

Boys Latin of Philadelphia Charter School

**Financial Statements
And
Supplementary Information**

Year Ended June 30, 2021

Boys Latin of Philadelphia Charter School
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Year Ended June 30, 2021

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Boys Latin of Charter School (the School), a nonprofit organization, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Boys Latin of Philadelphia Charter School as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boys Latin of Philadelphia Charter School's basic financial statements. 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, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 15, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.



Certified Public Accountants
Elkins Park, Pennsylvania

December 15, 2021

Boys Latin of Philadelphia Charter School

Management's Discussion and Analysis

June 30, 2021

The Board of Trustees of Boys Latin of Philadelphia Charter School (Boys Latin), Choice Holdings, LLC (Choice Holdings) and Boys Latin Foundation (Foundation) (collectively, the School) offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

- Total revenues increased approximately \$1,550,000 primarily due to increases in local education agencies and federal sources for the year ended June 30, 2021.
- At the close of the current fiscal year, the School reports ending net position of (\$845,086). This net position balance represents an increase in the net position of \$3,625,049 for the year ended June 30, 2021.
- At the close of the current fiscal year, the School reports an ending governmental fund balance of \$3,876,710. This balance was the result of a \$1,430,533 surplus for the year ended June 30, 2021.
- The School's cash balance at June 30, 2021 was \$5,306,594, representing an increase of \$1,602,128 from June 30, 2020.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Boys Latin of Philadelphia Charter School

Management's Discussion and Analysis

June 30, 2021

Overview of the Financial Statements (Continued)

Fund Financial Statements

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like governmental type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has two governmental funds: the general fund and the capital projects fund.

Notes to the Financial Statements

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

Supplementary Information

The governmental fund budgetary comparison schedule, schedule of the School's proportionate share of the net pension liability and contributions, and schedule of the School's proportionate share of the net OPEB liability and contributions are required supplementary information presented for purposes of additional analysis and are prepared using a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for state reporting requirements.

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* (the Uniform Guidance).

Government-Wide Financial Analysis

	June 30,	
	2021	2020
Assets		
Current assets	\$ 6,068,172	\$ 4,405,742
Capital assets	10,484,214	10,197,235
	<u>16,552,386</u>	<u>14,602,977</u>

Boys Latin of Philadelphia Charter School

Management's Discussion and Analysis

June 30, 2021

Government-Wide Financial Analysis (Continued)

Deferred Outflows of Resources	820,461	725,500
Liabilities		
Current liabilities	2,470,729	2,307,951
Noncurrent liabilities		
Notes payable	7,010,655	7,419,170
Pension liability	6,303,000	6,129,000
OPEB liability	277,000	279,000
	<u>16,061,384</u>	<u>16,135,121</u>
Deferred Inflows of Resources	<u>2,156,549</u>	<u>3,663,491</u>
Net Position	<u>\$ (845,086)</u>	<u>\$ (4,470,135)</u>

As noted earlier, net assets may serve over time as a useful indicator of a school's financial position. In the case of the School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$845,086 as of June 30, 2021.

The School's revenues are predominately received from the School District of Philadelphia based on student enrollment. For the year ended June 30, 2021, the School's total revenues of \$15,399,324 exceeded expenditures of \$11,774,275 by \$3,625,049.

	<u>2021</u>	<u>2020</u>
Revenues		
Local educational agency assistance	\$ 12,151,487	\$ 11,073,959
Federal sources	1,542,524	1,227,726
State sources	208,104	248,133
Other revenues	290,330	59,305
Contributions	1,206,879	1,240,552
Total revenues	<u>15,399,324</u>	<u>13,849,675</u>
Expenditures		
Instruction	6,789,397	7,955,498
Support services	3,722,310	2,639,946
Noninstructional services	317,874	340,329
Depreciation and amortization	711,818	745,142
Interest expense	232,876	253,734
Total expenditures	<u>11,774,275</u>	<u>11,934,649</u>
Change in net position	3,625,049	1,915,026
Net position, beginning	<u>(4,470,135)</u>	<u>(6,385,161)</u>
Net position, ending	<u>\$ (845,086)</u>	<u>\$ (4,470,135)</u>

Boys Latin of Philadelphia Charter School

Management's Discussion and Analysis

June 30, 2021

Governmental Fund

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

The general fund is the chief operating fund of the School. At the end of the current year, the unassigned fund balance of the general fund was \$3,098,151 and the total fund balance of the governmental funds was \$3,876,710.

