net Position
As of June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 32,616,118	\$ 994,440	\$ 33,610,558
Receivables	2,623,573	165,051	2,788,624
Prepaid Expenses	45,000		45,000
Deferred Capital Improvements	8,398,371		8,398,371
Interfund	778,571	(778,571)	-
Cash and Cash Equivalents - Restricted - School Escrow	75,249	-	75,249
Cash and Cash Equivalents - Restricted - Student Activity	88,065	-	88,065
Capital assets, net	3,620,544	-	3,620,544
Right-to-use lease assets-net	3,848,120		3,848,120
Total Assets	<u>52,093,611</u>	<u>380,920</u>	<u>52,474,531</u>
Deferred outflows of resources - Pensions	1,905,786		1,905,786
Total assets and deferred outflows of resources	<u>\$ 53,999,397</u>	<u>\$ 380,920</u>	<u>\$ 54,380,317</u>
LIABILITIES			
Accounts payable	\$ 2,568,437	\$ 60,422	\$2,628,859
Payroll Taxes Payable	131,528		131,528
Payable to school districts	376,745	-	376,745
Deferred Revenue	258,974	-	258,974
Lease liabilities - Noncurrent	4,239,488		4,239,488
Net Pension Liability - Noncurrent	4,783,268	-	4,783,268
Total Liabilities	<u>12,358,440</u>	<u>60,422</u>	<u>12,418,862</u>
Deferred inflows of resources - Pensions	342,236	-	342,236
Total Liabilities and Deferred Inflows of Resources	<u>12,700,676</u>	<u>60,422</u>	<u>12,761,098</u>
NET POSITION			
Invested in capital assets, net	3,620,544	-	3,620,544
Capital Reserve	8,398,371		8,398,371
Restricted - School Escrow Reserve	75,249	-	75,249
Restricted - Student Activity	88,065	-	88,065
Unrestricted	29,116,492	320,498	29,436,990
Total Net Position	<u>41,298,721</u>	<u>320,498</u>	<u>41,619,219</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 53,999,397</u>	<u>\$ 380,920</u>	<u>\$ 54,380,317</u>
Total Governmental Fund Balance June 30, 2024 - B-1	\$ 41,289,263		
Right-to-use lease assets-net of accumulated Amort	3,848,120		
Principal balance of lease liabilities	(4,239,488)		
Cost of capital assets net accumulated depreciation	3,620,544		
Net Position before pension adjustments	44,518,439		
Less: pension adjustments net (Deficit)	(3,219,718)		
Total Net Position June 30, 2024	<u>\$ 41,298,721</u>		

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

BELOVED COMMUNITY CHARTER SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2024

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ (13,530,257)		\$ (2,455,798)		\$ (11,074,459)		\$ (11,074,459)
Support services:							
General administratrn	(8,182,773)		(1,856,463)		(6,326,310)		(6,326,310)
School administrative services/ operations plant serv.	(7,350,422)				(7,350,422)		(7,350,422)
On - behalf TPAF Social Security/Pension/Medical	(4,151,597)				(4,151,597)		(4,151,597)
Capital Outlay	(1,011,889)				(1,011,889)		(1,011,889)
Total governmental activities	<u>(34,226,938)</u>		<u>(4,312,261)</u>		<u>(29,914,677)</u>		<u>(29,914,677)</u>
Business-type activities:							
Food Service and After School Program	(1,138,963)	(1,138,963)	-			(1,138,963)	(1,138,963)
Total business-type activities	<u>(1,138,963)</u>	<u>(1,138,963)</u>				<u>(1,138,963)</u>	<u>(1,138,963)</u>
Total primary government	<u>\$ (35,365,901)</u>	<u>\$ (1,138,963)</u>	<u>\$ (4,312,261)</u>		<u>\$ (29,914,677)</u>	<u>\$ (1,138,963)</u>	<u>\$ (31,053,640)</u>
General revenues:							
		Local Share			\$ -	\$ -	\$ -
		State Share			26,159,830	33,575	26,193,405
		State and Federal Aid			19,103,063	907,665	20,010,728
		Student Activity			64,164		64,164
		Miscellaneous Income			1,896,447	85,355	1,981,802
		Increase in net Capital Outlay			783,222	-	783,222
		Total general revenues, special items, extraordinary			<u>48,006,726</u>	<u>1,026,595</u>	<u>49,033,321</u>
		Change in Net Position - Increase (Decrease)			<u>18,092,049</u>	<u>(112,368)</u>	<u>17,979,681</u>
		Capital Reserve			0		0
		Amortization expense over principal payments of leases			102,151		102,151
		Net Pension Adjustment			(516,297)	-	(516,297)
		Net Position - July 1, 2023			23,620,818	432,866	24,053,684
		Net Position - June 30, 2024			<u>\$ 41,298,721</u>	<u>\$ 320,498</u>	<u>\$ 41,619,219</u>

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BELOVED COMMUNITY CHARTER SCHOOL
Balance Sheet
Governmental Funds
As of June 30, 2024

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 32,616,118	\$ -	\$ 32,616,118
Receivables	477,061	2,146,512	2,623,573
Deferred Capital Improvements	8,398,371		8,398,371
Prepaid Expenses	45,000		45,000
Interfund	1,769,221	(990,650)	778,571
Cash and Cash Equivalents - Restricted - School Escrow	75,249		75,249
Cash and Cash Equivalents - Restricted - Student Activity		88,065	88,065
Total assets	<u>\$ 43,381,020</u>	<u>\$ 1,243,927</u>	<u>\$ 44,624,947</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,661,520	\$ 906,917	\$ 2,568,437
Payroll Taxes Payable	131,528		131,528
Payable to School Districts	376,745	-	376,745
Deferred Revenue	10,029	248,945	258,974
Total liabilities	<u>\$ 2,179,822</u>	<u>\$ 1,155,862</u>	<u>\$ 3,335,684</u>
Fund Balances:			
Reserved - Capital Improvements	8,398,371		8,398,371
Restricted - Student Activity	-	88,065	88,065
Restricted - School Escrow	75,249		75,249
General fund - Unassigned Fund balance	<u>32,727,578</u>		<u>32,727,578</u>
Total Fund Balance	<u>41,201,198</u>	<u>88,065</u>	<u>41,289,263</u>
Total liabilities and fund balances	<u>\$ 43,381,020</u>	<u>\$ 1,243,927</u>	<u>\$ 44,624,947</u>

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

Governmental Fund Balance - June 30, 2024	\$ 41,289,263
Right -to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,619,940 less the accumulated amortization (5,771,820)	3,848,120
Lease liabilities used in governmental activities are not financial resourced and therefore are not reported in the funds	(4,239,488)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation	4,153,517 (532,973)
	<u>3,620,544</u>
Net position before pension adjustments	44,518,439
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore, are not reported in the fund statements.	1,905,786
Deferred Inflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements	(342,236)
Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds	<u>(4,783,268)</u>
Net position of governmental activities - June 30, 2024	<u>\$41,298,721</u>
The accompanying Notes to the Basic Financial Statements are an integral part of this document.	

BELOVED COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Student Activity	\$ -	\$ 64,164	\$ 64,164
State Share	26,159,830	491,117	26,650,947
Miscellaneous	1,896,447	-	1,896,447
Total - Local Sources	28,056,277	555,281	28,611,558
State Sources	19,086,191		19,086,191
Federal Sources	16,872	3,821,144	3,838,016
Total Revenues	<u>\$ 47,159,340</u>	<u>\$ 4,376,425</u>	<u>\$ 51,535,765</u>
EXPENDITURES			
Current:			
Regular instruction	\$ 11,074,459	\$ 2,455,798	\$ 13,530,257
Support services- General Administrative	6,326,310	1,856,463	8,182,773
Support Services- School Admin/ operations plant serv	7,350,422		7,350,422
On-behalf TPAF Social Security/Pension/Medical	4,151,597		4,151,597
Capital outlay	1,011,889		1,011,889
Total expenditures	<u>29,914,677</u>	<u>4,312,261</u>	<u>34,226,938</u>
Excess (Deficiency) of revenues over expenditures	<u>17,244,663</u>	<u>64,164</u>	<u>17,308,827</u>
OTHER FINANCING SOURCES (USES)			
Transfers in Capital Reserve	-		-
Transfers out	-		-
Total other financing sources and uses	<u>-</u>		<u>-</u>
Net change in fund balances - Increase	17,244,663	64,164	17,308,827
Total Unassigned - Fund balance - July 1, 2023	23,956,535	23,901	23,980,436
Total Unassigned - Fund balance - June 30, 2024	<u>\$ 41,201,198</u>	<u>\$ 88,065</u>	<u>\$ 41,289,263</u>

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

BELOVED COMMUNITY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Total net change in fund balances - Increase - governmental funds (from B-2) **\$ 17,244,663**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Increase in Capital Reserve 0

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$	(248,857)	
Capital outlays		<u>1,032,079</u>	
	\$		783,222

Amortization expense over principal payments on leases 102,151

Increase in Student Activity \$64,164

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

(516,297)

Change in net position of governmental activities - Increase **\$ 17,677,903**

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

PROPRIETARY FUNDS

Exhibit B-3

**Beloved Community Charter School
Proprietary Fund
Statement of Net Position
As of June 30, 2024**

	<u>Business-Type Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 994,440
Intergovernmental Receivable	
Federal	158,098
State	6,257
Accounts Receivable - Other	696
Interfund	<u>(778,571)</u>
Total Current Assets	<u>380,920</u>
Total Assets	<u>\$ 380,920</u>
LIABILITIES	
Accounts Payable	<u>\$ 60,422</u>
Total Current Liabilities	<u>60,422</u>
Net Position	
Unrestricted	320,498
Invested in capital assets, net	<u>-</u>
Total Net Position	<u>320,498</u>
Total Liabilities and Net Position	<u>\$ 380,920</u>

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

Exhibi B-5

BELOVED COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities Proprietary Fund Food Services
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Special Lunch and Breakfast Program	\$ -
Special Functions	85,355
Total Operating Revenues	<u>85,355</u>
 OPERATING EXPENSES	
Cost of sales	<u>(1,138,963)</u>
Total Operating Expenses	<u>(1,138,963)</u>
 (Loss) From Operations	<u>(1,053,608)</u>
 Nonoperating Revenues	
State Sources	
State Breakfast- EIE	2,251
State Breakfast-After the Bell	7,940
State Breakfast	1,178
State Lunch- EIE	7,342
State Lunch	14,864
Federal Sources	
Supply Chain Assistance	40,075
PEBT	3,256
School Breakfast Program	181,804
National School Lunch Program	605,018
Federal Snack	77,512
Total Nonoperating Revenues	<u>941,240</u>
 Change in Net Position (Decrease)	 (112,368)
Total Net Position - Beginning of Year - July 1, 2023	<u>432,866</u>
Total Net Position - End of Year - June 30, 2024	<u>\$ 320,498</u>

