



Abby Kelley Foster Charter Public School

10 New Bond Street Worcester, MA 01606

Phone: (508) 854-8400 Fax: (508) 854-8484

www.akfcs.org

Facilities and Finance Committee Meeting Agenda-DIGITAL MEETING

Friday, October 21, 2022, 8:00 a.m.

<https://akfcs-org.zoom.us/j/99263337161?pwd=UXNzNG9XTTNHbjlwVzZFYWRZc3Rjdz09>

Meeting ID: 992 6333 7161 **Passcode:** 611559

By phone: +19292056099 **Meeting ID:** 992 6333 7161

- I. Call to Order- Ms. Bibiche Zagabe-Ndiku, Chair
- II. Introductions/Attendance Recorded
- III. Review of the September 16, 2022, Meeting Minutes
 - a. **Motion:** To approve the September 16, 2022, Meeting Minutes
- IV. Audit Presentation- Jennifer A. L'Heureux, John R. Buckley, Bethany S. Faford- AAF CPA
- V. Financial Report- Ms. Alisha Carpino
- VI. Safety Committee- Ms. Heidi Paluk
- VII. Facilities Report- Mr. Andrew Cruickshank *(Subject to Time)*
- VIII. IT Update- Mr. Gabriel Beltran *(Subject to Time)*
- IX. Timely Topics As Identified by the Chair and/or ED
- X. Upcoming Facilities & Finance Committee Meetings
 - a. Friday, November 18, 2022
 - b. Friday, December 16, 2022
- XI. Adjournment



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Facilities and Finance Committee Meeting Minutes-DRAFT

Friday, September 16, 2022, 8:00 a.m

<https://akfcs-org.zoom.us/j/91663515791?pwd=OXNJTWZFLy9qQjZCY1NTVHBNMkNrUT09>

Meeting ID: 916 6351 5791 **Passcode:** 070140

By phone: +1 929 205 6099 **Meeting ID:** 916 6351 5791

The meeting was called to order by Ms. Zagabe-Ndiku. The attendance was recorded and is attached.

Ms. Zagabe-Ndiku asked the Committee to review the Meeting Minutes from the August 19, 2022, meeting. Upon its review, Ms. Zagabe-Ndiku asked for a motion to approve the minutes from the August 19, 2022, Facilities and Finance Meeting. Mr. Beaudry made the motion, and Mr. Royce seconded it. The committee unanimously approved the minutes.

Financial Report

Ms. Carpino began by explaining what the loss of disposal line item meant. It was explained that this was a fixed asset section that had not been cleaned up in many years, and because of this, many things were not fully depreciated, and because they were not being sold, they had to be picked up as a loss on disposal. Because of the financial instability, it was decided that we would not pick up the expense of items not being used in the building.

With the revenue from state sources, the budget was showing an additional \$300,000 above the projected amount, and this was due to tuition that received a rate increase and the SOA. Transportation was almost \$40,000 over budget due to the price of gas currently. It was noted that this number would hopefully decrease as gas prices dropped and that bus monitors were being looked at for students, which would be another expense. Ms. Carpino also noted that the nutrition department was added to the list this year, and there was a surplus of \$53,000 from that department, and she commended the staff for the hard work they put into it.

It was explained that with federal grants, the funds reached about \$572,000, and extra money was received from the Title 1 grant. It was said that the Title 1 grant would also be happening again and that it was budgeted for what was received, as the actual amount received can be higher or lower. It was also noted that competitive grants were also filled out, totaling \$300,000. It was also explained that salaries ended \$400,000 below budget due to Covid and open positions. It was also noted that only a 3% increase happened with the insurance, allowing the budget to be under. Debt to service ratio ended at 2.19%

Mr. Royce inquired about the food budget, and it was explained that an allocated amount was given per meal, and any profit would be counted as surplus. Mr. Royce also inquired about a high-level summary, to which Ms. Carpino stated she would send the spreadsheet to the Board members.



