



**CHRISTOPHER COLUMBUS CHARTER SCHOOL
PHILADELPHIA, PENNSYLVANIA**

AUDIT REPORT

JUNE 30, 2023

CHRISTOPHER COLUMBUS CHARTER SCHOOL
JUNE 30, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Entity-wide Financial Statements:	
- Statements of Net Position	10
- Statement of Activities	11
Fund Financial Statements:	
- Balance Sheets - Governmental Fund	12
- Reconciliation of Balance Sheet - Governmental Fund to Statement of Net Position	13
- Statements of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	14
- Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund to Statement of Activities	15
- Budgetary Comparison Schedule - General Fund	16
- Statements of Net Position - Fiduciary Fund	17
- Statements of Changes in Net Position – Fiduciary Fund	18
Notes to Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the School's Proportionate Share of the Net Pension Liability	37
Schedule of School Pension Contributions	38
Schedule of the School's Proportionate Share of the Net OPEB Liability	39
Schedule of School OPEB Contributions	40

CHRISTOPHER COLUMBUS CHARTER SCHOOL
JUNE 30, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
SINGLE AUDIT SUPPLEMENT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	43
Schedule of Expenditures of Federal Awards	46
Notes to Schedule of Expenditures of Federal Awards	47
Schedule of Findings and Recommendations	48



INDEPENDENT AUDITOR'S REPORT

December 22, 2023

To the Board of Trustees
Christopher Columbus Charter School
Philadelphia, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major funds of the Christopher Columbus Charter School (the School), Philadelphia, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Christopher Columbus Charter School, Philadelphia, Pennsylvania, as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

To the Board of Trustees
Christopher Columbus Charter School

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

To the Board of Trustees
Christopher Columbus Charter School

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

Report on Summarized Comparative Information

We have previously audited the Christopher Columbus Charter School's June 30, 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and the major funds in our report dated December 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9, and the schedule of the School's proportionate share of the net pension liability, schedule of School pension contributions, schedule of the School's proportionate share of the net OPEB liability, and schedule of School OPEB contributions on pages 37 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and

To the Board of Trustees
Christopher Columbus Charter School

reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.


BARBACANE, THORNTON & COMPANY LLP

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2023**

The Board of Trustees of the Christopher Columbus Charter School (the School) offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School as of and for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

- Total revenues for the year ended June 30, 2023 were \$15,621,766, representing an increase of \$1,236,368 from the year ended June 30, 2022.
- The general fund ended the year with a fund balance of \$13,538,478, an increase of \$910,943 from the previous year.
- The School's cash balance at June 30, 2023 was \$14,374,752, representing an increase of \$411,044 from June 30, 2022.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

Fund Financial Statements

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

Notes to the Financial Statements

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

Required Supplementary Information

The schedules of the School's proportionate share of the net pension and OPEB liabilities and the schedules of School pension and OPEB contributions are presented for purposes of additional analysis.

Single Audit Requirements

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$10,278,521 at June 30, 2023, an increase of \$2,254,013 from June 30, 2022. The following table is a comparative analysis of fiscal year 2023 to 2022:

STATEMENTS OF NET POSITION

	Totals	
	2023	2022
Current assets	\$ 15,246,388	\$ 14,340,791
Capital assets	6,952,757	7,046,672
Total Assets	22,199,145	21,387,463
Deferred outflows of resources	1,793,286	1,788,301
Total Assets and Deferred Outflows of Resources	\$ 23,992,431	\$ 23,175,764

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

STATEMENTS OF NET POSITION

	Totals	
	<u>2023</u>	<u>2022</u>
(cont'd)		
Current liabilities	\$ 1,707,910	\$ 1,713,256
Long-term liabilities	<u>10,462,000</u>	<u>10,116,000</u>
Total Liabilities	<u>12,169,910</u>	<u>11,829,256</u>
Deferred inflows of resources	<u>1,544,000</u>	<u>3,322,000</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,713,910</u>	<u>15,151,256</u>
Net Position:		
Net investment in capital assets	6,952,757	7,046,672
Unrestricted	<u>3,325,764</u>	<u>977,836</u>
Total Net Position	<u>10,278,521</u>	<u>8,024,508</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 23,992,431</u></u>	<u><u>\$ 23,175,764</u></u>

The School's revenues are predominately received from the School District of Philadelphia based on student enrollment. For the year ended June 30, 2023, the School's revenues of \$15,621,766 exceeded its expenses of \$13,367,753 by \$2,254,013.