Budget Variations

Actual revenues were \$436,231 higher than the budget due to increases (decreases) as follows:

Local educational agency assistance	\$ 310,088
Federal sources	(285,833)
State sources	3,272
Other revenues	408,704
	<u>\$ 436,231</u>

Actual expenditures were \$1,362,059 lower than the budget due to increases (decreases) as follows:

Instruction	\$ (179,199)
Support services	(841,644)
Noninstruction services	(458,474)
Capital outlay	117,258
Debt service	-
	<u>\$ (1,362,059)</u>

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the School's investment in capital assets for its governmental activities totaled \$10,484,214 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, and equipment for the School.

Major capital assets purchases during the year included the following:

- Capital expenditures of \$268,143 for equipment
- Capital expenditures of \$730,654 for land and building improvements

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

Boys Latin of Philadelphia Charter School Management's Discussion and Analysis June 30, 2021

Long-Term Debt

As of June 30, 2021, the School has notes payable of \$7,289,922.

Economic Factors and Next Year's Budgets and Rates

The School's primary source of revenues, tuition payments from the School District of Philadelphia, will be relatively flat for the 2021-2022 school year. The student population is projected to be slightly reduced at 768. The School has been awarded funding from numerous federal programs as a result of COVID-19 that can be spent over a number of fiscal years and ends on September 30, 2024. The School has budgeted the use of \$3,011,362 to be used in the 2021-2022 school year.

The COVID-19 health crisis has had an expected adverse effect on the State's financial condition. The issue manifests itself most clearly in the way that the State determines each charter school's per-pupil allotment which is calculated by the student's school district of residence's budgeted expenditures. To the extent that State funds are reduced at the district level, this reduction will result in a reduction in charter school funding.

On March 25, 2021, the School District of Philadelphia's Finance Office provided a public presentation that included financial projection data for the next three (3) years (2021-24). The district projects that charter tuition rates will be adversely impacted starting in the 2022-2023 school year due to the effect of COVID-19 on district revenues.

Future Events That Will Financially Impact the School

Except as listed above, there are no known future events that will financially impact the School.

Component Units

Choice Holdings and Boys Latin Foundation (formally Choice Academics) are component units of the School and are reported as part of the capital projects fund in the governmental fund financial statements.

Contacting the School's Financial Management

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to Chief Executive Officer, Boys Latin of Philadelphia Charter School, 5501 Cedar Avenue, Philadelphia, PA 19143, or call (215) 387-5149.

Boys Latin of Philadelphia Charter School
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 5,306,594
Due from other governments	8,604
Federal subsidies receivable	443,706
State subsidies receivable	133,417
Promises to give	56,725
Prepaid expenses	119,126
Property and equipment, net	<u>10,484,214</u>
Total assets	<u>16,552,386</u>
Deferred Outflows of Resources	
Deferred outflows of resources	<u>820,461</u>
Liabilities	
Accounts payable and accrued expenses	728,258
Salaries and benefits payable	1,418,507
Due to other governments	44,697
Long-term debt	
Due within one year	279,267
Due after one year	7,010,655
Net pension liability	6,303,000
Net OPEB liability	<u>277,000</u>
Total liabilities	<u>16,061,384</u>
Deferred Inflows of Resources	
Deferred inflows of resources	<u>2,156,549</u>
Net Position	
Unrestricted	(4,076,425)
Restricted for:	
Warrior Fund	37,047
Invested in capital assets, net of related debt	<u>3,194,292</u>
	<u>\$ (845,086)</u>

See accompanying notes to financial statements.

Boys Latin of Philadelphia Charter School
Statement of Activities
Year Ended June 30, 2021

Functions	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
		Operating Grants and Contributions	Governmental Activities
Governmental Activities			
Instruction	\$ 6,789,397	\$ 1,113,764	\$ (5,675,633)
Support services	3,722,310	165,730	(3,556,580)
Noninstructional services	317,874	97,256	(220,618)
Depreciation and amortization	711,818	-	(711,818)
Interest expense	232,876	-	(232,876)
Total governmental activities	<u>\$ 11,774,275</u>	<u>\$ 1,376,750</u>	<u>(10,397,525)</u>
	General Revenues		
	Local educational agencies		12,151,487
	Grants not restricted to specific programs		599,178
	Contributions		1,206,879
	Other income		<u>65,030</u>
	Change in net position		<u>3,625,049</u>
	Net Position - Beginning of Year		<u>(4,470,135)</u>
	Net Position - End of Year		<u>\$ (845,086)</u>

See accompanying notes to financial statements.