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Audit Update

It was explained that the auditors would be in the office next week to review documents. It was noted that everything looked good at the moment and that they would look forward to having them on campus.

Facilities Update

Ms. Paluk informed the committee that the new Director of Facilities, Andy Cruickshank, would start on Monday. He recently came from Vandenberg Air Force base, where he worked in the Space Force overseeing their housing units. It was also noted that there were currently five open positions and that the structure would be looked at as a night maintenance worker was also needed. It was explained that once the new maintenance director started, he would work on creating his team and working with Allan to obtain the necessary information required for the betterment of the school.

Ms. Paluk also spoke about the day porters that have been helping and commended the work that they were doing. She also spoke about the refrigeration unit being sent in to replace the ones that received water damage and the work that would be done for it to fit, as it was about 8 inches too high. Ms. Paluk also explained that the ES basement project was nearly complete and that the abatement project in the middle school was finished, and the air sampling returned as great. It was the hope of Ms. Paluk that the classrooms would be opened on Monday for use.

Ms. Paluk spoke on the budget concern with the water-damaged walls that were the source of the mold. It was explained that an area of problem does not belong to the school and that the building owner of the Liberty property has made it clear that they would not be paying to fix it as the building was not being leased. There was a question about the next step as it was not yet determined if legal would have to be involved in this situation. It was noted that a meeting would be scheduled with the owner of the building to walk the property.

Ms. Paluk also spoke on the work being done in the high school and noted that this was still an ongoing project. It was explained that roofers would come back to inspect the roof and find a leaking water source. It was also explained that an estimate of \$1,000,000 was given to the school in terms of the amount it would cost to fix the HS roof and that this was something that we would have to plan for. Ms. Paluk determined that the capital plan would be revisited with Mr. Royce to update it as many factors have changed.

Ms. Paluk provided an IT update and stated that the new network update for devices would take place on September 26, 2022, to make the school safer.

Ms. Zagabe-Ndiku asked for a motion to adjourn the meeting. Ms. Blue made the motion, and Mr. Beaudry seconded it. The meeting was adjourned at 9:00 a.m.

October 26, 2022

To the Boards of Trustees and Management of
Abby Kelley Foster Charter Public School and
Abby Kelley Foster Educational Foundation, Inc.:

We have audited the financial statements of the business-type of activities of Abby Kelley Foster Charter Public School (the School) and its blended component unit, Abby Kelley Foster Educational Foundation, Inc. (the Foundation), (collectively, the Organization), as of and for the year ended June 30, 2022, and have issued our report thereon dated October 26, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 14, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. As described in Note 2, the Organization changed accounting policies related to leases by adopting Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB 87), effective July 1, 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The estimated useful lives of capital assets, which are based on management's expectation of the time period a class of assets will provide future economic benefit to the Organization.
- The valuation of in-kind pension, which is valued by the Massachusetts Teachers' Retirement Board.
- Collectability of grants and accounts receivable, which is based on collection history with the funders/payors.
- The amortization of bond discounts, which is based on a straight-line basis over the life of the bond. The straight-line method approximates the imputed interest method.
- The valuation of the remediation liability and related settlement, which is based on the estimate of the future expected costs of the clean-up.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Significant Audit Matters (Continued)

Difficulties Encountered in Performing the Audit

Our audit was prolonged due to the fact that we did not receive all documentation at the start of the audit and a number of accounts required journal entries for the balances to be properly stated.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management concurs with and has corrected the attached material misstatements detected as a result of audit procedures (Schedule A).

The attached Schedule B summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 26, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information, the Schedule of Expenditures of Federal Awards, accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

With respect to the supplementary information, the Management's Discussion and Analysis, accompanying the financial statements that is solely for additional analysis and is not a required part of the basic financial statements, this information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we provide no assurance and have not expressed an opinion on it.