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

Exhibit B-6

BELOVED COMMUNITY CHARTER SCHOOL
Statements of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

Cash flows from operating activities	
Cash Received from Customers	\$ 85,355
Cash Payments supplies, material and other	<u>(1,079,540)</u>
Net Cash (Used) by Operating Activities	<u>(994,185)</u>
 Cash Flows from Noncapital Financing Activities	
Interfund Adjustment	462,069
Cash Received from State and Federal Subsidy Reimbursements	<u>903,484</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,365,553</u>
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	<u>371,368</u>
Cash and Cash Equivalents, Beginning of Year - July 1, 2023	<u>623,072</u>
Cash and Cash Equivalents, End of Year - June 30, 2024	<u><u>\$ 994,440</u></u>
 Reconcillation of Operating Income to Net Cash	
Used by Operating Activities	
Operating (Loss)	\$ (112,368)
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
 Adjustment to Interfund	462,069
Change in Assets and Liabilities	
(Decrease) in Accounts Receivable	(37,755)
Increase in Accounts Payable	<u>59,422</u>
Total Cash Provided by Operating Activities	<u>483,736</u>
 Net Cash Provided by Operating Activities	<u><u>\$ 371,368</u></u>

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

FIDUCIARY FUNDS

Exhibit B-7

**BELOVED COMMUNITY CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2024**

NOT APPLICABLE

Exhibit B-8

**BELOVED COMMUNITY CHARTER SCHOOL
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

NOTES TO THE BASIC FINANICAL STATEMENTS

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

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

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

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, section of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis of Presentation

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

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Statements

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

Fund Financial Statements

During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Charter School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

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

Governmental Funds

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

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Proprietary Funds

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

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

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

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

Basis of Accounting

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

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L 2004 c73 (S 1701).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L 2004 c73 (S 1701).

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

F. Encumbrances

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

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$0 of encumbrances at June 30, 2024. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Cash, Cash Equivalents and Investments

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Cash, Cash Equivalents and Investments (continued)

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

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

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

I. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

J. Short-Term Interfund Receivables/Payables

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

K. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Charter School maintains a capitalization threshold of \$2,000. Improvements are

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets (continued)

capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description of Capital Cost</u>	<u>Estimated Lives (Years)</u>
Right-to-Use Assets	5
Leasehold improvements	10
Furniture and Equipment	7

K. Accrued Liabilities and Long-Term Obligations

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

L. Net Position/Fund Balance

School-Wide Statements

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

- Invested in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included. Also included in invested in capital assets are amounts the Charter School prepaid in advance of the work performed.
- Restricted Net Position - reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Unrestricted Net Position - any portion of net position not already classified as either net invested in capital assets or net position - restricted is classified as net position – unrestricted, which includes deferred inflows and outflows

Fund Balance and Equity

The Charter School follows GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”), in establishing fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds' financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

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

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

M. Unearned/Deferred Revenue

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

N. Fund Equity

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Use of Estimates

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

P. On-Behalf Payments

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

Q. Deferred Outflows/Inflows

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

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

R. Compensated Absences

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Compensated Absences

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

As of June 30, 2024, Charter School-wide compensated absences amounted to \$-0-.

S. Fair Value of Financial Instruments

The Charter School follows the accounting and disclosure standards pertaining to GASB No. 72, Fair Value Measurement and Application, for qualifying assets and liabilities. Fair value is defined as the price that the Charter School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

Level 3 - Inputs that are unobservable and which require significant judgment or estimation. An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Adoption of New Accounting Standard

GASB 87: *Leases*

During fiscal year 2024, the Charter School adopted the following GASB statements:

- GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASE Statement No. 62, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Other accounting standards that the Charter School is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 101, Compensated Absences, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.
- GASB Statement No. 102, Certain Risk Disclosures, will be effective beginning with the fiscal year ending June 30, 2025. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a charter school vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a charter school's financial condition.
- GASB Statement No. 103, Financial Reporting Model Improvements, will be effective beginning with the fiscal year ending June 30, 2026. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from a charter school to charter school, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

U. Lease Assets

Intangible right-to-use lease assets are assets which the Charter School leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the Charter School's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

V. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets are determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

W. Lease Payable

In the school-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

X. Subscription Payable

In the school-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the Charter School's incremental borrowing rate over the subscription term is reported as other financing sources.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, cash in banks, and all highly liquid investments with a maturity of three months or less.

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

\$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. As of June 30, 2024, \$250,000 of the Charter School's bank balances were covered by the FDIC, the excess was covered by GUDPA.

Investments

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

As of June 30, 2024, the Charter School had no investments.

4 PENSION PLANS

Description of Plans - Substantially all of the employees of the School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

4 PENSION PLANS (continued)

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

Public Employees' Retirement System (PERS) - The public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county municipality, School, or public agency provided the employee is not a member of another state-administered retirement system.

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

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

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

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

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

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

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

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

4 PENSION PLANS (continued)

the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

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

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

COLA Suspension

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

Contribution Requirements

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

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

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. Under current statute the School is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and Schools).

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

4 PENSION PLANS (continued)

The School's contribution to PERS for the year ended June 30, 2024 was \$441,370.

In accordance with N.J.S.A 18A:66-66 the School recorded as revenue for the year ended June 30, 2024 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries in the amount of \$548,559. Also the State paid \$3,603,038 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

5 PENSION PLANS – GASB 68 DISCLOSURES

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

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

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$33,027,380 as measured on June 30, 2023 and \$26,932,487 as measured on June 30, 2022.

For the year ended June 30, 2024, the Charter School recognized pension expense of \$811,387 and revenue of \$811,387 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2024 is based upon changes in the collective net pension liability with a measurement period of June 30, 2023 through June 30, 2023. Accordingly, the pension expense and the related revenue associated

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2022 and June 30, 2023.

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School.

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

	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Collective deferred outflows of resources	\$4,885,289,911	\$2,413,548,676
Collective deferred inflows of resources	\$19,563,805,393	\$14,741,373,312
Collective net pension liability (Non-employer - State of New Jersey)	\$51,594,415,806	\$51,032,669,551
State's portion of the net pension liability that was associated with the Charter School	\$26,932,487	\$33,027,380
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	.037005%	.033024%

Actuarial Assumptions

Components of Collective Net Pension Liability

The components of the net pension liability of the State as of June 30, 2023 are as follows:

Total pension liability	\$78,240,143,092
Plan fiduciary net position	<u>27,130,181,268</u>
Net pension liability	\$51,109,961,824

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation (Price):	2.75%
Inflation (Wage):	3.25%
Salary Increases: Thereafter	2.75 - 4.25% based on years of service
Investment Rate of Return:	7%

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. 100% of active members are considered to participate in the plan upon retirement.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long term expected of return was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
\$60,267,919,597	\$51,109,961,824	\$43,396,784,734

Pension Plan Fiduciary Net Position

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

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

At June 30, 2024, the Charter School reported a liability of \$4,783,268 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2023. At June 30, 2023, the Charter School's proportion was .033024%.

For the year ended June 30, 2024, the Charter School recognized pension expense (benefit) of \$584,317. At June 30, 2024, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,734	\$ 19,552
Changes of assumptions	10,508	289,887
Net difference between projected and actual earnings on pension plan investments	22,028	
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	1,386,146	32,797
Charter School contributions subsequent to the measurement date.	441,370	
Total	<u>\$1,905,786</u>	<u>\$342,236</u>

The Charter School reported \$441,370 as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ended June 30, 2024, the plan measurement date was June 30, 2023) will be recognized as a reduction of the net pension liability measured as of June 30, 2024.

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

	<u>Year Ended June 30:</u>
2024	(\$252,541)
2025	(\$140,959)
2026	\$196,981
2027	(\$35,252)
2028	\$600
Total:	<u>(\$231,171)</u>

	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Collective deferred outflows of resources	\$1,660,772,008	\$1,080,204,730
Collective deferred inflows of resources	\$3,236,303,935	\$1,780,216,457
Collective net pension liability (Non-State-Local Group)	\$51,219,184,920	\$14,606,489,066
Charter School's proportion of net pension liability	4,468,002	\$4,783,268
Charter School's proportion percentage	.029606%	.033024%

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.75% – 6.55% - based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2022.

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

The following presents the Charter School’s proportionate share of the net pension liability measured as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School’s proportionate share of the net pension liability	\$5,500,758	\$4,783,268	\$4,065,778

Pension Plan Fiduciary Net Position

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2023 are summarized in the following table:

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
US equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

6 POST RETIREMENT MEDICAL BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations In Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor.

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

6 POST RETIREMENT MEDICAL BENEFITS (continued)

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements.

In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/pensions/financialreports.shtml>

Total OPEB Liability

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

6 POST RETIREMENT MEDICAL BENEFITS (continued)

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

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

Total Nonemployer OPEB Liability:	<u>\$52,361,668,239</u>	
	TPAF/APB	PERS
	2.75% to 4.25% based	2.75% to 6.55% based
Salary increases:	on years of service	on years of service

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP -2022. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

6 POST RETIREMENT MEDICAL BENEFITS (continued)

central year using Scale MP -2022. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP -2022 for current disables retirees.

Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP -2022.