Boys Latin of Philadelphia Charter School
Balance Sheet-Governmental Funds
June 30, 2021

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 4,591,585	\$ 715,009	\$ 5,306,594
Due from other governments	8,604	-	8,604
Federal subsidies receivable	443,706	-	443,706
State subsidies receivable	133,417	-	133,417
Promises to give	56,725	-	56,725
Prepaid expenses	119,126	-	119,126
Due from other funds	1,335,823	-	1,335,823
	<u>1,335,823</u>	<u>-</u>	<u>1,335,823</u>
Total assets	<u>\$ 6,688,986</u>	<u>\$ 715,009</u>	<u>\$ 7,403,995</u>
Liabilities			
Accounts payable and accrued expenses	\$ 728,258	\$ -	\$ 728,258
Salaries and benefits payable	1,411,707	6,800	1,418,507
Due to other governments	44,697	-	44,697
Due to other funds	-	1,335,823	1,335,823
	<u>-</u>	<u>1,335,823</u>	<u>1,335,823</u>
Total liabilities	<u>2,184,662</u>	<u>1,342,623</u>	<u>3,527,285</u>
Fund Balance (Deficit)			
Nonspendable	119,126	-	119,126
Restricted	37,047	-	37,047
Committed	3,450,000		3,450,000
Unassigned	898,151	(627,614)	270,537
	<u>898,151</u>	<u>(627,614)</u>	<u>270,537</u>
Total fund balance (deficit)	<u>4,504,324</u>	<u>(627,614)</u>	<u>3,876,710</u>
Total liabilities and fund balance	<u>\$ 6,688,986</u>	<u>\$ 715,009</u>	<u>\$ 7,403,995</u>

See accompanying notes to financial statements.

Boys Latin of Philadelphia Charter School
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

Total Fund Balance for Governmental Funds	\$ 3,876,710
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets, net	10,484,214
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Long-term liabilities that pertain to governmental funds, including notes payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at year end are:

Notes payable	(7,289,922)
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Long-term liabilities that pertain to governmental funds, including net pension liability, net OPEB liability, deferred outflows, and deferred inflows, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at year end are:

Pension	(7,500,442)
OPEB	(415,646)

Total Net Position of Governmental Activities	\$ (845,086)
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Boys Latin of Philadelphia Charter School
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Funds
Year Ended June 30, 2021

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local education agency assistance	\$ 12,151,487	\$ -	\$ 12,151,487
Federal sources	1,542,524	-	1,542,524
State sources	208,104	-	208,104
Other sources	1,149,272	1,595,505	2,744,777
	<u>15,051,387</u>	<u>1,595,505</u>	<u>16,646,892</u>
Expenditures			
Instruction	8,219,300	-	8,219,300
Support services	3,584,852	1,610,326	5,195,178
Noninstructional services	317,874	-	317,874
Capital outlay	501,566	497,231	998,797
Debt service	391,321	93,889	485,210
	<u>13,014,913</u>	<u>2,201,446</u>	<u>15,216,359</u>
Net Change in Fund Balance	2,036,474	(605,941)	1,430,533
Fund Balance (Deficit) - Beginning of Year	<u>2,467,850</u>	<u>(21,673)</u>	<u>2,446,177</u>
Fund Balance (Deficit) - End of Year	<u>\$ 4,504,324</u>	<u>\$ (627,614)</u>	<u>\$ 3,876,710</u>

See accompanying notes to financial statements.

Boys Latin of Philadelphia Charter School
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 1,430,533
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays exceeds depreciation in the current period.

Capital outlays	998,797
Depreciation and amortization expense	(711,818)

The governmental funds report note proceeds as financing sources, while repayment of mortgage principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. The net effect of these differences in the treatment of mortgage payable is as follows:

Repayments of notes payable	252,334
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Forgiveness of Payroll Protection Program Loan	225,300
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:

Change in pension expense	1,393,371
Change in OPEB expense	36,532

Change in Net Position of Governmental Activities	\$ 3,625,049
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See accompanying notes to financial statements.

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 1 Nature of Organization

Background

Boys Latin of Philadelphia Charter School (the School) is organized as a nonprofit corporation in Pennsylvania to operate a charter in accordance with Pennsylvania Act 22 of 1997 (the Act) and is operating under a charter school contract through June 30, 2017, which may be renewed for an additional term. The School has been working with The School District of Philadelphia to renew the charter. The net position of the School would remain with the School if their charter was not renewed. The School is located in Philadelphia, Pennsylvania. During the 2020-2021 school year, the School served students in grades 6 through 12.