Other Matters - Comments, Observations and Recommendations

Prior Year Items Addressed

End of Year Report

During the prior year audit testing required by the Department of Elementary and Secondary Education (DESE), we noted three clerical errors reported in the fiscal year 2020 Charter School End of Year Report (CSEYOY Report), all of which were properly reported in the fiscal year 2021 CSEYOY Report.

Written Procurement Policy

During the prior year audit compliance testing required by Uniform Guidance, we noted the Organization's procurement policy did not meet all of the considerations that are required through Federal and state regulations. During fiscal year 2022, management improved its procurement policy to meet all requirements.

Prior Year Items in Process

Stale Checks

There were a number of checks included as reconciling items on the bank reconciliations that had been outstanding for more than six months. The outstanding checklist should be reviewed monthly, the nature of old checks investigated, and corrective action should be taken. Compliance with the Massachusetts unclaimed property laws should also be considered.

Administrator Access

The School utilizes Bill.com for disbursements. The Director of Finance has administrator access to the system which allows the access to assign approvers and payors. As such, the School should reassign administrator access to the Director of IT to reduce risk.

Journal Entries

During the fiscal year 2022 audit, we identified that there was a significant amount of journal entries. Through discussions with management and audit procedures performed, it was determined that the majority of the entries were necessary to clean-up existing balances. Going forward, the Organization should limit the use of journal entries for routine purposes.

Other Matters - Comments, Observations and Recommendations (Continued)

Current Year Items

Control Deficiencies

Record Retention and Competitive Bids

While management updated and improved its written procurement policy during fiscal year 2022, audit procedures revealed that in prior years not under audit, management did not maintain proper records of competitive bids required by Federal and state regulations. Through discussion with fiscal management, it appears this has been corrected and management has improved its processes over require record retention, though it was not required to be testing during the fiscal year 2022 audit. In addition, management should set clear standards in its policy of how often the School is required to go out to bid for large, reoccurring vendors (for example, its food service management company).

Schedule of Expenditures of Federal Awards

Management is properly tracking and recording revenue and expenditures of Federal awards. However, management did not provide a completed Schedule of Expenditures of Federal Awards (SEFA) at the start of the audit. We recommend management maintain a SEFA summarized by Federal grants and related assistance listing number, pass-through grantor and related pass-through entity identifying number and clusters. Management should regularly update the SEFA for Federal expenditures made on a monthly basis.

Best Practice Recommendation

Insured Cash Balances

Historically, all deposits within the Organization's bank accounts held at Middlesex Saving Bank were insured by Depositors Insurance Fund (DIF). Recently Middlesex Savings Bank updated its coverage policy and no longer offers insurance over deposits held in excess of \$250,000. As such, substantially all of the Organization's deposits are not insured. Management should consider diversifying its cash balances held to increase this coverage.

Other Matter - For Your Information

GASB Subscription Accounting Standard

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, to provide uniform guidance for accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Statement No. 96 also establishes the capitalization criteria for implementation costs of SBITAs to reduce diversity in practice and improve comparability in financial reporting by governments.

Other Matter - For Your Information (Continued)

GASB Subscription Accounting Standard (Continued)

Definition of a SBITA

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, along or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. An example of a SBITA would be the use of cloud computing as a means of storing information and utilizing IT services that a government has the right of control to use related IT assets (software). Statement No. 96 explicitly excluded contracts that solely provide IT support services but include contracts that contain both a right-to-use IT asset component and an IT support services component.

The subscription term includes the period of time that a government has a noncancellable right to use the underlying IT assets as well as any periods covered by an option to extend (if it is reasonably certain that the option will be exercised).

Accounting for SBITAs

A government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. The subscription liability decreases as subscription payments are made, and the lessee also recognizes interest expense. The right-to-use subscription asset is amortized over the subscription term.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or non-subscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

Statement No. 96 provides an exception for SBITAs with a term of twelve months or less, including any options to extend, regardless of their probability of being exercised. Payments under short-term SBITAs will continue to be recorded as expenses.