Total Nonemployer OPEB Liability: \$52,361,668,239

	TPAF/ABP	PERS	PFRS
Salary increases:	2.75% to 4.25% based on years of service	2.75% to 6.55% based on years of service	3.25% to 16.25% based on years of service

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2022.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate used to measure the total OPEB liability was 3.65%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

6 POST RETIREMENT MEDICAL BENEFITS (continued)

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at June 30, 2022	\$50,646,462,966
Changes for the year:	
Service Cost	2,136,235,175
Interest on the Total OPEB Liability	1,844,113,951
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(980,424,902)
Changes of Assumptions	105,539,463
Gross Benefit Payments by the state	(1,437,516,518)
Contributions from Members	47,258,104
Net Changes	<u>1,715,205,273</u>
The State's Total OPEB Liability Balance at June 30, 2023	\$52,361,668,239
The State's Total OPEB Liability attributable to the Charter School	<u>\$8,029,736</u>

Sensitivity of the total Nonemployer OPEB liability to changes in the discount rate. The following presents the total nonemployer OPEB liability as of June 30, 2023, respectively, calculated using a discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current rate:

<u>At 1% Decrease</u> <u>(2.65%)</u>	<u>At Discount Rate</u> <u>(3.65%)</u>	<u>At 1% Increase</u> <u>(4.65%)</u>
\$61,385,066,712	\$52,361,668,239	\$45,116,926,835

Sensitivity of total Nonemployer OPEB liability to changes in the healthcare trend rates. The following presents the total nonemployer OPEB as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>At 1% Decrease</u>	<u>Health Care Cost</u> <u>Trend Rate</u>	<u>At 1% Increase</u>
\$43,468,257,358	\$52,361,668,239	\$63,998,719,320

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

6 POST RETIREMENT MEDICAL BENEFITS (continued)

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

For the year ended June 30, 2023, the Charter School recognized OPEB expense and related revenue of \$2,025,722 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Charter School's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. The following table illustrates the Deferred Inflows and Outflows as of the June 30, 2023 measurement date under GASB 75.

	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$7,639,717,639	\$13,791,541,217
Net difference between expected and actual earnings on OPEB Plan Investments	0	0
Assumption changes	7,445,895,322	14,449,948,556
Subtotal	<u>\$15,085,612,961</u>	<u>\$28,241,489,773</u>
Contributions made in fiscal year ending 6/30/24 after measurement date	TBD	N/A
Total	<u>TBD</u>	<u>\$28,241,489,773</u>

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

Fiscal Year Ending June 30,	Total
2024	(\$3,918,676,894)
2025	(\$3,446,016,070)
2026	(\$1,604,289,401)
2027	(\$1,742,641,843)
2028	(1,672,806,952)
Thereafter	56,606,524
	<u>(\$12,327,824,636)</u>

7 DEFERRED COMPENSATION

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

7 DEFERRED COMPENSATION (continued)

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

8 CONTINGENT LIABILITIES

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

If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of grant expenditures have not been audited, except as disclosed in the K Section of this report, by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School's attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Charter School and which might materially affect the Charter School's financial position.

9 RISK MANAGEMENT

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

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Annual Comprehensive Financial Report.

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

10 RECEIVABLES

Receivables as of June 30, 2024 consisted of accounts, intergovernmental, grants, notes and miscellaneous. All receivables are considered collectible in full.

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

10 RECEIVABLES (continued)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total All Funds</u>
Receivables:				
Accounts	\$477,061	\$2,146,512	\$165,051	\$2,788,624
Gross Receivables	<u>\$477,061</u>	<u>\$2,146,512</u>	<u>\$165,051</u>	<u>\$2,788,624</u>

11 CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2024.

	<u>July 1, 2023</u>	<u>Additions</u>	<u>June 30, 2024</u>
Equipment	\$1,006,839	\$ 838,727	\$1,845,566
Leasehold Improvements	2,114,599	193,352	2,307,951
Total	<u>\$3,121,438</u>	<u>\$1,032,079</u>	<u>\$4,153,517</u>
Less Accumulated Depreciation	(284,116)	(248,857)	(532,973)
Net Capital Assets	<u>\$2,837,322</u>	<u>\$783,222</u>	<u>\$3,620,544</u>

A total depreciation expense of \$248,857 was charged to an unallocated function.

	<u>Beginning Balance July 1, 2023</u>	<u>Net Additions/ Adjustments (Deletions)</u>	<u>Ending Balance June 30, 2024</u>
Governmental Activities			
Right to use lease assets:			
Premises	<u>\$11,181,918</u>	<u>(\$1,561,978)</u>	<u>\$9,619,940</u>
Total	<u>\$11,181,918</u>	<u>(\$1,561,978)</u>	<u>\$9,619,940</u>
Less: accumulated amortization	<u>(1,863,653)</u>	<u>(3,908,167)</u>	<u>(5,771,820)</u>
Right to use lease assets, net	<u>\$9,318,265</u>	<u>(\$5,470,145)</u>	<u>\$3,848,120</u>

The Right to Use lease assets were revised due to a revision in lease terms.

12. COMMITMENTS AND SHARED SERVICES

Professional Services Agreement

The school entered into a professional services agreement with an entity to provide specialized support services. The terms of the contract were for the period July 1, 2023 to June 30, 2024 at an annual fee of \$196,776.

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

12. COMMITMENTS AND SHARED SERVICES (continued)

Shared Services

The School entered into agreements with Empowerment Academy Charter School Inc. for certain receipt of operational and custodial services for \$47,628 per annum. Offset by business, educational support, and transportation income of \$517,688 net income to Beloved Charter School of \$470,400.

13. RELATED PARTY/RENTAL OF PREMISES

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

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

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

Related Party – Lease agreement

The school entered into a rental lease agreement in July 2019 from The Friends of Beloved Community Charter School 2, Inc., a related party for its location on 508 and 531 Grand Street, Jersey City NJ. The initial term of the lease was from July 2019 to June 2024, with options to renew the lease subject to the School maintaining its charter. The base monthly initial rent was \$153,346., commencing 8/1/2019. The School is also subject to certain covenants, including a sufficient coverage service ratio of 110% and 45 days cash on hand at June 30, 2024 and 2023. As of June 30, 2024, the school was in compliance with its debt covenants.

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

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

13. RELATED PARTY/RENTAL OF PREMISES (continued)

certain costs of issuing the Bonds; (v) fund capitalized interest; and (vi) fund deposits to the debt service reserve fund and various funds and accounts. The Bonds issued were series A&B Bonds with a par value of \$37,735,000.

The Charter School leases its premises under the terms of non-cancelable through the Charter School's current charter. Certain leases are automatically extended upon the charter renewal and can be extended through various dates. Interest expense on the leases was \$468,697 for the year ended June 30, 2024, which is reflected as lease interest expense in the accompanying budgetary comparison schedule – general fund (exhibit C-1). The net value of the right-to-use lease assets and lease liabilities was (\$391,368) as of June 30, 2024, which was calculated using a discount rate of 7% (the School's estimated incremental borrowing rate as of July 1, 2022). The value of the lease liabilities and right-of-use lease assets at July 1, 2022 was \$9,619,940. Amortization of the related right-to-use lease assets was \$1,923,940 for the year ended June 30, 2024.

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

BELOVED CHARTER SCHOOL
Long Term Lease Schedule
June 30, 2024

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortization</u>
2024 - 2027	\$4,239,488	\$450,211	\$3,848,120

14. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfunds - The composition of interfund balances as of June 30, 2024 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$1,883,270	\$ -0-
Special Revenue		(990,650)
Food Service		(778,571)
Agency		(114,049)
Total	\$1,883,270	(\$1,883,270)

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

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

14. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

Interfund Transfers:

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

15. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

The reconciliation is as follows:

Fund balance (per B-1) as of June 30, 2024 – Governmental	\$41,289,263
Cost of capital assets net accumulated depreciation	3,620,544
Right-to-Use assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is less the accumulated amortization	3,848,120
Lease liabilities used in governmental activities are not financial resourced and therefore are not reported in the funds	(4,239,488)
Pension deferred outflows	1,905,786
Pension deferred inflows	(342,236)
Deferred pension liability as of June 30, 2024	<u>(4,783,268)</u>
Net position (per A-1) as of June 30, 2024 – Governmental	<u>\$41,298,721</u>

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

16. FUND BALANCES

RESTRICTED

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, granters, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the Charter School's fund balance are summarized as follows:

CAPITAL RESERVE

The school established a Capital Reserve in the amount of \$8,398,371 of its unrestricted fund balance in anticipation of the cost of acquiring renovating and moving their school to a new facility to accommodate the expansion of their student base for the school year 2027-2028.

Charter School Escrow Reserve - In accordance with the New Jersey Charter School agreement, the Charter School has established an escrow that is restricted for the possible costs associated with the dissolution of the Charter School. As of June 30, 2024, the balance of the escrow is \$75,249.

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities. At June 30, 2024 the amounted restricted for student group activities was \$88,065.

17. SUBSEQUENT EVENTS

The Charter School has evaluated subsequent events occurring after the financial statement date through January 15, 2025 which is the date the financial statements were available to be issued. Based upon this evaluation, the Charter School has determined that the following subsequent events needed to be disclosed:

BelovED plans to make significant facility site capital improvements in 2025.

BelovED also plans to execute a lease in the year ahead for K-12 facilities that are to be newly constructed and ready for BelovED's occupancy in SY27-28.

The facilities will be located at a charter school campus in the Canal Crossing Redevelopment Area of Jersey City that will also host newly constructed high school facilities for Empowerment Academy Charter School (a school with which BelovED has shared facilities in the past and with which it has various shared services agreements).

The charter public school campus to be constructed (the "Campus") is expected to feature approximately 300,000 sf of instructional facilities. BelovED would prospectively be the lead tenant, leasing approximately 76% of the space, and would move its K-12 operations to the site. Empowerment Academy would prospectively sub-lease BelovED's current facilities for

BELOVED COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

17. SUBSEQUENT EVENTS (continued)

Empowerment Academy's K-8 operations and would lease the remaining 24% of the Canal Crossing space for its high school. BelovED, if approved for enrollment growth during its next charter term, could take over some of Empowerment Academy's transferable school leases of former parochial schools: leases that Empowerment Academy would no longer need and would otherwise not renew.

FQE expects to receive Construction Manager bids in the Spring of 2025. After it has selected a bidder and secured a Guaranteed Maximum Price, it expects to finalize its planned tax-exempt financing for the project and to present projected lease terms to BelovED and Empowerment Academy.