STATEMENTS OF CHANGES IN NET POSITION

	Totals	
	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues:		
Operating grants and contributions	\$ 3,790,936	\$ 2,777,641
Charges for services	<u>194,349</u>	<u>58,729</u>
Total Program Revenues	<u>3,985,285</u>	<u>2,836,370</u>
General revenues:		
Local education agency revenues	11,498,686	11,495,454
Earnings on cash and investments	115,622	11,474
Miscellaneous revenues	<u>22,173</u>	<u>42,100</u>
Total General Revenues	<u>11,636,481</u>	<u>11,549,028</u>
Total Revenues	<u>15,621,766</u>	<u>14,385,398</u>

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

STATEMENTS OF CHANGES IN NET POSITION

(cont'd)	Totals	
	2023	2022
Expenses		
Instructional Services:		
Regular	6,244,227	5,985,049
Special education	1,236,755	716,251
Other instructional programs	842,861	419,789
Support Services:		
Students	538,291	322,247
Instructional staff	107,472	164,879
Administration	2,384,436	1,753,502
Pupil health	121,751	78,175
Business	2,455	84,679
Operation of plant services	1,080,883	1,073,348
Other support services	325,406	422,990
Operation of noninstructional services:		
Food service	159,273	146,644
Student activities	19,974	2,724
Unallocated depreciation expense	303,969	300,009
Total Expenses	13,367,753	11,470,286
Change in Net Position	2,254,013	2,915,112
Net Position - Beginning	8,024,508	5,109,396
Net Position - Ending	\$ 10,278,521	\$ 8,024,508

Governmental Funds

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

The general fund is the chief operating fund of the School. At the end of the current year, the unassigned fund balance of the general fund was \$9,288,478, and the assigned fund balance was \$4,250,000. The assigned fund balance is assigned for future maintenance and operating expenditures and future capital projects. Total fund balance was \$13,538,478.

General Fund Budgetary Highlights

Actual revenues came in lower than budgeted revenues by \$3,214,436 due mainly to an decrease in federal and local sources.

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

Actual expenditures came in lower than budgeted expenditures by \$3,866,129. The following areas exceeded budget and were offset by other areas being underbudget:

Special programs	\$ 204,384
Other instructional programs	688,417
Students	34,693
Administration	603,120
Business	10,116
Food services	16,310
	<hr/>
	\$ 1,577,040

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the School's investment in capital assets, net of accumulated depreciation totaled \$6,952,757. Capital assets include buildings and building improvements, and furniture and equipment. Additional information on the School's capital assets can be found in Note 5 of this report.

Long-term Debt

At June 30, 2023, the School had no outstanding long-term debt.

Economic Factors and Next Year's Budgets and Rates

The School does not foresee any substantial variations with next year's economic factors, budgets, or rates.

Future Events that Will Financially Impact the School

The School does not foresee any future events that will financially impact the School.

Contacting the School's Financial Management

This financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to: Chief Executive Officer, Christopher Columbus Charter School, 1242 South 13th Street, Philadelphia, PA 19147, or call (215) 925-7400.

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 14,247,165	\$ 13,833,165
Intergovernmental receivables	873,664	379,111
Other receivables	125,559	128,515
Total Current Assets	15,246,388	14,340,791
NONCURRENT ASSETS:		
Capital assets:		
Construction-in-progress	319,337	186,633
Buildings and building improvements	9,366,116	9,311,966
Furniture and equipment	484,683	461,483
Accumulated depreciation	(3,217,379)	(2,913,410)
Total Noncurrent Assets	6,952,757	7,046,672
TOTAL ASSETS	22,199,145	21,387,463
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	1,710,894	1,693,899
Deferred outflows related to OPEB	82,392	94,402
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,793,286	1,788,301
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 23,992,431	\$ 23,175,764
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 45,783	\$ 198,791
Accrued salaries and related costs	1,662,127	1,514,465
Total Current Liabilities	1,707,910	1,713,256
NONCURRENT LIABILITIES:		
Net pension liability	10,048,000	9,566,000
Net OPEB liability	414,000	550,000
Total Noncurrent Liabilities	10,462,000	10,116,000
TOTAL LIABILITIES	12,169,910	11,829,256
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	1,341,000	3,195,000
Deferred inflows related to OPEB	203,000	127,000
TOTAL DEFERRED INFLOWS OF RESOURCES	1,544,000	3,322,000
NET POSITION		
Investment in capital assets	6,952,757	7,046,672
Unrestricted	3,325,764	977,836
TOTAL NET POSITION	10,278,521	8,024,508
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 23,992,431	\$ 23,175,764