Required Disclosure for SBITAs

Statement No. 96 requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

Effective Date and Transition

The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

Boards of Trustees and Management of
Abby Kelley Foster Charter Public School and
Abby Kelley Foster Educational Foundation, Inc.
October 26, 2022
Page VI

This information is intended solely for the use of the Finance Committee, the Boards of Trustees and management of the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

AAFCPAs, Inc.
Certified Public Accountants

DRAFT

Client: **11429 - Abby Kelley Foster Charter Public School**
Engagement: **11429 - Abby Kelley Foster Charter Public School**
Period Ending: **6/30/2021**
Trial Balance: **TB-01 - Trial Balance**
Workpaper: **School AJE Report - Schedule A**

Account	Description	W/P Ref	Debit	Credit	P&L Effect
				Unadjusted changes in net position	\$ 2,035,661
Adjusting Journal Entries					
Adjusting Journal Entries JE # 1		AA-01			
Client proposed entry to adjust bond discount duplicate entry as of 6/30/22.					
283001	Bond Discount		7,778.00		
5707-01	Interest Expense- Long Term Deb			7,778.00	
Total			7,778.00	7,778.00	7,778
Adjusting Journal Entries JE # 2					
WP12					
To properly record in-kind MTRS pension as of 6/30/22.					
445000	Fed Pmts to MTRS		2,237,871.00		
5992-82	In- Kind Expenses - MTRS			2,237,871.00	
Total			2,237,871.00	2,237,871.00	-
Adjusting Journal Entries JE # 3					
SSTT-01					
To properly agree beginning net position to prior year audited financial statements.					
32000	Retained Earnings		48,828.00		
5901-07	Miscellaneous		1,074.00		
112000	A/R - Student Meal Payments			49,902.00	
Total			49,902.00	49,902.00	(1,074)
Adjusting Journal Entries JE # 4					
12					
Adjusting journal entry to properly state nutrition AR and revenue as of 6/30/22.					
111000	Accounts Receivable - Funding		94,114.00		
455000	ECF Federal funding		8,711.00		
471000	SSO Nutrition Revenue			102,825.00	
Total			102,825.00	102,825.00	94,114
Adjusting Journal Entries JE # 5					
13					
Adjusting journal entry to properly classify insurance proceeds as of 6/30/22.					
20000A	Flood Insurance Liability		329,704.00		
900003	Insurance Proceeds			329,704.00	
Total			329,704.00	329,704.00	329,704
Adjusting Journal Entries JE # 6					
FSA					
Adjusting journal entry to properly state accounts receivable at 6/30/22.					
113000	Accounts Receivable-Employee		23,036.00		
231002	YMCA - Memberships			8,559.00	
5011-30	Salaries-Professional-Business			5,436.00	
5032-01	Teacher Salaries - Reg. Ed.			3,555.00	
5042-01	School Leadership Salaries-Prin			5,486.00	
Total			23,036.00	23,036.00	14,477
Adjusting Journal Entries JE # 7					
22					
Client proposed entry to properly state copier leases in accordance with adoption of GASB 87.					
18000	Right-to-use Assets - Copiers		296,025.00		
300000	Opening Bal Equity		3,560.00		
80000	Leases Interest Expense		7,677.00		
80001	Amortization ROU Assets		70,299.00		
18001	Accumulated ROU Assets - Copiers			140,598.00	
25000	Lease Liabilities			160,906.00	
5614-01	Equipment Rental			76,057.00	
Total			377,561.00	377,561.00	(1,919)

10/19/2022

Client: **11429 - Abby Kelley Foster Charter Public School**
Engagement: **11429 - Abby Kelley Foster Charter Public School**
Period Ending: **6/30/2021**
Trial Balance: **TB-01 - Trial Balance**
Workpaper: **School AJE Report - Schedule A**