The School has financial accountability and control over all activities related to the students' education. The School receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. The reporting entity of the School is based upon criteria set forth by Governmental Accounting Standards Board (GASB) Statements No. 14, 39, and 61. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School and its blended component units. The School is not a component unit of another reporting entity. The decision to include a potential component unit in the School's reporting entity is based on several criteria, including legal standing, fiscal dependency and financial accountability. As described below, the School has identified two component units.

Component Units

Choice Holdings, LLC (Choice Holdings) is a legally separate, nonprofit component unit of the School. Choice Holdings is a single member LLC where the School is the only member. Choice Holdings is the co-borrower on the 2007 loan used to renovate the Cedar Avenue property. Because the School controls the resources of Choice Holdings and utilizes these resources for its benefit, Choice Holdings is considered a blended component unit of the School and is combined with the governmental activities and general fund of the School. Choice Holdings did not have any assets, liabilities, fund balance, revenue or expenses for the year ended June 30, 2021.

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

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the overall government, except for fiduciary activities. The government-wide statements provide information about the primary government (the School) and its component units, without displaying funds. Eliminations are made to minimize the double counting of internal activities. All of the School's activities are governmental.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School's activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

- Program revenues include charges paid by the recipients of goods or services offered by programs and grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenue.

Fund Financial Statements

The fund financial statements provide information about the School's funds, including fiduciary funds and blended component units, if any. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of governmental and enterprise fund reporting (enterprise funds are a type of proprietary fund) is on major funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. All other funds are aggregated and reported by fund type. The School has no proprietary or fiduciary funds at June 30, 2021.

The School reports the following major governmental funds:

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

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition and construction of capital facilities.

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

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenue available if it collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due. Claims, judgments, and compensated absences are recognized as expenditures only to the extent they are normally expected to be paid from existing unrestricted net position. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing revenues.

Under the terms of grant agreements, the School supports certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, they are both restricted and unrestricted net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Net Position

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, classifies net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- Restricted – This component of net position consists of constraints placed on asset use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 2 Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

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

Fund Balance Classification Policies and Procedures

The School follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions*, which requires the classification of the School's fund balance into five components: nonspendable, restricted, committed, assigned, and unassigned. These classifications are defined as follows:

- Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The School classified prepaid expenses as being nonspendable as these items are not expected to be converted to cash.
- Restricted - included amounts restricted by external sources, such as creditors or grantors, or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. As of June 30, 2021, \$2,000,000 was committed for future capital projects and \$1,450,000 was committed to offset anticipated future district rate reductions as a result of COVID-19.
- Assigned - includes amounts that the School intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.
- Unassigned - includes all amounts that are not included in other spendable classifications.

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

Budgets and Budgetary Accounting

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

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 2 Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

The Budgetary Comparison Schedule should present both the original and the final appropriated budgets for the reporting period. The School only has a general fund budget; therefore, the original budget filed and accepted by the Pennsylvania Department of Education is the final budget as well.

Use of Estimates

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

Receivables

Receivables primarily consist of amounts due from federal, state, and local authorities. Receivables are stated at the amount management expects to collect. The School maintains an allowance for doubtful accounts for estimated losses resulting from the inability of governments to make required payments. If the financial conditions of these governments were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the School provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the School has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance at June 30, 2021.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. If material assets are to be received on promises to give beyond one year from the year of the related revenue recognition, the contribution is recognized at its net present value, based on a discount rate of 4.50%.

Deferred Outflows/Inflows of Resources

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

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

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 2 Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land, building and improvements, and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School maintains a threshold level of \$2,500, per individual item, or more for capitalizing assets. The School does not possess any infrastructure. The infrastructure, which consists of the land and buildings, is owned by the component units, which are shown as blended in the accompanying financial statements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 25 years.

Income Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. The School adopted the provisions of ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management evaluated the School's tax positions and concluded that the School had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The School files a Return of Organizations Exempt from Income Tax annually. The School's returns for 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Advertising Costs

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

Pensions

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

General Information About the Pension Plan

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 2 Summary of Significant Accounting Policies (Continued)

Pensions (Continued)

Plan Description

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

Benefits Provided

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

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

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

Boys Latin of Philadelphia Charter School
Notes to Financial Statements
June 30, 2021

Note 2 Summary of Significant Accounting Policies (Continued)

Pensions (Continued)

Contributions

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 Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (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. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The School's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School were \$501,196 for the year ended June 30, 2021.