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)**

	Program Revenues			Net Revenue (Expense) and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	2023	2022
GOVERNMENTAL ACTIVITIES					
Instructional services:					
Regular	\$ 6,244,227	\$ -	\$ 3,640,851	\$ (2,603,376)	\$ (3,401,673)
Special education	1,236,755	-	150,085	(1,086,670)	(538,284)
Other instructional programs	842,861	116,989	-	(725,872)	(419,789)
Support services:					
Students	538,291	-	-	(538,291)	(322,247)
Instructional staff	107,472	-	-	(107,472)	(164,879)
Administration	2,384,436	-	-	(2,384,436)	(1,753,502)
Pupil health	121,751	-	-	(121,751)	(61,877)
Business	2,455	-	-	(2,455)	(84,679)
Operation and maintenance of plant services	1,080,883	-	-	(1,080,883)	(1,073,348)
Other support services	325,406	-	-	(325,406)	(422,990)
Operation of noninstructional services:					
Food services	159,273	77,360	-	(81,913)	(87,915)
Student activities	19,974	-	-	(19,974)	(2,724)
Unallocated depreciation expense	303,969	-	-	(303,969)	(300,009)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 13,367,753	\$ 194,349	\$ 3,790,936	(9,382,468)	(8,633,916)
			GENERAL REVENUES		
			Local educational agency revenues	11,498,686	11,495,454
			Earnings on cash and investments	115,622	11,474
			Miscellaneous revenues	22,173	42,100
			TOTAL GENERAL REVENUES	11,636,481	11,549,028
			CHANGE IN POSITION	2,254,013	2,915,112
			NET POSITION, BEGINNING	8,024,508	5,109,396
			NET POSITION, END OF YEAR	\$ 10,278,521	\$ 8,024,508

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
BALANCE SHEETS - GOVERNMENTAL FUND
FOR THE YEARS ENDED JUNE 30 2023 AND 2022**

	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 14,247,165	\$ 13,833,165
Intergovernmental receivables	873,664	379,111
Other receivables	125,559	128,515
TOTAL ASSETS	\$ 15,246,388	\$ 14,340,791
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 45,783	\$ 198,791
Accrued salaries and related costs	1,662,127	1,514,465
TOTAL LIABILITIES	1,707,910	1,713,256
FUND BALANCE:		
Assigned	4,250,000	4,250,000
Unassigned	9,288,478	8,377,535
TOTAL FUND BALANCE	13,538,478	12,627,535
TOTAL LIABILITIES AND FUND BALANCE	\$ 15,246,388	\$ 14,340,791

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUND
TO STATEMENT OF NET POSITION
JUNE 30, 2023**

TOTAL FUND BALANCE - GOVERNMENTAL FUND \$ 13,538,478

Amounts reported for governmental activities in the statement of net position are different because:

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

Construction-in-progress	\$ 319,337	
Buildings and building improvements	9,366,116	
Furniture and equipment	484,683	
Accumulated depreciation	<u>(3,217,379)</u>	6,952,757

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

Net pension liability	(10,048,000)	
Net OPEB liability	<u>(414,000)</u>	(10,462,000)

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

Deferred outflows of resources:		
Deferred outflows related to pension	1,710,894	
Deferred outflows relating to OPEB	82,392	
Deferred inflows of resources:		
Deferred inflows relating to pension	(1,341,000)	
Deferred inflows relating to OPEB	<u>(203,000)</u>	<u>249,286</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 10,278,521

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEARS ENDED JUNE 30 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
REVENUES		
Local	\$ 11,498,686	\$ 11,495,454
State	63,376	79,674
Federal	3,727,560	2,697,892
Other	332,144	112,378
TOTAL REVENUES	<u>15,621,766</u>	<u>14,385,398</u>
EXPENDITURES		
Instruction	9,363,519	8,274,572.00
Support services	5,163,023	4,628,997.00
Operation of noninstructional services	184,281	155,044.00
TOTAL EXPENDITURES	<u>14,710,823</u>	<u>13,058,613</u>
EXCESS OF REVENUES OVER EXPENDITURES	910,943	1,326,785
FUND BALANCE, BEGINNING OF YEAR	<u>12,627,535</u>	<u>11,300,750</u>
FUND BALANCE, END OF YEAR	<u>\$ 13,538,478</u>	<u>\$ 12,627,535</u>