Account	Description	W/P Ref	Debit	Credit	P&L Effect
Adjusting Journal Entries JE # 8					
		13			
To properly expense flood damages for the year ended June 30, 2022.					
80010	Flood damages		235,152.00		
173001	Construction in Progress- 10 Ne			235,152.00	
Total			235,152.00	235,152.00	(235,152)
Adjusting Journal Entries JE # 9					
		11			
To properly record MTRS portion of federal grant revenue and expense.					
5205-03	MTRB - Grant Programs		135,124.00		
441127	ESSER III (119)			135,124.00	
Total			135,124.00	135,124.00	-
Adjusting Journal Entries JE # 10					
		11			
Adjusting journal entry to properly state accounts receivable and federal grant revenue as of and for the year ended 6/30/22.					
111000	Accounts Receivable - Funding		237,408.00		
111000	Accounts Receivable - Funding			68,129.00	
420200	Title II (140)			539.00	
431000	Title I (305)			172.00	
441000	IDEA (240)			1,574.00	
441002	Early Childhood SPED (262)			42.00	
441013	ESSER II (115)			91,438.00	
441021	American Rescue IDEA4 (264)			413.00	
441127	ESSER III (119)			66,911.00	
441128	Social Emotional Learning (332)			3,990.00	
454000	American Rescue (252)			443.00	
480403	Miscellaneous Income			3,757.00	
Total			237,408.00	237,408.00	169,279
Adjusting Journal Entries JE # 11					
		11			
To write-off uncollectible accounts receivable balances as of June 30, 2022.					
5451-27	Bad Debt Expense		85,656.00		
111000	Accounts Receivable - Funding			85,656.00	
Total			85,656.00	85,656.00	(85,656)
Adjusting Journal Entries JE # 12					
		CC-01			
Adjusting journal entry to properly state accrued payroll and payroll expense as of 6/30/22					
230000	Accrued Payroll		185,147.00		
5032-01	Teacher Salaries - Reg. Ed.			185,147.00	
Total			185,147.00	185,147.00	185,147
Net effect of adjustments					476,698
Adjusted changes in net position					<u>\$ 2,512,359</u>

ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL

Uncorrected Misstatements Report - Schedule B
June 30, 2022

PAJE #	Adjustment Accounts	Journal Entry		Description of Audit Difference	Financial Statement Effect		
		Debit	Credit		Total Assets	Total Liabilities	Change in Net Position
1	Account Receivable Prepaid Insurance	\$ 21,393 -	\$ - 21,393	To properly record prepaids and accounts receivable as of June 30, 2022.	\$ 21,393 (21,393)	\$ - -	\$ - -
2	MTRS Retirement Withheld MTRS Expense	21,195 -	- 21,195	To properly record accounts receivable and MTRS Retirement Withheld as of June 30, 2022.	- -	(21,195) -	- 21,195
Total - Unadjusted Audit Difference - Current Year					<u>\$ -</u>	<u>\$ (21,195)</u>	<u>\$ 21,195</u>

To the Boards of Trustees and Management of
Abby Kelley Foster Charter Public School and
Abby Kelley Foster Educational Foundation, Inc.:

In planning and performing our audit of the business-type of activities of Abby Kelley Foster Charter Public School (the School) and its blended component unit, Abby Kelley Foster Educational Foundation, Inc. (the Foundation), (collectively, the Organization), in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 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. 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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the Organization's internal control to be a material weakness:

Material Weakness

General Ledger Maintenance

Management properly accounted for substantially all fiscal year 2022 activity. However, we detected several general ledger balances that were misstated at the beginning of the audit which required adjusting journal entries to reconcile the account balances to supporting schedules and information. There was a total of twelve proposed entries (two of which were proposed by management). The major accounts affected and issues detected include:

- Beginning net position did not agree to the prior year's audited financial statements.
- In-kind MTRS pension was not properly reconciled to reports issued by the Department of Elementary and Secondary Education.
- Accounts receivable did not reconcile to year-end audited balances and management is currently not utilizing its aging module within QuickBooks.
- Federal grant revenue and expense did not agree to funds drawn down and expended during fiscal year 2022.
- Insurance proceeds related to the flood damages were not properly recorded in accordance with government auditing standards.
- Accrued payroll and salaries expense was not trued-up for actual payroll liability as of June 30, 2022.