If the schools approve the final project plans and lease terms, they will execute their leases and become obligated, once the facilities have been constructed and approved for occupancy by the municipal building department, to pay the agreed rents.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

BELOVED COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Share	\$ -	\$ -	\$ -	\$ -	\$ -
State Share	26,159,830	-	26,159,830	26,159,830	-
Miscellaneous	906,407	658,766	1,565,173	1,896,447	(331,274)
Total - Local Sources	<u>27,066,237</u>	<u>658,766</u>	<u>27,725,003</u>	<u>28,056,277</u>	<u>(331,274)</u>
Special Education	478,438	-	478,438	478,438	-
Security Aid	817,952	-	817,952	817,952	-
Jersey City Payroll Tax	13,605,234		13,605,234	13,605,234	-
Adjustment Aid	32,970		32,970	32,970	-
TPAF Disability (On-Behalf - Non-Budgeted)				3,006	(3,006)
TPAF Medical (On-Behalf - Non-Budgeted)				770,182	(770,182)
TPAF Pension (On-Behalf - Non-Budgeted)	-		-	2,829,850	(2,829,850)
TPAF Social Security (Reimbursed - Non-Budgeted)				548,559	(548,559)
Total State Sources	<u>14,934,594</u>	<u>-</u>	<u>14,934,594</u>	<u>19,086,191</u>	<u>(4,151,597)</u>
Federal Sources - Medical Assistance - SEMI				16,872	(16,872)
Total - Federal Sources				16,872	(16,872)
Total Revenues	<u>42,000,831</u>	<u>658,766</u>	<u>42,659,597</u>	<u>47,159,340</u>	<u>(4,499,743)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	\$ 7,763,184	\$ (501,804)	\$ 7,261,380	\$ 7,179,744	\$ 81,636
Other Salaries	3,684,056	351,129	4,035,185	2,892,831	1,142,354
Prof/Tech Services	47,072	700	47,772	22,819	24,953
Other Purchased Services (400-500 series)	151,687	(700)	150,987	123,534	27,453
General Supplies	692,751	(206,890)	485,861	315,009	170,852
Textbooks	187,578	33,179	220,757	219,145	1,612
Other Objects	115,746	206,341	322,087	321,377	710
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>12,642,074</u>	<u>(118,045)</u>	<u>12,524,029</u>	<u>11,074,459</u>	<u>1,449,570</u>

BELOVED COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administrative Salaries	2,663,145	7,208	2,670,353	2,670,053	300
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Cost of Benefits	2,842,935	15,708	2,858,643	2,663,462	195,181
Consultants	593,706	(129,650)	464,056	371,814	92,242
Other Purchased Services (400-500 series)	716,657	28,255	744,912	244,546	500,366
Communications/Telephone	285,516	(56,807)	228,709	222,389	6,320
Supplies and Materials	56,832	53,626	110,458	62,945	47,513
Other Objects	69,970	21,131	91,101	91,101	-
	<u>7,228,761</u>	<u>(60,529)</u>	<u>7,168,232</u>	<u>6,326,310</u>	<u>841,922</u>
Support Services - School Admin/Operation Plant Services					
Salaries	3,024,973	169,259	3,194,232	3,074,006	120,226
Purchased Professional and Technical Services	138,077	92,200	230,277	219,914	10,363
Other Purchased Services	220,464	67,733	288,197	288,197	-
Lease Principal	1,983,992	1,736,585	3,720,577	1,916,062	1,804,515
Lease Interest	468,697	-	468,697	468,697	-
Rent	-	-	-	-	-
Insurance	571,460	150,943	722,403	654,480	67,923
General Supplies	139,927	(19,931)	119,996	92,150	27,846
Transportation- Trips	253,518	36,075	289,593	287,184	2,409
Energy (Energy and Electricity)	223,377	79,262	302,639	302,639	-
Other Objects	23,311	27,860	51,171	47,093	4,078
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>7,047,796</u>	<u>2,339,986</u>	<u>9,387,782</u>	<u>7,350,422</u>	<u>2,037,360</u>
Food Service and After Care Program					
Other Purchased Services	-	-	-	-	-
Total Food Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
On-behalf TPAF LTD Contributions (non-budgeted)				3,006	(3,006)
On-behalf TPAF Medical Contributions (non-budgeted)				770,182	(770,182)
On-behalf TPAF Pension Contributions (non-budgeted)				2,829,850	(2,829,850)
Reimbursed TPAF Social Security Contributions (non-budgeted)				548,559	(548,559)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,151,597</u>	<u>(4,151,597)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>14,276,557</u>	<u>2,279,457</u>	<u>16,556,014</u>	<u>17,828,329</u>	<u>(1,272,315)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>26,918,631</u>	<u>2,161,412</u>	<u>29,080,043</u>	<u>28,902,788</u>	<u>177,255</u>

BELOVED COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Non-Instructional Equipment	376,200	-	376,200	40,577	335,623
Instructional Equipment	-	149,919	149,919	147,625	2,294
Improvements	14,706,000	(1,567,565)	13,138,435	823,687	12,314,748
Miscellaneous Expense	-	-	-	-	-
Total Equipment	<u>15,082,200</u>	<u>(1,417,646)</u>	<u>13,664,554</u>	<u>1,011,889</u>	<u>12,652,665</u>
 TOTAL EXPENDITURES- GENERAL FUND	 42,000,831	 743,766	 42,744,597	 29,914,677	 12,829,920
 Excess (Deficiency) of Revenues			-	-	
Over (Under) Expenditures	-	(85,000)	(85,000)	17,244,663	(17,329,663)
 Other Financing Sources:					
Operating Transfer In:	-	-	-	-	-
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	17,244,663	(17,329,663)
 Total Unassigned - Fund Balance, July 1, 2023	 -	 -	 23,956,535	 23,956,535	
Total Unassigned - Fund Balance, June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,956,535</u>	<u>\$ 41,201,198</u>	<u>\$ (17,329,663)</u>

BELOVED COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2024

Exhibit C-2
Page 1

	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Student Activity	\$ 64,164		\$ 64,164	\$ 64,164	
State Sources	491,117		491,117	491,117	
Federal Sources	3,821,144		3,821,144	3,821,144	
Total Revenues	<u>4,376,425</u>		<u>4,376,425</u>	<u>4,376,425</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	614,358		614,358	614,358	
Other Salaries for Instruction	638,215		638,215	638,215	
Purchased Professional -Educational Services	440,594		440,594	440,594	
Purchased Professional and Technical Services	-		-	-	
Recruitment	-		-	-	
Other Purchased Services (400-500 series)	146,058		146,058	146,058	
Textbooks	-		-	-	
General Supplies	505,979		505,979	505,979	
Personal Services- Employee Benefits	110,594		110,594	110,594	
Student Activity	-		-	-	
Instructional services	-		-	-	
Equipment- Non-instructional	-		-	-	
Equipment- instructional	-		-	-	
Total Instruction	<u>2,455,798</u>	<u>-</u>	<u>2,455,798</u>	<u>2,455,798</u>	
Support Services					
Salaries of Supervisor of Instruction	5,000		5,000	5,000	
Salaries of Program Directors					
Salaries of Other Professional Staff	-		-	-	
Salaries of Secretaries & Clerical Assistants					
Other Salaries					
Personal Services - Employee Benefits	-		-	-	
Purchased Professional - Educational Services	-		-	-	
Other Purchased Professional Services	5,000		5,000	5,000	
Supplies	9,269		9,269	9,269	
Field Trips					
Scholarships					
Non-Instructional Equipment	650,525		650,525	650,525	
Miscellaneous	5,000		5,000	5,000	
Other purchased Services (400-500 series)					
Building Repairs	988,317		988,317	988,317	
Building Improvements	193,352		193,352	193,352	
Total Support Services	<u>1,856,463</u>		<u>1,856,463</u>	<u>1,856,463</u>	

BELOVED COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	4,312,261		4,312,261	4,312,261	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ 64,164		\$ 64,164	\$ 64,164	

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

**BELOVED COMMUNITY CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2024**

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

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

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

Public Employees' Retirement System (PERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Charter School Proportion of the net pension liability (asset)	.033024%	.029606%	.025191%	.015655%	.015799%	.018594	.018594%
Charter School Proportionate share of the net pension liability (asset)	4,783,268	4,468,002	2,984,303	2,552,954	2,846,745	3,661,002	3,661,002
Charter School Covered employee payroll	3,098,513	2,247,172	1,997,128	1,593,526	1,065,122	1,166,601	1,166,601
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	154.37%	198.9%	149.4%	160.2%	267.2%	318.7%	318.7%
Plan fiduciary net position as a percentage of the total pension liability	64.78%	50.3%	66.9%	62.4%	37.4%	31.8%	31.8%

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

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

Public Employees' Retirement System (PERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$441,370	\$373,350	\$295,021	\$171,260	\$153,678	\$188,475	\$153,477
Contributions in relation to the contractually required contribution	(\$441,370)	(\$373,350)	(\$295,021)	(\$171,260)	(\$153,678)	(\$188,475)	(\$153,477)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Charter School Covered employee payroll	\$3,098,513	\$2,247,172	\$1,997,128	\$1,593,526	\$1,065,122	\$1,166,601	\$1,166,601
Contributions as a percentage of covered employee payroll	14.2%	16.6%	14.9%	10.7%	14.3%	16.16%	13.16%

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Charter School Proportion of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the Charter School	\$33,027,380	\$26,932,487	\$20,140,549	\$21,739,646	\$16,318,602	\$12,943,696	\$15,076,478
Total	<u>\$33,027,380</u>	<u>\$26,932,487</u>	<u>\$20,140,549</u>	<u>\$21,739,646</u>	<u>\$16,318,602</u>	<u>\$12,943,696</u>	<u>\$15,076,478</u>
Charter School Covered employee payroll	\$8,031,555	\$7,728,893	\$6,692,916	\$5,380,511	\$4,125,082	\$3,305,900	\$3,305,900
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%

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

**BELOVED COMMUNITY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Change of Benefit Terms: None

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in the notes to the financial statements.