Other Postemployment Benefits

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

Boys Latin of Philadelphia Charter School
Notes to Financial Statements
June 30, 2021

Note 2 Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits (Continued)

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

Pension Plan Description

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

Boys Latin of Philadelphia Charter School
Notes to Financial Statements
June 30, 2021

Note 2 Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits (Continued)

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, 2020 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% 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 \$12,264 for the year ended June 30, 2021.

Note 3 Cash

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School monitors custodial credit risk by periodically reviewing the Federal Deposit Insurance Corporation's (FDIC) limits and published credit ratings of its depository bank. Accounts are insured by the FDIC up to \$250,000 for all accounts kept at one financial institution. Under Pennsylvania Act 72, financial institutions pledge collateral on a pooled basis to secure public deposits in excess of FDIC insurance limits. The School has elected for some of its accounts to be covered under this act.

As of June 30, 2021, \$5,306,594 of the School's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,588,909
Collateralized	2,198,118
Insured amount	758,786
Less: outstanding checks	(239,219)
	<hr/>
	\$ 5,306,594

Boys Latin of Philadelphia Charter School
Notes to Financial Statements
June 30, 2021

Note 4 Promises to Give

Pledged contributions receivable of \$56,725 will be received over multiple years and have been discounted to present value using the School's current borrowing rate of 4.50%. Payments are pledged as follows:

Year Ending June 30,	
2022	\$ 58,000
Unamortized discount	(1,275)
Total	\$ 56,725

Note 5 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.

Note 6 Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance, 7/1/2020	Additions	Deletions	Balance, 6/30/2021
Non-Depreciable Capital Assets				
Land	\$ 1,375,702	\$ 114,822	\$ -	\$ 1,490,524
Depreciable Capital Assets				
Building and improvements	9,881,071	233,423	-	10,114,494
Building - component unit	3,208,880	382,409	-	3,591,289
Equipment	2,722,278	268,143	-	2,990,421
Less: accumulated depreciation	(6,990,696)	(711,818)	-	(7,702,514)
	8,821,533	172,157	-	8,993,690
Capital assets, net	\$ 10,197,235	\$ 286,979	\$ -	\$ 10,484,214

Depreciation expense for the year ended June 30, 2021 was \$711,818. The School's capital assets are shared by multiple government functions. Accordingly, it was not considered practical to allocate depreciation expense.

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 7 Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School reported a liability of \$6,303,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. 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, 2021, the School's proportion was 0.0128%, which was a decrease of 0.0003 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School recognized a pension credit of \$(892,175). At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 277,000	\$ -
Differences between expected and actual experience	16,000	151,000
Changes in proportions	-	1,815,000
Difference between employer contributions and proportionate share of total contributions	-	25,639
Contributions subsequent to the measurement date	501,196	-
	\$ 794,196	\$ 1,991,639

The \$501,196 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ (1,489,175)
2023	(333,174)
2024	41,710
2025	82,000

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 7 Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability at June 30, 2020 was determined by rolling forward the System's total pension liability at June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were 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.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0%	5.2%
Private equity	15.0%	7.2%
Fixed income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Risk parity	8.0%	3.3%
Cash	6.0%	-1.0%
Financing (LIBOR)	-14.0%	-0.7%
	100.0%	

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 7 Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions (Continued)

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, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School's proportionate share of the net pension liability	\$ 7,798,000	\$ 6,303,000	\$ 5,036,000

Pension Plan Fiduciary Net Position

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

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 8 OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the School reported a liability of \$277,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. 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, 2021, the School's proportion was .0128%, which was a decrease of .0003 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School recognized an OPEB credit of \$(24,267). At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 157,000
Changes of assumptions	11,000	6,000
Differences between expected and actual experience	3,000	-
Difference between employer contributions and proportionate share of total contributions	-	1,910
Contributions subsequent to the measurement date	12,264	-
	\$ 26,264	\$ 164,910

The \$12,264 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2022	\$ (37,698)
2023	(37,698)
2024	(37,695)
2025	(30,771)
2026	(7,057)
Thereafter	9

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 8 OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2020, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.79% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on 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.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- 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 rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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.

Boys Latin of Philadelphia Charter School
Notes to Financial Statements
June 30, 2021

Note 8 OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

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.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	-1.0%
US Core Fixed Income	46.5%	-0.1%
Non-US Developed Fixed	3.2%	-0.1%
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometrical real rates of return for each major asset class as of June 30, 2020.