Material Weakness (Continued)

General Accounting (Continued)

We recommend that upper management revisit the current roles and responsibilities of its fiscal staffing. Based on our observation, it appears the current responsibilities of the Director of Finance and Operations may be too broad for one person to reasonably achieve. We recommend management review the current staff levels and evaluate the needs of the department to allow for a level of review over reconciliations to month-end balances to ensure accurate year-end reporting.

Management's Response:

During the audit, it highlighted that there was an increased level of adjusting entries in fiscal year 2022. Management acknowledges this and will perform a comprehensive review of roles and responsibilities for the business office and reorganize accordingly.

The Organization's written response to the material weakness identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the Boards of Trustees, the Finance Committee and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Westborough, Massachusetts
October 26, 2022



**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

**FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND
THE UNIFORM GUIDANCE
JUNE 30, 2022 AND 2021**

DRAFT

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

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June 30, 2022 and 2021

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**Unmodified Opinion on Financial Statements Accompanied by Required Supplementary
Information and Supplementary Information – Governmental Entity**

Independent Auditor's Report

To the Boards of Trustees of
Abby Kelley Foster Charter Public School and
Abby Kelley Foster Educational Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Abby Kelley Foster Charter Public School (a Massachusetts charter school) (the School) and the blended component unit, Abby Kelley Foster Educational Foundation, Inc. (a Massachusetts corporation, not for profit) (the Foundation), (collectively, the Organization), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the School and the blended component unit, the Foundation, as of June 30, 2022 and 2021, and the respective changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

During fiscal year 2022, the School adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which modifies the accounting treatment of leases in the statements of net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2022, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 October 26, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Westborough, Massachusetts
October 26, 2022

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Management's Discussion and Analysis
June 30, 2022

The following discussion and analysis of the Abby Kelley Foster Charter Public School's (the School) financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2022, and summarized comparative information for fiscal year 2021. Please read it in conjunction with the School's financial statements and the related notes to the financial statements, which begin on page 5.

The School as a Whole

The School was established on July 1, 1998, after receiving their charter from the Commonwealth of Massachusetts (the Commonwealth) under Chapter 71, Section 89 of the General Laws of Massachusetts. The charter is awarded in five-year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts' Board of Elementary and Secondary Education (ESE). The charter for the School was recently renewed for the period from July 1, 2018, through June 30, 2023. The School serves a maximum of 1,426 students in grades kindergarten through 12.

Using This Annual Report

This annual report consists of a series of financial statements. In accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statement - Management's Discussion and Analysis - for State and Local Governments* (GASB 34), the School is considered a special purpose government entity that engages in only business-type activities. All of the financial activity of the School is recorded in an enterprise fund within the proprietary fund group. In accordance with GASB No. 34 and GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the School issues a *Statement of Net Position*, a *Statement of Revenues, Expenses and Changes in Net Position*, and a *Statement of Cash Flows*. These statements provide information about the financial activities of the School, as a whole. This annual report also contains notes to the financial statements which provide additional information that is essential to a full understanding of the information provided in the basic financial statements.

Financial Statements

The *Statement of Net Position* presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the School as a whole, as of the end of the fiscal year. The *Statement of Net Position* is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the School to the readers of the financial statements. Assets are resources with present service capacity that the School presently controls. Liabilities are present obligations to sacrifice resources that the School has little or no discretion to avoid. A deferred outflow of resources is a consumption of net position by the School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the School that is applicable to a future reporting period. Net position represents the difference between all other elements in a statement of net position and is displayed in two components—*net invested in capital assets* and *unrestricted*.

The *net invested in capital* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets component of net position.