**BELOVED COMMUNITY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE DISTRICT'S
PROPORTIONATE SHARE OF THE OPEB LIABILITY AND SCHEDULE OF DISTRICT PROPORTIONATE
SHARE OF THE OPEB LIABILITY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Change of Benefit Terms: None

Change of Assumptions: Assumptions used in calculating the OPEB liability are presented in the
notes to the financial statements.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>The State of New Jersey's Total OPEB Liability</u>							
Service Cost	\$2,136,235,175	\$2,770,618,025	\$3,217,874,264	\$1,790,973,822	\$1,734,404,850	\$1,984,642,729	\$2,391,878,884
Interest	1,844,113,951	1,342,187,139	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736
Difference Between Expected and Actual Experience	(980,424,902)	1,399,200,736	11,449,632,500	11,544,750,637	(7,323,140,818)	(5,002,065,740)	
Benefit Payment	(1,437,516,518)						
Contributions from Members	47,258,104	42,650,252		35,781,384	37,971,171	42,614,005	45,748,749
Changes of Assumptions or other inputs	105,539,463	(13,586,368,097)	(1,186,417,186)	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)
Net change in total OPEB liability	\$1,715,205,273	(\$8,031,711,945)	\$15,037,751,257	\$27,261,397,181	(\$3,100,793,564)	(\$6,296,021,629)	(\$2,949,529,760)
Total OPEB Liability - Beginning	\$50,646,462,966	\$60,007,650,970	\$67,809,962,608	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858	\$57,831,784,184
Total OPEB Liability - Ending	\$52,361,668,239	\$50,646,462,966	\$60,007,650,970	\$67,809,962,608	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858
The State of New Jersey's total OPEB liability**	\$52,361,668,239	\$50,646,462,966	\$60,007,650,970	\$67,809,962,608	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858
The State of New Jersey's OPEB liability attributable to the Charter School	\$8,029,736	\$7,516,489	\$7,991,543	\$8,012,002	\$3,167,005	\$2,579,640	\$3,183,715
The Charter School's proportionate share of the total OPEB liability	0	0	0	0	0	0	0
Charter School's covered employee payroll	11,130,068	9,976,065	869,044	\$6,974,037	\$5,190,204	\$4,472,501	\$4,472,501
Total Charter School's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Charter School's contribution	None	None	None	None	None	None	None
State's covered employee payroll	\$15,314,749,297	\$14,753,355,408	\$14,425,669,769	\$14,267,738,657	\$13,929,081,045	\$13,640,275,833	\$13,493,400,208
Total State's OPEB liability as a percentage of its covered-employee payroll	341.90%	343.29%	416.00%	475.00%	300.00%	338.05%	397.53%

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

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

SPECIAL REVENUE FUND

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

BELOVED COMMUNITY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Fiscal Year Ended June 30, 2024

	TOTAL	Title IA	Title II	Title III IMMIG	IDEA Part B	IDEA Preschool	CRRSA ACT LEARN GRANT	CRRSA MENTAL HLTH GRANT	ARP ESSER Grant	ARP ESSER MENT HLTH	NJ HIGH IMPACT GRANT	CSP GRANT	Emergent Needs & Cap	Student Activity
REVENUES														
Intergovernmental														
Federal	\$3,821,144	\$1,012,344	\$20,164	\$26,742	\$383,993	\$6,897	\$116,780	\$4,631	\$2,057,367	\$45,000	\$71,280	\$75,946	\$0	\$0
State	491,117												491,117	0
Student Activity	64,164													64,164
Total Revenues	4,376,425	1,012,344	20,164	26,742	383,993	6,897	116,780	4,631	2,057,367	45,000	71,280	75,946	491,117	64,164
EXPENDITURES														
Instruction														
Salaries	614,358	131,626		10,000	85,500		116,780		194,506			75,946		
Salaries -Other Instruction	638,215	638,215												
Other Purchased Services	146,058	16,900	6,727						57,151		65,280			
Purchased Prof. and Tech.and Edu Services	440,594	0			243,773			4,631	141,190	45,000	6,000			
General Supplies	505,979	172,299	11,374	5,000		6,897			310,409					
Recruitment	0													
Personal Services - Employee Benefits	110,594	42,840			54,720				13,034					
Food Service Subsidy														
Student Activity	0													0
Non- Instructional Equipment	0													
Equipment - Instructional	0												0	
Total Instruction	2,455,798	1,001,880	18,101	15,000	383,993	6,897	116,780	4,631	716,290	45,000	71,280	75,946	0	0
Support Services														
Salaries of Supervisors of Instruction	5,000			5,000										
Salaries of Program Directors	0													
Salaries of Other Prof. Staff	0													
Salaries of Secretarial and Clerical Ass't	0													
Personal Services - Employee Benefits	0													
Supplies and Materials	9,269	5,464	2,063	1,742										
Other Purchased Services	5,000			5,000										
Purchased Professional/Educational Services	0													
Miscellaneous	5,000	5,000												
Non-instructional Equipment	650,525								650,525					
Building Improvements	193,352								193,352					
Building Repairs and Maintenance	988,317								497,200				491,117	
Total Support Services	1,856,463	10,464	2,063	11,742	0				1,341,077	0			491,117	
TOTAL EXPENDITURES	\$4,312,261	\$1,012,344	\$20,164	\$26,742	\$383,993	\$6,897	\$116,780	\$4,631	\$2,057,367	\$45,000	\$71,280	\$75,946	\$491,117	\$0
Ending Balance	\$64,164													\$64,164

PROPRIETARY FUNDS

ENTERPRISE FUND

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

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

Exhibit G-1

Beloved Community Charter School
Proprietary Fund
Statement of Net Position
As of June 30, 2024

	Business-Type Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 994,440
Intergovernmental Receivable	
Federal	158,098
State	6,257
Accounts Receivable - Other	696
Interfund	(778,571)
Total Current Assets	380,920
Total Assets	\$ 380,920
LIABILITIES	
Accounts Payable	\$ 60,422
Total Current Liabilities	60,422
Net Position	
Unrestricted	320,498
Invested in capital assets, net	-
Total Net Position	320,498
Total Liabilities and Net Position	\$ 380,920

Exhibit G-2

BELOVED COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities Proprietary Fund Food Services
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Special Lunch and Breakfast Program	\$ -
Special Functions	85,355
Total Operating Revenues	<u>85,355</u>
 OPERATING EXPENSES	
Cost of sales	<u>(1,138,963)</u>
Total Operating Expenses	<u>(1,138,963)</u>
 (Loss) From Operations	<u>(1,053,608)</u>
 Nonoperating Revenues	
State Sources	
State Breakfast- EIE	2,251
State Breakfast-After the Bell	7,940
State Breakfast	1,178
State Lunch- EIE	7,342
State Lunch	14,864
Federal Sources	
Supply Chain Assistance	40,075
PEBT	3,256
School Breakfast Program	181,804
National School Lunch Program	605,018
Federal Snack	77,512
Total Nonoperating Revenues	<u>941,240</u>
 Change in Net Position (Decrease)	<u>(112,368)</u>
Total Net Position - Beginning of Year - July 1, 2023	<u>432,866</u>
Total Net Position - End of Year - June 30, 2024	<u>\$ 320,498</u>

Exhibit G-3

BELOVED COMMUNITY CHARTER SCHOOL
Statements of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

Cash flows from operating activities	
Cash Received from Customers	\$ 85,355
Cash Payments supplies, material and other	(1,079,540)
Net Cash (Used) by Operating Activities	<u>(994,185)</u>
Cash Flows from Noncapital Financing Activities	
Interfund Adjustment	462,069
Cash Received from State and Federal Subsidy Reimbursements	903,484
Net Cash Provided by Noncapital Financing Activities	<u>1,365,553</u>
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	<u>371,368</u>
Cash and Cash Equivalents, Beginning of Year - July 1, 2023	623,072
Cash and Cash Equivalents, End of Year - June 30, 2024	<u><u>\$ 994,440</u></u>
Reconcillation of Operating Income to Net Cash	
Used by Operating Activities	
Operating (Loss)	\$ (112,368)
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
Adjustment to Interfund	462,069
Change in Assets and Liabilities	
(Decrease) in Accounts Receivable	(37,755)
Increase in Accounts Payable	59,422
Total Cash Provided by Operating Activities	<u>483,736</u>
Net Cash Provided by Operating Activities	<u><u>\$ 371,368</u></u>

**FIDUCIARY FUNDS
(NOT APPLICABLE)**

**BELOVED COMMUNITY CHARTER SCHOOL
Fiduciary Funds
Combining Statement of Agency Fund Net Position
As of June 30, 2024**

NOT APPLICABLE

Exhibit H-2

**BELOVED COMMUNITY CHARTER SCHOOL
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2024**

NOT APPLICABLE

Exhibit H-3

**BELOVED COMMUNITY CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

Exhibit H-4

**BELOVED COMMUNITY CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

Exhibit H-5

**BELOVED COMMUNITY CHARTER SCHOOL
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

J- 1 to J-5

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

Revenue Capacity

J-6 to J-9

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

Debt Capacity

J-10 to J-13

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

Demographic and Economic Information

J-14 and J-15

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

Operating Information

J-16 to J-20

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

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

FINANCIAL TRENDS

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

	2024	2023	2022	2021	2020	2019
Governmental activities						
Invested in capital assets	\$ 3,620,544	\$ 2,837,322	\$ 1,306,863	\$ 279,419	\$ 134,950	\$ 68,952
Net Pension Adjustment	(3,219,718)	(2,703,421)	(3,212,548)	(3,419,458)		
Increase in Capital Reserve	8,398,371	8,398,371				
Amortization expense over principal payments of leases	(391,368)	(493,519)	(301,437)			
Restricted -School Escrow	75,249	75,250				
Restricted -Student Activity	88,065	23,901				
Unassigned General Fund Balance	32,727,578	15,482,914	12,369,738	7,013,430	3,185,534	2,101,617
Total governmental activities net position	<u>\$ 41,298,721</u>	<u>\$ 23,620,818</u>	<u>\$ 10,162,616</u>	<u>\$ 3,873,391</u>	<u>\$ 3,320,484</u>	<u>\$ 2,170,569</u>
Business-type activities						
Unassigned Fund Balance	320,498	432,866	394,432	30,376	-	-
Total business-type activities net position	<u>\$ 320,498</u>	<u>\$ 432,866</u>	<u>\$ 394,432</u>	<u>\$ 30,376</u>	<u>\$ -</u>	<u>\$ -</u>
School-wide						
Invested in capital assets	\$ 3,620,544	\$ 2,837,322	\$ 1,306,863	279,419	134,950	68,952
Net Pension Adjustment	(3,219,718)	(2,703,421)	(3,212,548)	(3,389,082)		
Amortization expense over principal payments of leases	(391,368)	(493,519)	(301,437)	-	-	-
Increase in Capital Reserve	8,398,371	8,398,371				
Restricted -School Escrow	75,249	75,250				
Restricted -Student Activity	88,065	23,901				
Unassigned Schoolwide Fund Balance	33,048,076	15,915,780	12,764,170	7,043,806	3,185,534	2,101,617
Total Schoolwide activities net position	<u>41,619,219</u>	<u>24,053,684</u>	<u>\$ 10,557,048</u>	<u>\$ 3,934,143</u>	<u>\$ 3,320,484</u>	<u>\$ 2,170,569</u>