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND \$ 910,943

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental fund as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. In the current period, this is the amount by which depreciation expense exceeded capital additions. (93,915)

Pension and OPEB expenses in the statement of activities differ from the amount reported in the governmental fund because pension and OPEB expenses are recognized in the statement of activities based on the School's proportionate share of the expenses of the cost-sharing pension and OPEB plans, whereas pension and OPEB expenditures are recognized in the governmental fund when a requirement to remit contributions to the plan exists. 1,436,985

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 2,254,013

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Local	\$ 12,367,220	\$ 11,498,686	\$ (868,534)
State	149,363	63,376	(85,987)
Federal	6,014,755	3,727,560	(2,287,195)
Other	304,864	332,144	27,280
TOTAL REVENUES	18,836,202	15,621,766	(3,214,436)
EXPENDITURES			
Instruction:			
Regular programs	10,151,488	7,158,794	2,992,694
Special programs	1,145,728	1,350,112	(204,384)
Other instructional programs	166,196	854,613	(688,417)
Support services:			
Students	506,363	541,056	(34,693)
Instructional staff	252,582	167,932	84,650
Administration	1,798,768	2,401,888	(603,120)
Pupil health	192,679	192,130	549
Business	122,330	132,446	(10,116)
Operation and maintenance of plant services	3,498,187	1,322,602	2,175,585
Other support services	507,634	404,969	102,665
Noninstructional services:			
Food services	147,997	164,307	(16,310)
Student activities	87,000	19,974	67,026
TOTAL EXPENDITURES	18,576,952	14,710,823	3,866,129
NET CHANGE IN FUND BALANCE	259,250	910,943	651,693
FUND BALANCE, BEGINNING OF YEAR	12,627,535	12,627,535	-
FUND BALANCE, END OF YEAR	\$ 12,886,785	\$ 13,538,478	\$ 651,693

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
STATEMENTS OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	<u>\$ 127,587</u>	<u>\$ 130,543</u>
TOTAL ASSETS	<u><u>\$ 127,587</u></u>	<u><u>\$ 130,543</u></u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Due to student groups	<u>\$ 2,028</u>	<u>\$ 2,028</u>
NET POSITION		
Reserved for student activities	<u>125,559</u>	<u>128,515</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 127,587</u></u>	<u><u>\$ 130,543</u></u>

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ADDITIONS		
Interest income	\$ 1,044	\$ 1
Local contributions	<u>-</u>	<u>7,753</u>
TOTAL ADDITIONS	<u>1,044</u>	<u>7,754</u>
DEDUCTIONS		
Student activities	<u>4,000</u>	<u>5,115</u>
TOTAL DEDUCTIONS	<u>4,000</u>	<u>5,115</u>
CHANGE IN NET POSITION	(2,956)	2,639
NET POSITION, BEGINNING OF YEAR	<u>128,515</u>	<u>125,876</u>
NET POSITION, END OF YEAR	<u>\$ 125,559</u>	<u>\$ 128,515</u>

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

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Christopher Columbus Charter School (the School) is a charter school located in Philadelphia, Pennsylvania and operates in accordance with Pennsylvania Act 22 of 1997 (the Act). The School is operating under the terms of a charter school contract that expired on June 30, 2018. The expired charter remains in place through a negotiation with the School District of Philadelphia. See Note 12 for further information. The School serves children in grades K through 8.

The mission of the School is to provide students in grades K through 8 a content-rich, academically rigorous core knowledge education with a well-defined, sequential curriculum in a safe, orderly, disciplined, and caring environment. The School's students will learn to express themselves in at least one international language and will utilize computer technology to support learning in all major subjects and to become literate in the technologies of the 21st century.

Reporting Entity

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Entity-wide Financial Statements

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

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

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

Amounts reported as program revenues include federal and state grants. Internally dedicated resources are reported as general revenues rather than as program revenues.

The entity-wide financial statements report net position in one of three components. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when constraints placed on the net position use are either externally imposed by creditors (such as through debt covenants), grantors or contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of "investment in capital assets" or "restricted."

Fund Financial Statements

During the school year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Fiduciary fund financial statements are presented by fund type.

Custodial Funds

Custodial funds account for the assets held by the School as a trustee or custodian for individuals, private organizations, and/or governmental units and are, therefore, not available to support the School's own programs. The School accounts for these assets in custodial funds using the economic resources measurement focus. The custodial fund accounts for funds held on behalf of students of the School.