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.66%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 8 OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, 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, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2020, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health care cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 277,000	\$ 277,000	\$ 277,000

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 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage point higher (3.66%) than the current rate:

	1% Decrease 1.66%	Current Discount 2.66%	1% Increase 3.66%
School's proportionate share of the net OPEB liability	\$ 315,000	\$ 277,000	\$ 244,000

OPEB plan fiduciary net position

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

Boys Latin of Philadelphia Charter School
Notes to Financial Statements
June 30, 2021

Note 9 Long-Term Debt

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

\$ 3,875,279

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

775,000

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

1,530,000

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

1,094,368

Boys Latin of Philadelphia Charter School
Notes to Financial Statements
June 30, 2021

Note 9 Long-Term Debt (Continued)

PPP Loan - On April 20, 2020, the Foundation received loan proceeds in the amount of \$225,300 under the Paycheck Protection Program. The PPP Loan was forgiven during the year ended June 30, 2021.

	7,274,647
Less: current maturities	(263,992)
	\$ 7,010,655

Following are changes in long-term debt for the year ended June 30, 2021:

	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021
Loan 1	\$ 4,075,677	\$ -	\$ (200,398)	\$ 3,875,279
Loan 2	775,000	-	-	775,000
Loan 3	1,530,000	-	-	1,530,000
Loan 4	1,145,707	-	(51,339)	1,094,368
PPP Loan	225,300	-	(225,300)	-
	\$ 7,751,684	\$ -	\$ (477,037)	\$ 7,274,647

Interest expense on long-term debt was \$232,876 for the year ended June 30, 2021.

The School has specific financial debt covenants regarding its long-term debt, including a debt service coverage ratio that is measured annually. The School was in compliance with all covenants at June 30, 2021.

At June 30, 2021, future principal and interest requirements of long-term debt based on the schedule of mandatory redemption, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 263,992	\$ 220,136	\$ 484,128
2023	2,581,282	207,847	2,789,129
2024	288,617	195,511	484,128
2025	302,599	181,529	484,128
2026	1,120,758	142,225	1,262,983
2027 to 2031	1,471,072	485,536	1,956,608
2028 to 2035	1,246,327	108,971	1,355,298
	\$ 7,274,647	\$ 1,541,755	\$ 8,816,402

Boys Latin of Philadelphia Charter School

Notes to Financial Statements

June 30, 2021

Note 10 Grant Contingencies

Grants received are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

Note 11 Litigation

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

Note 12 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. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years.

Note 13 Employee Benefit Plan

The School and Foundation maintain savings incentive 403(b) plans for its employees. All employees are eligible. Participants may elect voluntary salary deferrals under the plan up to the maximum permitted by law. The School makes a contribution for certain employees enrolled in the plan at a rate of 5% of eligible compensation as defined in the plan agreement. The Foundation makes a contribution for certain employees enrolled in the plan at a rate of 7.55% of eligible compensation as defined in the plan agreement. Total contribution expense for the plan amounted to \$253,650 for the year ended June 30, 2021.

Supplementary Information

Boys Latin of Philadelphia Charter School
Governmental Fund Budgetary Comparison Schedule
Year Ended June 30, 2021

	Original/Final Budget	Actual Revenues/ Expenditures	Variance With Budget
Revenues			
Local educational agency assistance	\$ 11,841,399	\$ 12,151,487	\$ 310,088
Federal sources	1,828,357	1,542,524	(285,833)
State sources	204,832	208,104	3,272
Other sources	<u>740,568</u>	<u>1,149,272</u>	<u>408,704</u>
Total revenues	<u>14,615,156</u>	<u>15,051,387</u>	<u>436,231</u>
Expenditures			
Instruction	8,398,499	8,219,300	179,199
Support services	4,426,496	3,584,852	841,644
Noninstructional services	776,348	317,874	458,474
Capital outlay	384,308	501,566	(117,258)
Debt service	<u>391,321</u>	<u>391,321</u>	<u>-</u>
Total expenditures	<u>14,376,972</u>	<u>13,014,913</u>	<u>1,362,059</u>
Net Change in Fund Balance	238,184	2,036,474	1,798,290
Fund Balance, Beginning of Year	<u>2,467,850</u>	<u>2,467,850</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,706,034</u>	<u>\$ 4,504,324</u>	<u>\$ 1,798,290</u>

See accompanying notes to financial statements.