Source: School Financial Statements

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses						
Governmental activities						
Instruction						
Regular	\$13,530,257	\$13,117,013	\$10,228,749	\$8,857,665	\$6,564,960	\$5,475,192
Support Services:						
General administration	8,182,773	6,843,725	5,646,569	4,601,330	3,669,926	2,808,411
School Administrative Services	7,350,422	6,500,882	6,232,027	5,507,559	4,940,065	3,856,061
On-behalf TPAF Social Security/Pension/Medical	4,151,597	4,045,944	3,315,400	2,167,707	1,456,761	1,155,085
Capital outlay	1,011,889	9,171,339	730,122	358,897	83,046	98,166
Amortization exp. over prin. paymts over leases	0	192,082	301,437			
Unallocated depreciation	248,857	169,517	78,945	25,634	8,852	1,168
Total governmental activities expenses	34,475,795	40,040,502	26,533,249	21,518,792	16,723,610	13,394,083
Business-type activities:						
Food service	1,138,963	910,387	768,582	425,733	544,623	0
Total business-type activities expense	1,138,963	910,387	768,582	425,733	544,623	0
Total school expenses	\$35,614,758	\$40,950,889	\$27,301,831	\$21,944,525	\$17,268,233	\$13,394,083
Program Revenues						
Governmental activities:						
Operating grants and contributions	\$4,312,261	\$4,259,954	\$2,826,663	\$1,747,060	\$913,872	\$875,568
Capital grants and contributions						
Total governmental activities program revenues	4,312,261	4,259,954	2,826,663	1,747,060	913,872	875,568
Business-type activities:						
Charges for services						
Food service	0	0	0	0	0	0
Operating grants and contributions	1,026,595	948,821	1,132,638	456,108	544,623	0
Capital grants and contributions						
Total business type activities program revenues	1,026,595	948,821	1,132,638	456,108	544,623	0
Total school program revenues	\$5,338,856	\$5,208,775	\$3,959,301	\$2,203,168	\$1,458,495	\$875,568
Net (Expense)/Revenue						
Governmental activities	(\$30,163,534)	(\$35,780,548)	(\$23,706,586)	(\$19,771,732)	(\$15,809,739)	(\$12,518,515)
Business-type activities	(\$112,368)	\$38,434	\$364,056	\$30,375	\$0	\$0
Total school-wide net expense	(\$30,275,902)	(\$35,742,114)	(\$23,342,530)	(\$19,741,357)	(\$15,809,739)	(\$12,518,515)
Governmental activities:						
Local share	\$0	\$0	\$0	\$4,794,531	\$3,748,837	\$10,751,338
State Share	26,159,830	20,341,351	17,012,492	10,264,535	8,768,479	38,277
State and Federal Aid aid	19,103,063	16,257,507	11,184,798	6,476,583	3,338,973	1,768,295
Increase in Capital Reserve	0	8,398,371				
Increase in Right to use -net accu amort	102,151					
Increase in Student Activity	64,164	23,901				
Net pension adjustment	(516,297)	509,127	311,484			
Miscellaneous income	1,896,447	2,008,517	485,222	2,038,345	1,028,515	752,077
Increase (Decrease) in Net Capital Outlay	1,032,079	1,699,976	971,439	143,723	74,850	70,120
Total governmental activities	\$47,841,437	\$49,238,750	\$29,965,435	\$23,717,717	\$16,959,654	\$13,380,107
Business-type activities:						
Investment earnings						
Transfers	0	0	0	0	0	0
Total business-type activities	0	0	0	0	0	0
Total school-wide	\$47,841,437	\$49,238,750	\$29,965,435	\$23,717,717	\$16,959,654	\$13,380,107
Change in Net Position						
Governmental activities	\$17,677,903	\$13,458,202	\$6,258,849	\$3,976,360	\$1,149,915	\$861,592
Business-type activities	(\$112,368)	\$38,434	\$364,056	\$30,375	\$0	\$0
Total school	\$17,565,535	\$13,496,636	\$6,622,905	\$4,006,735	\$1,149,915	\$861,592

Source: School Financial Statements

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund						
Capital Reserve	\$ 8,398,371	\$ 8,398,371	\$ -	\$ -	\$ -	\$ -
Restricted -School Escrow	75,249	75,250				
Restricted -Student Activity	88,065	23,901				
Unassigned General Fund Balance	32,727,578	15,482,914	12,369,738	7,013,430	3,185,534	2,101,617
Total General Fund	<u>\$ 41,289,263</u>	<u>\$ 23,980,436</u>	<u>\$ 12,369,738</u>	<u>\$ 7,013,430</u>	<u>\$ 3,185,534</u>	<u>\$ 2,101,617</u>
All Other Governmental Funds						
Unreserved	-	-	-	-		
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

Source: School Financial Statements

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues						
Local tax Levy	\$0	\$0	\$0	\$4,794,531	\$3,748,837	\$10,751,338
Other local revenue	1,917,639	2,126,938	503,949	2,039,226	1,088,705	752,077
State and Federal sources	46,204,132	36,910,144	28,197,290	16,750,901	12,113,335	1,806,572
Special Revenue	4,376,425	4,802,969	3,940,574	2,192,504	1,392,422	875,568
Total revenue	52,498,196	43,840,051	32,641,813	25,777,162	18,343,299	14,185,555
Expenditures						
Instruction						
Regular Instruction	11,074,459	9,121,906	7,788,036	7,240,020	5,654,588	4,632,628
Support Services:						
General administration	6,326,310	6,578,878	5,260,619	4,471,915	3,666,426	2,775,407
School administrative services/Plant	7,350,422	6,500,882	6,231,979	5,507,559	4,940,065	3,856,061
TPAF Social Security/Pension/Medical	4,151,597	4,045,944	3,315,400	2,167,707	1,456,762	1,155,085
Capital outlay	1,011,889	9,171,339	730,122	358,897	83,046	98,166
Enterprise Fund	1,138,963	910,387	768,582	425,733	544,623	
Special Revenue	4,312,261	4,259,954	2,826,663	1,747,060	913,872	875,568
Total expenditures	35,365,901	40,589,290	26,921,401	21,918,891	17,259,382	13,392,915
Excess (Deficiency) of revenues over (under) expenditures						
Other Financing sources (uses)						
Transfers in						
Transfers out						
Total other financing sources (uses)	0	0	0	0	0	0
Net change in fund balance - Increase	\$ 17,132,295	\$ 3,250,761	\$ 5,720,412	\$ 3,858,271	\$ 1,083,917	\$ 792,640

Source: School Financial Statements

REVENUE CAPACITY

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

	<u>Interest Income</u>	<u>Bus Rental</u>	<u>SBA// PPP Loan Forgiveness</u>	<u>After Care</u>	<u>Other Local</u>	<u>Totals</u>
2019					\$752,077	\$752,077
2020					1,028,515	1,028,515
2021			1,500,755		537,590	2,038,345
2022					485,222	485,222
2023					2,008,517	2,008,517
2024	147,898	787,868		498,343	462,338	1,896,447

Source: School Financial Statements

BELOVED COMMUNITY CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Fiscal Year Ended June 30, 2024

NOT APPLICABLE

Exhibit J-7

**BELOVED COMMUNITY CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

Exhibit J-8

**BELOVED COMMUNITY CHARTER SCHOOL
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**BELOVED COMMUNITY CHARTER SCHOOL
Property Tax Levies and Collections
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

Exhibit J-10

**BELOVED COMMUNITY CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

Exhibit J-11

**BELOVED COMMUNITY CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

Exhibit J-12

**BELOVED COMMUNITY CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

**BELOVED COMMUNITY CHARTER SCHOOL
Legal Debt Margin Information
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

**BELOVED COMMUNITY CHARTER SCHOOL
Demographic and Economic Statistics
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

Exhibit J-15

**BELOVED COMMUNITY CHARTER SCHOOL
Principal Employers
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

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

<u>Function/Program</u>	2024	2023	2022	2021	2020	2019
Instruction						
Regular	106	102	92	81	82	65
Special education	16	13	14	15	11	7
Other special education	5	3	2			
Vocational						
Other instruction	26	30	26	25	13	14
Nonpublic school programs						
Adult/continuing education programs						
Support Services:						
Student & instruction related services						
General administration	10	12	10	8	7	6
School administrative services	6	7	6	12	11	9
Other administrative services	12	9	11	8	6	8
Central services						8
Administrative Information Technology	4	4	3	4	3	2
Plant operations and maintenance	24	23	23	26	16	15
Pupil transportation	60	61	61	48	38	32
Other support services	12	14	12	10	10	
Special Schools						
Food Service						
Child Care						
Total	281	278	260	237	197	166

Source: School Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Elem,MS, HS School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2019	1074	12,237,831	11,395	-2.66%	72	14.9	N/A	1056.8	1025.67	12%	95.50%
2020	1200	14,344,126	11,953	4.90%	93	12.9	N/A	1200.2	1154.53	14%	96.14%
2021	1320	17,561,460	13,304	11.30%	105	12.6	N/A	1315.2	1278.82	10%	96.88%
2022	1430	20,140,775	14,084	5.86%	105	11.4	22.9	1429.8	1330.20	9%	93.00%
2023	1548	31,379,116	20,271	43.90%	118	13.1	23.0	1547.8	1438.98	8%	92.97%
2024	1549.9	30,075,342	19,405	-4.27%	127	12.2	12.2	1550.0	1461.65	0%	94.30%

Sources: School records

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

	2024	2023	2022	2021	2020	2019
<u>School Building</u>						
Main Campus						
Square Feet	79,200	79,200	79,200	79,200	79,200	63,200
Capacity (students)	1,080	1,080	960	960	960	960
Enrollment	1,080	1,080	960	960	720	834
Second Campus						
Square Feet	46,000	46,000	46,000	46,000	46,000	46,000
Capacity (students)	480	480	480	480	480	480
Enrollment	480	480	480	360	480	240
Number of Schools at June 30						
Elementary/Middle School	1	1	1	1	1	1
High School	1	1	1	1	1	1

Source: School Office

Exhibit J-19

**BELOVED COMMUNITY CHARTER SCHOOL
General Fund - Schedule of Required Maintenance
For the Fiscal Year Ended June 30, 2024**

NOT APPLICABLE

BELOVED COMMUNITY CHARTER SCHOOL
Insurance Schedule
For the Fiscal Year Ended June 30, 2024
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property		
Each Occurrence	\$ 1,000,000	\$ 5,000
Damages/Rented Premises	100,000	0
Medical	20,000	0
Personal & Adv Injury	1,000,000	5,000
General Aggregate	3,000,000	5,000
Products -Comp/OP/AGG	3,000,000	5,000
Employee Benefits	10,000	
Cybersecurity	1,000,000	10,000
Automobile	1,000,000	5,000
Umbrella	4,000,000	2,500
Workers' Compensation		
Each Accident	1,000,000	-
Disease - Each Employee	1,000,000	
Disease - Policy Limiy	1,000,000	
Property	1,900,000	2,500
Employee Theft	150,000	