Governmental Funds

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

The School reports the following major governmental fund:

- *General Fund* – The general fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

Unassigned – all other spendable amounts.

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

Income Tax Status

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

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual budget is adopted for the general fund. The budget lapses at year end.

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

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

Cash and Cash Equivalents

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Federal and State Subsidies Receivable

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

Capital Assets

Capital assets, which include building and building improvements, and furniture and equipment, are reported in the entity-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School maintains a \$2,500 threshold for capitalizing assets. Capital assets of the School are depreciated using the straight-line method over the estimated useful lives of the asset. The estimated useful lives of capital assets range from five to thirty-nine years.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The School reports deferred pension and OPEB contributions resulting from contributions subsequent to the measurement date of the net pension and OPEB liabilities and certain other items which represent differences related to changes in the net pension and OPEB liabilities which will be amortized over future periods. In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents a source of net position that applies to future periods. The School reports certain items which represent differences related to changes in the net pension and OPEB liabilities which will be amortized over future periods.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

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

assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Financial Statements

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

NOTE 3 CASH

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned. The School does not have a policy for custodial credit risk. At June 30, 2023, the carrying amount of the School's deposits was \$14,374,752, and the bank balance was \$14,270,901. Of this amount, \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC), and \$14,020,901 was exposed to custodial credit risk because it was uninsured, and the collateral held by the depository's agent was not in the School's name.

NOTE 4 LOCAL EDUCATIONAL AGENCY ASSISTANCE (REVENUE)

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

For each nonspecial education student enrolled, charter schools receive no less than the budgeted total expenditure per average daily membership of the prior school year as defined by the Act. For the year ended June 30, 2023, the rate was \$9,442 per year per student for most of the students, plus additional funding for special education students. The annual rate is paid monthly and is prorated if a student enters or leaves during the year. Total revenue from student enrollment was \$11,676,652 for the year ended June 30, 2023.

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS

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

	<u>Balance 07/01/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance 06/30/23</u>
Capital assets not being depreciated:					
Construction-in-progress	\$ 186,633	\$ 132,704	\$ -	\$ -	\$ 319,337
Total Capital Assets Not Being Depreciated	<u>186,633</u>	<u>132,704</u>	<u>-</u>	<u>-</u>	<u>319,337</u>
Depreciable assets:					
Building and improvements	9,311,966	54,150	-	-	9,366,116
Furniture and equipment	<u>461,483</u>	<u>23,200</u>	<u>-</u>	<u>-</u>	<u>484,683</u>
Total depreciable assets	9,773,449	77,350	-	-	9,850,799
Accumulated depreciation	<u>(2,913,410)</u>	<u>(303,969)</u>	<u>-</u>	<u>-</u>	<u>(3,217,379)</u>
Capital Assets, Net	<u>\$7,046,672</u>	<u>\$ (93,915)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$6,952,757</u>

Depreciation expense was charged to functions/programs of the School as follows:

Governmental activities - unallocated	<u>\$ 303,969</u>
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NOTE 6 GRANTS

The School participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivables at June 30, 2023 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 7 PENSION PLANS

Plan Description

The School contributes to the Public School Employees' Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit pension plan administered by

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLANS (cont'd)

the Commonwealth of Pennsylvania Public School Employees' Retirement System. The PSERS provides retirement and disability, legislatively mandated *ad hoc* cost-of-living adjustments, and certain healthcare insurance premium assistance to plan members and beneficiaries. The Public School Employees Retirement Code (Act No. 96 of October 2, 1975, as amended) provides the authority to establish and amend benefit provisions. The PSERS issues an annual comprehensive financial report that includes financial statements and required supplementary information for the plan. The publication is also available on the PSERS website at www.psers.state.pa.us/publications/cafr/index.htm.

Benefits Provided

The PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested, and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLANS (cont'd)

Member Contributions

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

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

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

Members who joined the system after June 30, 2011 automatically contribute at the Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Class T-E contribution rate to fluctuate between 7.5% and 9.5%, and Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The School's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, the rate of the employer contribution was 34.31% of covered payroll. The School's contribution to PSERS for the year ended June 30, 2023 was \$1,315,720.

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

At June 30, 2023, the School reported a liability of \$10,048,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2021 to June 30, 2022. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the School's proportion was 0.0226%, which was a decrease of 0.0007% from its proportion measured as of June 30, 2021.