Boys Latin of Philadelphia Charter School

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

Last 10 Fiscal Years*

<u>Schedule of the School's Proportionate Share of the Net Pension Liability</u>					
<u>PSERS Measurement Date</u>					
Fiscal Year	<u>PSERS Net Pension Liability</u>	<u>School's</u>	<u>School's</u>	<u>School's</u>	<u>Plan</u>
	<u>School's</u>	<u>Proportionate</u>	<u>Covered</u>	<u>Share of NPL as</u>	<u>Fiduciary</u>
	<u>Proportion</u>	<u>Share</u>	<u>Employee</u>	<u>a % of Covered-</u>	<u>Net Position</u>
			<u>Payroll</u>	<u>Employee Payroll</u>	<u>as a % of Total</u>
					<u>Pension Liability</u>
6/30/2013	0.0214%	\$ 8,761,000	\$ 2,752,000	318.35%	54.49%
6/30/2014	0.0275%	\$ 10,884,000	\$ 3,511,000	310.00%	57.24%
6/30/2015	0.0263%	\$ 11,392,000	\$ 3,387,000	336.34%	54.36%
6/30/2016	0.0253%	\$ 12,538,000	\$ 3,274,000	382.96%	50.14%
6/30/2017	0.0238%	\$ 11,754,000	\$ 3,165,000	371.37%	51.84%
6/30/2018	0.0158%	\$ 7,585,000	\$ 2,134,000	355.44%	54.00%
6/30/2019	0.0131%	\$ 6,129,000	\$ 1,812,000	338.25%	55.66%
6/30/2020	0.0128%	\$ 6,303,000	\$ 1,794,000	351.34%	54.32%

<u>Schedule of School Contributions</u>					
Fiscal Year	<u>Contractually</u>	<u>Contributions</u>	<u>Contribution</u>	<u>Covered-</u>	<u>Contributions</u>
	<u>Required</u>	<u>Recognized by</u>	<u>Deficiency</u>	<u>Employee</u>	<u>as a % of Total</u>
	<u>Contributions</u>	<u>PSERS</u>	<u>(Excess)</u>	<u>Payroll</u>	<u>Covered-</u>
					<u>Employee</u>
					<u>Payroll</u>
6/30/2014	\$ 598,000	\$ 598,000	\$ -	\$ 3,511,000	17.03%
6/30/2015	\$ 777,000	\$ 777,000	\$ -	\$ 3,387,000	22.94%
6/30/2016	\$ 844,000	\$ 844,000	\$ -	\$ 3,274,000	25.78%
6/30/2017	\$ 691,000	\$ 691,000	\$ -	\$ 3,165,000	21.83%
6/30/2018	\$ 746,000	\$ 746,000	\$ -	\$ 2,134,000	34.96%
6/30/2019	\$ 595,000	\$ 595,000	\$ -	\$ 1,812,000	32.84%
6/30/2020	\$ 606,000	\$ 606,000	\$ -	\$ 1,794,000	33.78%
6/30/2021	\$ 501,196	\$ 501,196	\$ -	\$ 1,495,662	33.51%

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

See accompanying notes to financial statements.

Boys Latin of Philadelphia Charter School

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

Last 10 Fiscal Years*

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

Fiscal Year	PSERS Net OPEB Liability		School's Covered Employee Payroll	School's Proportionate Share of OPEB as a % of Covered- Employee Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
	School's Proportion	School's Proportionate Share			
6/30/2017	0.0238%	\$ 485,000	\$ 3,165,000	15.32%	5.73%
6/30/2018	0.0158%	\$ 329,000	\$ 2,134,000	15.42%	5.56%
6/30/2019	0.0131%	\$ 279,000	\$ 1,812,000	15.40%	5.56%
6/30/2020	0.0128%	\$ 277,000	\$ 1,794,000	15.44%	5.69%

Schedule of School Contributions

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a % of Total Covered- Employee Payroll
6/30/2018	\$ 20,000	\$ 20,000	\$ -	\$ 2,134,000	0.94%
6/30/2019	\$ 15,000	\$ 15,000		\$ 1,812,000	0.83%
6/30/2020	\$ 15,000	\$ 15,000		\$ 1,794,000	0.84%
6/30/2021	\$ 12,264	\$ 12,264		\$ 1,495,662	0.82%

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

See accompanying notes to financial statements.

Other Reports Required By Government Auditing Standards



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

To the Board of Trustees
Boys Latin of Philadelphia 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 each major fund of Boys Latin of Philadelphia Charter School (the School) as of and for the year ended June 30, 2021 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 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in dark ink that reads "SD Associates P.C." in a cursive, flowing script.