**CHARTER SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

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

Charter School Performance Framework Financial Indicators
Near Term Indicators

	2024	2023	2022	2021	2020	2019
Cash and Cash Equivalents	33,773,872	13,555,651	12,438,541	6,831,708	3,503,981	2,068,355
Current Assets	36,607,496	26,376,496	14,406,438	8,344,009	5,921,749	3,291,504
Right-to-use lease assets-net	3,848,120	7,454,612	9,318,265			
Deferred Improvements	8,398,371					
Deferred outflows	1,905,786	2,622,630	1,934,031			
Capital Assets-Net	3,620,544	2,837,322	1,306,863	414,369	134,950	68,952
Total Assets	54,380,317	39,291,060	26,965,597	8,758,378	6,056,699	3,360,456
Current Liabilities	3,396,106	1,963,194	1,642,268	1,300,203	2,736,215	1,189,887
Lease liabilities	4,239,488	7,948,132	9,619,702			
Long Term Liabilities	5,125,504	5,326,050	5,146,579	0	0	0
Total Liabilities	12,761,098	15,237,376	16,408,549	1,300,203	2,736,215	1,189,887
Net Position	41,619,219	24,053,684	10,557,048	7,458,175	3,320,484	2,170,569
Total Revenue	52,498,196	43,840,051	32,641,813	25,777,162	18,343,299	14,254,507
Total Expenses	35,365,901	40,589,290	26,921,449	21,918,891	17,259,382	13,392,915
Change in Net Position - Increase	17,132,295	3,250,761	5,720,364	3,858,271	1,083,917	861,592
Depreciation	248,857	169,517	78,945	25,634	8,852	1,168
Principal Payments	0	0	0	0	0	0
Interest payments	0	0	0	0	0	0
Final average daily enrollment	1,560	1,548	1,429	1,315	1,200	919
March 30th budgeted Enrollment	1,560	1,548	1,429	1,315	1,200	919
Near term indicators	2024	2023	2022	2021	2020	2019
CURRENT RATIO	10.78	13.44	9.68	15.5	2.16	2.77
Unrestricted days cash	348.57	121.9	168.83	113.76	74.1	56.47
Enrollment variance	0%	0%	0%	0%	0%	0%
Default	N/A	N/A	N/A	N/A	N/A	N/A
Total Margin	33%	18%	18%	15%	6%	6%
Debt to Asset	N/A	N/A	N/A	N/A	N/A	N/A
Cash Flow	20,218,221	1,117,110	5,606,833	3,327,727	1,435,626	1,278,503
Debt Service Coverage ratio	N/A	N/A	N/A	N/A	N/A	N/A

SINGLE AUDIT SECTION K

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EXHIBIT K-1

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Beloved Community Charter School ("the Charter School"), in the County of Hudson, State of New Jersey, as of and for the fiscal year ending June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued my report thereon, dated January 15, 2025.

Report on Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified. I did, however, identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2024-001 that I consider to be a significant deficiency.

Report on Compliance and Other Matters

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

However, I noted certain matters that I have reported to the Board of Trustees of Academy for Beloved Community Charter School in the County of Hudson, New Jersey in a separate Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance, dated January 15, 2025.

Charter School's Response to Findings

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

Purpose of this Report

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

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
January 15, 2025

GERALD D. LONGO
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EXHIBIT K-2

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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

I have audited Beloved Community Charter School's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Beloved Community Charter School's major Federal and State programs for the year ended June 30, 2024. Beloved Community Charter School's major Federal and State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Beloved Community Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and State programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and NJ OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. My responsibilities under those standards, the Uniform Guidance and NJ OMB Circular 15-08, are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Beloved Community Charter School's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and NJ OMB Circular 15-08, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Beloved Community Charter School's compliance with the requirements of each major Federal and State programs as a whole.

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

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

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

Other Matters

The results of my auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and NJ OMB Circular 15-08.

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 and State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal and State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal and State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. However, I did consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2024-002 to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJOMB circular 15-08. Accordingly, this report is not suitable for any other purpose.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
January 15, 2025

Exhibit K-3
Schedule A

BELOVED COMMUNITY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grant/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Federal Award Identification Number	Grant Period	Award Amount	Accounts Receivable at July 1, 2023	Prior Carry-over	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjust	Deferred Revenue/ (Accounts Receivable) June 30, 2024	Due to Grantor June 30, 2024
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-Through NJ State Department of Agriculture												
Child Nutrition Cluster												
National School Breakfast	10.553	221NJ304N1199	07/01/21-06/30/22	\$ -	\$ (14,158)	\$ -	\$ 14,158	\$ -	\$ -	\$ -	\$ -	-
National School Lunch	10.555	221NJ304N1199	07/01/21-06/30/22	-	(57,661)	-	57,661	-	-	-	-	-
National School Snack	10.555	221NJ304N1199	07/01/21-06/30/22	-	(2,860)	-	2,860	-	-	-	-	-
National School Breakfast	10.553	231NJ304N1199	07/01/22-06/30/23	-	(10,211)	-	-	-	-	(10,211)	-	-
National School Lunch	10.555	231NJ304N1199	07/01/22-06/30/23	-	(35,984)	-	-	-	-	(35,984)	-	-
National School Snack	10.555	231NJ304N1199	07/01/22-06/30/23	-	(3,656)	-	-	-	-	(3,656)	-	-
National School Breakfast	10.553	241NJ304N1099	07/01/23-06/30/24	181,804	-	-	147,717	181,804	-	-	(34,087)	-
National School Lunch	10.555	241NJ304N1099	07/01/23-06/30/24	605,018	-	-	492,198	605,018	-	-	(112,820)	-
National School Snack	10.555	241NJ304N1099	07/01/23-06/30/24	77,512	-	-	66,321	77,512	-	-	(11,191)	-
Supply Chain Assistance	10.555	231NJ344N8903	10/01/22-09/30/24	40,075	-	-	40,075	40,075	-	-	-	-
Pandemic EBT Administrative Costs	10.649	202225900941	10/01/22-09/30/23	3,256	-	-	3,256	3,256	-	-	-	-
Total Enterprise Fund/Total US Dept. of Agriculture Pass Through Programs					(124,530)	-	824,246	907,665	-	(49,851)	(158,098)	-
Special Revenue Fund:												
U.S. Department of Education												
Passed-Through NJ State Department of Education												
Title 1 Part A	84.010	S010A210030	07/01/21-09/30/22	-	(125,965)	-	125,965	-	-	-	-	-
Title 1 Part A	84.010	S010A220030	07/01/22-09/30/23	-	(915,878)	-	915,878	-	-	-	-	-
Title 1 Part A	84.010	S010A230030	07/01/23-09/30/24	1,137,076	-	-	386,726	1,012,344	-	-	(625,618)	-
Title 11	84.367A	S367A230029	07/01/23-09/30/24	87,071	-	-	-	-	-	-	-	-
Title III	84.365	S365A220030	07/01/22-09/30/23	-	(12,397)	-	12,397	-	-	-	-	-
Title III	84.365	S365A230030	07/01/23-09/30/24	25,060	-	-	-	20,164	-	-	(20,164)	-
Title III Immigrant	84.365	S365A220030	07/01/22-09/30/23	26,742	-	-	26,742	26,742	-	-	-	-
Total ESEA					(1,054,240)	-	1,467,708	1,059,250	-	-	(645,782)	-
Special Education Cluster												
IDEA Part B	84.027A	H027A210100	07/01/21-09/30/22	-	(44,840)	-	44,840	-	-	-	-	-
IDEA Part B	84.027A	H027A220100	07/01/22-09/30/23	-	(330,622)	-	330,622	-	-	-	-	-
IDEA Part B	84.027A	H027A230100	07/01/23-09/30/24	383,993	-	-	213,090	383,993	-	-	(170,903)	-
IDEA Pre-School	84.173A	H173A210114	07/01/21-09/30/22	-	-	-	-	-	-	-	-	-
IDEA Pre-School	84.173A	H173A220114	07/01/22-09/30/23	-	(6,482)	-	6,482	-	-	-	-	-
IDEA Pre-School	84.173A	H173A230114	07/01/23-09/30/24	6,897	-	-	-	6,897	-	-	(6,897)	-
ARP IDEA Pre-School	84.173X	H173X210114	07/01/21-09/30/22	-	-	-	6,351	-	-	-	6,351	-
ARP IDEA Part B	84.027X	H027X210100	07/01/21-09/30/22	-	-	-	74,934	-	-	-	74,934	-
Total Special Education Cluster					(381,944)	-	676,319	390,890	-	-	(96,515)	-
Charter School Program Grant	84.282A	S282A200020	04/01/21-09/30/23	1,000,000	(61,126)	-	133,682	75,946	-	-	(3,390)	-
Education Stabilization Fund												
CRRSA ESSER 11	84.425D	S425D210027	03/13/20-09/30/23	1,819,716	(686,818)	-	686,818	-	-	-	-	-
CRRSA Learning Acceleration	84.425D	S425D210027	03/13/20-09/30/23	116,780	-	-	116,780	116,780	-	-	-	-
CRRSA Mental Health	84.425D	S425D210027	03/13/20-09/30/23	45,000	-	-	4,631	4,631	-	-	-	-
ARP ESSER	84.425U	S425U210027	03/13/20-09/30/24	4,089,694	(1,344,114)	-	2,126,940	2,057,367	-	-	(1,274,541)	-
ARP Accelerated Learning	84.425U	S425U210027	03/13/20-09/30/24	164,477	-	-	50,000	-	-	-	50,000	-
ARP Summer Learning and Enrichment	84.425U	S425U210027	03/13/20-09/30/24	40,000	-	-	-	-	-	-	-	-
ARP Beyond the School Day	84.425U	S425U210027	03/13/20-09/30/24	40,000	-	-	-	-	-	-	-	-
ARP Mental Health	84.425U	S425U210027	03/13/20-09/30/24	45,000	-	-	-	45,000	-	-	(45,000)	-
Total Education Stabilization Fund					(2,030,932)	-	2,985,169	2,223,778	-	-	(1,269,541)	-
Total Special Revenue/NJ Dept. of Education, Pass Through Programs					(3,528,242)	-	5,262,878	3,749,864	-	-	(2,015,228)	-
Department of the Treasury/NJ Dept of Education, Pass Through Program												
NJ High Impact Tutoring Grant	21.027 / 84.425V	C2221SLFRF21 / S425V210031	10/11/23-08/31/24	71,280	-	-	71,280	71,280	-	-	-	-
Total Special Revenue, Pass Through Programs					(3,528,242)	-	5,334,158	3,821,144	-	-	(2,015,228)	-
US Department of Health and Human Services												
Medical Assistance Program (SEMI)	93.778	2405NJ5MAP	07/01/23-06/30/24	16,872	-	-	16,872	16,872	-	-	-	-
Total Expenditures of Federal Awards					\$ (3,652,772)	\$ -	\$ 6,175,276	\$ 4,745,681	\$ -	\$ (49,851)	\$ (2,173,326)	\$ -