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLANS (cont'd)

For the year ended June 30, 2023, the School recognized a pension credit of \$(73,275). At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 171,000
Changes in assumptions	300,000	-
Changes in proportions	-	1,083,000
Difference between expected and actual experience	5,000	87,000
Difference between employer contributions and proportionate share of total contributions	90,174	-
Contributions subsequent to the date of measurement	<u>1,315,720</u>	<u>-</u>
	<u>\$1,710,894</u>	<u>\$1,341,000</u>

An amount of \$1,315,720 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ (550,670)
2025	(335,848)
2026	(301,846)
2027	<u>242,538</u>
	<u>\$ (945,826)</u>

Actuarial Assumptions

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

- Valuation date – June 30, 2021
- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00%, includes inflation of 2.50%

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLANS (cont'd)

- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit and seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 and as of June 30, 2022
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.5% and 2.00%, respectively.
 - Mortality rates – previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLANS (cont'd)

Asset Class (cont'd)	Target Allocation	Long-term Expected Real Rate of Return
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Financing (LIBOR)	(11.0%)	0.5%
	100.0%	

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

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School's proportionate share of the net pension liability	\$ 12,996,000	\$ 10,048,000	\$ 7,562,000

Pension Plan Fiduciary Net Position

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

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 8 403(b) RETIREMENT PLAN

In addition to the PSERS Plan, the School also provides pension benefits to employees through a 403(b) retirement plan. The School is required to make contributions of 7.5% of salaries for employees covered under this plan. For the year ended June 30, 2023, contributions to the plan were \$153,450.

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

Retirees of the system can participate in the premium assistance program if they satisfy the following criteria:

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

OPEB Plan Description

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

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School were \$28,761 for the year ended June 30, 2023.

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

At June 30, 2022, the School reported a liability of \$414,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2021 to June 30, 2022. The School's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the School's proportion was 0.0225%, which was a decrease of 0.0007% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the School recognized an OPEB credit of \$19,229. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportions	\$ -	\$ 103,000
Changes in assumptions	46,000	98,000
Difference between expected and actual experience	4,000	2,000

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
(cont'd)		
Net difference between projected and actual investment earnings	1,000	-
Difference between employer contributions and proportionate share of total contributions	2,631	-
Contributions subsequent to the date of measurement	<u>28,761</u>	<u>-</u>
	<u>\$ 82,392</u>	<u>\$ 203,000</u>

An amount of \$28,761 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources relating to OPEB and will be recognized in OPEB expense as follows:

Year Ending June 30,

2024	\$ (42,145)
2025	(31,231)
2026	(28,366)
2027	(25,814)
2028	<u>(21,813)</u>
	<u>\$ (149,369)</u>

Actuarial Assumptions

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

- Actuarial cost method – entry age normal – level percentage of pay
- Investment return – 4.09% – S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre-age 65 at 50%.
 - Eligible retirees will elect to participate post-age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate – 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%, an increase from 2.18% in the prior year. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contribution rates necessary to assure

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 2022, retirees' premium assistance benefits are not subject to future healthcare cost increases. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School's proportionate share of the net OPEB liability	\$ 414,000	\$ 414,000	\$ 414,000

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

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School's proportionate share of the net OPEB liability	\$ 468,000	\$ 414,000	\$ 369,000

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

OPEB Plan Fiduciary Net Position

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

NOTE 10 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. There has been no significant reduction in insurance coverage of the School's policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past year.

NOTE 11 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following general fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2023:

Instruction – special programs	\$	204,384
Instruction – other instructional programs	\$	688,417
Support services – students	\$	34,693
Support services – administration	\$	603,120
Support services – business	\$	10,116
Noninstructional services – food services	\$	16,310

The excess of expenditures over appropriations was financed in part by savings in other budgeted line items and revenues exceeding budgeted numbers.

NOTE 12 CHARTER RENEWAL

The School's charter contract expired on June 30, 2018. The School was recommended for renewal by the Charter Schools Office of the School District of Philadelphia (the SDP). The SDP offered a proposed charter which, in management's view, contained a number of terms and conditions beyond the scope of the Charter School Law and, accordingly, the School has not accepted the proposed charter. The School is permitted to continue to operate under the terms of the charter contract that expired June 30, 2018, while renewal discussions are taking place. Discussions with the SDP are ongoing as of December 22, 2023.

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 13 CONTINGENCIES AND COMMITMENTS

The School participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

As of June 30, 2023, the School incurred costs of \$319,337 for capital improvements that are not under formal commitments.