Certified Public Accountants
Elkins Park, Pennsylvania

December 15, 2021

Single Audit Requirements

Boys Latin of Philadelphia Charter School
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor	Federal Assistance Lining Number	Pass- Through Grantor's Number	Grant Period	Program or Award	Accrued (Deferred) Revenue 7/1/2020	Total Received for the Year	Revenue Recognized	Total Federal Expenditures	Accrued (Deferred) Revenue 6/30/2021
U.S. Department of Education									
<u>Pass-Through PA Department of Education</u>									
Title I - Improving Basic Programs	84.010	013-211065	8/20/2020-9/30/2021	\$ 776,162	\$ -	\$ 663,756	\$ 776,162	\$ 776,162	\$ 112,406
Title I - Improving Basic Programs	84.010	013-201065	7/3/2019-9/30/2020	694,984	138,960	138,960	-	-	-
Total Title I - Improving Basic Programs					138,960	802,716	776,162	776,162	112,406
Title II - Improving Teacher Quality	84.367	020-211065	8/20/2020-9/30/2021	59,404	-	46,447	59,404	59,404	12,957
Title II - Improving Teacher Quality	84.367	020-201065	7/3/2019-9/30/2020	53,350	14,770	14,770	-	-	-
Total Title II - Improving Teacher Quality					14,770	61,217	59,404	59,404	12,957
Title IV - Student Support and Academic Enrichment	84.424	144-211065	8/20/2020-9/30/2021	52,706	-	41,412	52,706	52,706	11,294
Title IV - Student Support and Academic Enrichment	84.424	144-201065	7/3/2019-9/30/2020	53,017	3,534	3,534	-	-	-
Total Title IV - Student Support and Academic Enrichment					3,534	44,946	52,706	52,706	11,294
Elementary and Secondary School Emergency Relief Fund	84.425D	200-201065	3/13/2020-9/30/22	570,821	-	270,389	283,878	283,878	13,489
<u>Pass-Through School District of Philadelphia</u>									
Individuals with Disabilities Education									
Act Part B	84.027	N/A	7/1/2020-6/30/2021	186,560	-	-	186,560	186,560	186,560
Individuals with Disabilities Education									
Act Part B	84.027	N/A	7/1/2019-6/30/2020	134,567	134,567	134,567	-	-	-
Total IDEA Part B					134,567	134,567	186,560	186,560	186,560
Total U.S. Department of Education					291,831	1,313,835	1,358,710	1,358,710	336,706
U.S. Department of Agriculture									
<u>Pass-Through PA Department of Education</u>									
National School Lunch Program	10.555	N/A	7/1/2020-6/30/2021	N/A	7,000	51,708	55,152	55,152	10,444
School Breakfast Program	10.553	N/A	7/1/2020-6/30/2021	N/A	4,400	32,467	34,623	34,623	6,556
<u>Pass-Through PA Department of Agriculture</u>									
National School Lunch Program	10.555	N/A	7/1/2020-6/30/2021	N/A	-	4,039	4,039	4,039	-
Total U.S. Department of Agriculture/Child Nutrition Cluster					11,400	88,214	93,814	93,814	17,000
U.S. Department of the Treasury									
<u>Pass-Through PA Commission on Crime and Delinquency</u>									
Coronavirus Relief Fund	21.019	2020-CS-01-34192	3/1/2020-10/30/2020	90,000	-	-	90,000	90,000	90,000
Total U.S. Department of the Treasury					-	-	90,000	90,000	90,000
Total Federal Awards					\$ 303,231	\$ 1,402,049	\$ 1,542,524	\$ 1,542,524	\$ 443,706

See notes to schedule of expenditures of federal awards.

Boys Latin of Philadelphia Charter School
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Boys Latin of Philadelphia Charter School (the School) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Note 2 Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available

Note 3 Indirect Cost Rate

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

Note 4 Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.



**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited Boys Latin of Philadelphia Charter School's (the School) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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 a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Certified Public Accountants
Elkins Park, Pennsylvania

December 15, 2021

Boys Latin of Philadelphia Charter School

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

A. Summary of Audit Results

1. The Independent Auditor's Report expresses an unmodified opinion on the basic financial statements of Boys Latin of Philadelphia Charter School.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting.
3. No instances of noncompliance material to the financial statements of Boys Latin of Philadelphia Charter School which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance.
5. The independent auditors' report on compliance for the major federal award programs for Boys Latin of Philadelphia Charter School expresses an unmodified opinion.
6. There were no audit findings, which were required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as a major program were IDEA Part B, CFDA #84.027, and ESSER, CFDA #84.425
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Boys Latin of Philadelphia qualified as a low-risk auditee.

B. Findings-Financial Statement Audit

None.

C. Findings and Questioned Costs-Major Federal Award Programs Audit

None.