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

Exhibit K-4
Schedule B

BELOVED COMMUNITY CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2023	Cash Received	Budgetary Expenditures	Adjustments	Due to Grantor	
								Repayment of Prior Years' Balances	(Accts Rec) June 30, 2024
NJ DEPARTMENT OF EDUCATION									
GENERAL FUND									
Equalization Aid	24-495-034-5120-078	7/1/23-06/30/24	\$ 26,159,830	\$ -	\$ 26,159,830	\$ 26,159,830	\$ -	\$ -	\$ -
Special Education Categorical Aid	24-495-034-5120-089	7/1/23-06/30/24	478,438	-	478,438	478,438	-	-	-
Security Aid	24-495-034-5120-084	7/1/23-06/30/24	817,952	-	817,952	817,952	-	-	-
Jersey City Payroll Tax Reimbursement	24-495-034-5120-078	7/1/23-06/30/24	13,605,234	-	13,605,234	13,605,234	-	-	-
Non Public Security Aid	24-100-034-5120-509	7/1/23-06/30/24	32,970	-	32,970	32,970	-	-	-
Reimbursed Social Security Tax	24-495-034-5094-003	7/1/23-06/30/24	548,559	-	548,559	548,559	-	-	-
On-Behalf-Teachers' Pension and Annuity Fund LT Disability	24-495-034-5094-004	7/1/23-06/30/24	3,006	-	3,006	3,006	-	-	-
On-Behalf-Teachers' Pension and Annuity Fund	24-495-034-5094-002	7/1/23-06/30/24	2,829,850	-	2,829,850	2,829,850	-	-	-
On-Behalf-Teachers' Pension Post Retirement Medical	24-495-034-5094-001	7/1/23-06/30/24	770,182	-	770,182	770,182	-	-	-
Total General Fund				-	45,246,021	45,246,021	-	-	-
SPECIAL REVENUE FUND									
School Development Authority - Emergent Needs and Capital Maintenance	23-495-034-5120-139	7/1/23-06/30/24	491,117	-	491,117	491,117	-	-	-
Total Special Revenue Fund				-	491,117	491,117	-	-	-
NJ DEPARTMENT OF AGRICULTURE									
ENTERPRISE FUND									
National School Lunch Program (State Share)	22-100-010-3350-023	7/1/21-06/30/22	-	(1,327)	-	-	(1,327)	-	-
National School Lunch Program (State Share)	23-100-010-3350-023	7/1/22-06/30/23	-	(907)	-	-	(907)	-	-
National School Lunch Program (State Share)	24-100-010-3350-023	7/1/23-06/30/24	22,207	-	18,051	22,207	-	-	(4,156)
National School Breakfast/After the Bell Program (State Share)	23-100-010-3350-023	7/1/22-06/30/23	-	(531)	-	-	(531)	-	-
National School Breakfast/After the Bell Program (State Share)	24-100-010-3350-023	7/1/23-06/30/24	11,368	-	9,267	11,368	-	-	(2,101)
Total Enterprise Fund				(2,765)	27,318	33,575	(2,765)	-	(6,257)
Total State Financial Assistance				\$ (2,765)	\$ 45,764,456	\$ 45,770,713	\$ (2,765)	\$ -	\$ (6,257)
On-Behalf-Teachers' Pension and Annuity Fund LT Disability	24-495-034-5094-004	7/1/23-06/30/24			(3,006)	(3,006)			
On-Behalf-Teachers' Pension and Annuity Pension	24-495-034-5094-002	7/1/23-06/30/24			(2,829,850)	(2,829,850)			
On-Behalf-Teachers' Pension Post Retirement Medical	24-495-034-5094-001	7/1/23-06/30/24			(770,182)	(770,182)			
Less Amounts Not Subject to Single Audit On Behalf payments					(3,603,038)	(3,603,038)			
Total State Financial Assistance Subject to State Single Audit Major Program Determination				\$ (2,765)	\$ 42,161,418	\$ 42,167,675	\$ (2,765)	\$ -	\$ (6,257)

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

**BELOVED COMMUNITY CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting revenue is not recognized until the subsequent year or expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:

**BELOVED COMMUNITY CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Federal	State	Total
General Fund	\$ 16,872	\$45,246,021	\$45,262,893
Special Revenue Fund	3,821,144	491,117	4,312,261
Enterprise Fund	907,665	33,575	941,240
Total Awards and Financial Assistance	<u>\$4,745,681</u>	<u>\$45,770,713</u>	<u>\$50,516,394</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER INFORMATION

The TPAF Social Security Contributions of \$548,559 represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2024.

The amount reported as TPAF Pension System Contributions of \$2,829,850 TPAF, Post-Retirement Medical Benefits Contributions of \$770,182 and TPAF LT DIS. contributions of \$3,006, totaling \$3,603,038 represents the amount paid by the State on behalf of the School for the fiscal year ended June 30, 2024.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 7. DE MINIMIS INDIRECT COST RATE

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

**BELOVED COMMUNITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

PART 1 – SUMMARY OF AUDITOR’S RESULTS**Financial Statement Section**

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

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Type of auditor’s report on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be Reported in accordance with 2CFR 200.516(a) of Uniform Guidance?	X

Identification of major programs:

<u>Federal AL Numbers</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	S010A230030	Title 1, Part A
Child Nutrition Cluster:		
10.553	241NJ304N1099	School Breakfast Program
10.555	241NJ304N1099	National School Lunch Program
10.555	241NJ304N1099	After School Snack Program
10.555	231NJ344N8903	Supply Chain Assistance
Special Education Cluster:		
84.027A	H027A230100	IDEA, Part B
84.173A	H173A230114	IDEA, Pre-School
Dollar threshold used to distinguish between type A and type B programs (.520)		\$750,000
Auditee qualified as high risk auditee:		X

**BELOVED COMMUNITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

State Awards	<u>YES</u>	<u>NO</u>	
Dollar threshold used to distinguish between type A and type B programs (.520)	\$750,000		
Auditee qualified as low risk auditee:	X		
Internal control over major programs:			
Material weakness(es) identified:		X	
Significant deficiencies identified not considered to be material weakness(es)?		X	None Reported
Type of auditor’s report on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08?	X		
Identification of major programs:			
<u>State Grant Numbers</u>	<u>Name of State Program or Cluster</u>		
24-495-034-5120-078	Equalization Aid		
24-495-034-5120-084	Security Aid		
24-495-034-5120-089	Special Education Categorical Aid		
24-495-034-5200-078	Jersey City Payroll Tax Reimbursement		

**BELOVED COMMUNITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

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

FINANCIAL STATEMENT FINDINGS

Significant Deficiencies

Finding #2024-001 – Repeat finding from year ending June 30, 2023

Criteria: The Charter School is required to maintain books and records that are properly reconciled to supporting documentation during the year and maintain its financial statements in accordance with Generally Accepted Accounting Standards and Principles (U.S. GAAP) established by the Governmental Accounting Standards Board (GASB).

Condition: Certain general ledger accounts were not properly maintained and as a result numerous adjusting entries were required in order to achieve proper presentation in the financial statements.

Context: Numerous journal entries were necessary to achieve proper presentation of the financial activity in the financial statements.

Effect: Additional analysis was needed in order to properly reconcile certain general ledger accounts.

Cause: The Charter School is not consistently reconciling certain general ledger accounts to supporting schedules in a timely manner.

Recommendation: Management should implement accounting procedures that would eliminate or greatly reduce the need for journal entries to ensure ledgers are reconciled timely and properly maintained. These procedures should help ensure completeness of the general ledger and the production of accurate internal financial statements and financial information.

**BELOVED COMMUNITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

Views of Responsible Officials and Planned Corrective Action: Management has already implemented new procedures for the general ledger system that eliminates the need for management to create ongoing reclassification and adjusting journal entries.

**BELOVED COMMUNITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

Significant Deficiency

Finding # 2024-002

Federal Program 84.010 – Title 1, Part A

Criteria: The Charter School is required to design internal controls and implement those controls to maintain effective internal control over the federal award that provides reasonable assurance that the entity is managing the award in accordance with Uniform Guidance §200.303. Internal controls should be in compliance with the Standards for Internal Control in the Federal Government (the "Green Book") issued by the Comptroller General of the United States.

Condition: Certain general ledger accounts were not properly maintained and as a result numerous adjusting entries were required in order to achieve proper presentation of the federal program, Title 1, in the financial statements.

Questioned Costs: None

Context: Numerous journal entries were necessary to achieve proper presentation of the financial activity for the federal program, Title 1 in the financial statements.

Effect: Additional analysis was needed in order to properly reconcile certain general ledger accounts in the federal program, Title 1.

Cause: The Charter School is not consistently reconciling certain general ledger accounts to the supporting schedules in a timely manner.

Recommendation: Management should implement the designed accounting procedures that would eliminate or greatly reduce the need for journal entries to ensure that transactions are posted in a timely manner. These procedures should help ensure completeness of the general ledger and provide reasonable assurance that the entity is managing the federal award.

**BELOVED COMMUNITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Views of Responsible Officials and Planned Corrective Action: Management has already implemented the designed controls for the general ledger system that eliminates the need for management to create ongoing reclassifications related to the federal award.

STATE AWARDS

No state award findings and questioned costs noted that are required to be reported in accordance with NJ OMB Circular 15-08.

**BELOVED COMMUNITY CHARTER SCHOOL
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Status of Prior Year Findings

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

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. Findings #2023-002, #2023-003 and #2023-004 and #2023-005 have been corrected. Prior year finding #2023-001, has been repeated for the year ended June 30, 2024.