NOTE 14 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through December 22, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE								
	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2015	JUNE 30, 2014
School's proportion of the net pension liability	0.0226%	0.0233%	0.0261%	0.0275%	0.0292%	0.0306%	0.0330%	0.0334%	0.0336%
School's proportion of the net pension liability - dollar value	\$ 10,048,000	\$ 9,566,000	\$ 12,851,000	\$ 12,865,000	\$ 14,017,000	\$ 15,113,000	\$ 16,354,000	\$ 14,467,000	\$ 13,497,000
School's covered employee payroll	\$ 3,379,032	\$ 3,276,532	\$ 3,865,594	\$ 4,073,902	\$ 4,099,288	\$ 4,385,000	\$ 4,439,204	\$ 4,495,898	\$ 4,354,578
School's proportionate share of the net pension liability as a percentage of its covered employee payroll	297.36%	291.96%	332.45%	315.79%	341.94%	344.65%	368.40%	321.78%	309.95%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

Note: The above information is presented as of the Plan's measurement date.

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
Contractually required contribution	\$ 1,315,720	\$ 1,148,533	\$ 1,097,966	\$ 1,289,562	\$ 1,328,092	\$ 1,301,114	\$ 1,280,420	\$ 1,109,801	\$ 921,659
Contributions in relation to the contractually required contribution	<u>1,315,720</u>	<u>1,148,533</u>	<u>1,097,966</u>	<u>1,289,562</u>	<u>1,328,092</u>	<u>1,301,114</u>	<u>1,280,420</u>	<u>1,109,801</u>	<u>921,659</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 3,834,800	\$ 3,379,032	\$ 3,276,532	\$ 3,865,594	\$ 4,073,902	\$ 4,099,288	\$ 4,385,000	\$ 4,439,204	\$ 4,495,898
Contributions as a percentage of covered employee payroll	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE					
	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>
School's proportion of the net OPEB liability	0.0225%	0.0232%	0.0258%	0.0275%	0.0292%	0.0306%
School's proportion of the net OPEB liability - dollar value	\$ 414,000	\$ 550,000	\$ 557,000	\$ 585,000	\$ 585,000	\$ 623,000
School's covered employee payroll	\$ 3,379,032	\$ 3,276,532	\$ 3,865,594	\$ 4,073,902	\$ 4,099,288	\$ 4,385,000
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	12.25%	16.79%	14.41%	14.36%	14.27%	14.21%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

Note: The above information is presented as of the Plan's measurement date.

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

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>
Contractually required contribution	\$ 28,761	\$ 27,032	\$ 26,868	\$ 33,271	\$ 33,813	\$ 34,024
Contributions in relation to the contractually required contribution	<u>28,761</u>	<u>27,032</u>	<u>26,868</u>	<u>33,271</u>	<u>33,813</u>	<u>34,024</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 3,834,800	\$ 3,379,032	\$ 3,276,532	\$ 3,865,594	\$ 4,073,902	\$ 4,099,288
Contributions as a percentage of covered employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%

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

SINGLE AUDIT SUPPLEMENT



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

December 22, 2023

To the Board of Trustees
Christopher Columbus Charter School
Philadelphia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Christopher Columbus Charter School (the School), Philadelphia, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 22, 2023.

Report on Internal Control Over Financial Reporting

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

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

To the Board of Trustees
Christopher Columbus Charter School

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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



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

December 22, 2023

To the Board of Trustees
Christopher Columbus Charter School
Philadelphia, Pennsylvania

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Christopher Columbus Charter School's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2023. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the School compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit

To the Board of Trustees
Christopher Columbus Charter School

evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the School's compliance.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

To the Board of Trustees
Christopher Columbus Charter School

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

Report on Internal Control Over Compliance

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

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

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

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


BARBACANE, THORNTON & COMPANY LLP

**CHRISTOPHER COLUMBUS CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Source Code	Federal ALN	Pass- through Grantor's Number	Grant Period Beginning - Ending	Program or Award Amount	Total Received for Year	Accrued (Unearned) Revenue 07/01/22	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 06/30/23	Amount Passed Through to Subrecipients
U.S Department of Education											
<u>Passed through Pennsylvania Department of Education</u>											
Title I - Grants to Education Agencies	I	84.010	013-22-0864	07/08/2021 - 09/30/2022	\$ 853,790	\$ 139,985	\$173,692	\$ -	\$ -	33,707	\$ -
Title I - Grants to Education Agencies	I	84.010	013-23-0864	07/08/2022 - 09/30/2023	839,857	710,648	-	806,150	806,150	95,502	-
Total ALN 84.010						<u>850,633</u>	<u>173,692</u>	<u>806,150</u>	<u>806,150</u>	<u>129,209</u>	<u>-</u>
Title II - Improving Teacher Quality State Grants	I	84.367	020-22-0864	07/08/2021 - 09/30/2022	58,960	9,716	13,430	-	-	3,714	-
Title II - Improving Teacher Quality State Grants	I	84.367	020-23-0864	07/08/2022 - 09/30/2023	54,331	45,973	-	50,617	50,617	4,644	-
Total ALN 84.367						<u>55,689</u>	<u>13,430</u>	<u>50,617</u>	<u>50,617</u>	<u>8,358</u>	<u>-</u>
Title IV - Student Support and Academic Enrichment	I	84.424	144-22-0864	07/08/2021 - 09/30/2022	64,661	13,856	13,856	-	-	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-23-0864	07/08/2022 - 09/30/2023	63,638	53,847	-	63,638	63,638	9,791	-
Total ALN 84.424						<u>67,703</u>	<u>13,856</u>	<u>63,638</u>	<u>63,638</u>	<u>9,791</u>	<u>-</u>
CARES Act - ESSER Fund Local	I	84.425D	200-21-0864	03/13/2020 - 09/30/2023	3,177,020	812,726	166	398,779	398,779	(413,781)	-
CARES Act - ESSER Fund Local	I	84.425D	223-22-0864	03/13/2020 - 09/30/2024	6,426,191	1,168,398	-	1,903,572	1,903,572	735,174	-
Total ALN 84.425D						<u>1,981,124</u>	<u>166</u>	<u>2,302,351</u>	<u>2,302,351</u>	<u>321,393</u>	<u>-</u>
ARP ESSER 7%	I	84.425U	225-22-0864	03/13/2020 - 09/30/2024	411,244	71,351	-	302,827	302,827	231,476	-
ARP ESSER 7%	I	84.425U	225-22-0864	03/13/2020 - 09/30/2024	44,108	14,270	-	44,108	44,108	29,838	-
ARP ESSER 7%	I	84.425U	225-22-0864	03/13/2020 - 09/30/2024	44,108	14,270	-	7,784	7,784	(6,486)	-
Total ALN 84.425U						<u>99,891</u>	<u>-</u>	<u>354,719</u>	<u>354,719</u>	<u>254,828</u>	<u>-</u>
Total ALN 84.425						<u>2,081,015</u>	<u>166</u>	<u>2,657,070</u>	<u>2,657,070</u>	<u>576,221</u>	<u>-</u>
<u>Passed through School District of Philadelphia</u>											
IDEA Special Education - Grants to States	I	84.027	N/A	07/01/2021 - 06/30/2022	177,967	177,967	177,967	-	-	-	-
IDEA Special Education - Grants to States	I	84.027	N/A	07/01/2022 - 06/30/2023	150,085	-	-	150,085	150,085	150,085	-
Total ALN 84.027						<u>177,967</u>	<u>177,967</u>	<u>150,085</u>	<u>150,085</u>	<u>150,085</u>	<u>-</u>
Total U.S. Department of Education						<u>3,233,007</u>	<u>379,111</u>	<u>3,727,560</u>	<u>3,727,560</u>	<u>873,664</u>	<u>-</u>
TOTAL FEDERAL AWARDS						<u>\$3,233,007</u>	<u>\$379,111</u>	<u>\$3,727,560</u>	<u>\$3,727,560</u>	<u>\$873,664</u>	<u>\$ -</u>

Source Code:

I = Indirect Funding

CHRISTOPHER COLUMBUS CHARTER SCHOOL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF PRESENTATION

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

NOTE B BASIS OF ACCOUNTING

All expenditures included in the schedule of expenditures of federal awards are presented on the basis that expenditures are reported to the respective federal grantor agencies. Accordingly, certain expenditures are recorded when the federal obligation is determined.

NOTE C INDIRECT COST

The School has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. For the year ended June 30, 2023, there were no indirect costs included in the schedule of expenditures of federal awards.

CHRISTOPHER COLUMBUS CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major program:

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

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

Unmodified

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

_____ Yes X No

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

84.425D, 84.425U

Education Stabilization Funds

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

\$ 750,000

Auditee qualified as low-risk auditee?

X Yes _____ No

CHRISTOPHER COLUMBUS CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (cont'd)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.