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Management's Discussion and Analysis
June 30, 2022

Financial Statements (Continued)

Over time, readers of the financial statements will be able to evaluate the School's fiscal health (liquidity and solvency) or financial position by analyzing the increases and decreases in net position to determine if the School's financial health is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions and new or amended charter school legislation when evaluating the overall financial health of the School. This statement is also a good source for readers to determine how much the School owes to vendors and creditors and the available assets that can be used to satisfy those liabilities.

The *Statement of Revenues, Expenses and Changes in Net Position* reports the financial (revenue and expenses) activities of the School and divides it into two categories: *Operating activities* and *Non-operating activities*. Operating activities include all financial activities associated with the operation of the School and its related programs. Consequently, all non-operating activities include all financial activities not related to the operation of a charter school. Changes in total net position as presented on the *Statement of Net Position* are based on the activity presented in this statement. This statement helps to determine whether the School had sufficient revenues to cover expenses during the year and its net increase or decrease in net position based on current year operations.

The *Statement of Cash Flows* provides information about the School's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from *operations*, *investing*, and *capital and noncapital financing activities* and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in the cash balance during the reporting period?". This statement also is an important tool in helping users assess the School's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the School's financial statements.

Financial Highlights

The following financial highlights are for the fiscal year 2022, with comparative information from fiscal year 2021:

- The School held total assets of \$47,842,727 and \$46,532,446 at June 30, 2022 and 2021, respectively, of which \$35,793,228 and \$37,147,144 were net capital assets, respectively, and the majority of the remaining assets consisted of cash and cash equivalents, certificates of deposit, grants and accounts receivable, and prepaid expenses.
- The School held total liabilities of \$21,814,576 and \$23,017,054 at June 30, 2022 and 2021, respectively. In fiscal year 2022, \$1,377,497 was the current portion and \$17,589,208 was the non-current portion of bonds payable. In fiscal year 2021, \$1,330,483 was the current portion and \$18,959,160 was the non-current portion of bonds payable.
- Total net position for the School was \$26,028,151 and \$23,515,792 at June 30, 2022 and 2021, respectively, of which \$9,207,107 and \$6,661,851 was unrestricted and \$16,821,044 and \$16,853,941 was for investments in capital, respectively.
- The School earned total revenues of \$29,511,885 and \$27,012,514 for the years ended June 30, 2022 and 2021, of which approximately 100% was operating revenue.

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Management's Discussion and Analysis
June 30, 2022

Financial Highlights (Continued)

- The School had total operating expenses of \$26,797,452 and \$26,343,477 for the years ended June 30, 2022 and 2021, respectively.
- The School's change in net position was \$2,521,259 and \$669,037 for the years ended June 30, 2022 and 2021, respectively. In fiscal year 2022, the net position was comprised of changes in operating net position of \$2,708,418 and general expenses of \$196,059. In fiscal year 2021, the net position was comprised of changes in operating net position of \$641,975 and general revenue of \$27,062.

Budgetary Highlights

Actual operating revenue, net of in-kind, for the School was \$27,194,652 compared to budgeted revenue of \$25,490,260 or a difference of 7%. Per-pupil tuition revenue and interest income were slightly above budgeted projections, which was offset by slightly lower revenue from several secondary sources, primarily resulting from the shortened school year due to the COVID-19 pandemic.

The School budgeted tuition for fiscal years 2022 and 2021 was based on capacity enrollment of 1,426 students for each year, using the estimated average per-pupil rate from the sending districts.

School's Financial Activities

The majority of the School's funding is received from the Commonwealth of Massachusetts' Department of Elementary and Secondary Education and is based on a standard rate per-pupil per sending district. The School received \$21,133,205 in per-pupil funding in fiscal year 2022, versus \$19,073,829 in per-pupil funding in fiscal year 2021. This represents 72% and 71% of the School's revenue for the years ended June 30, 2022 and 2021, respectively. In addition, the School received various Federal, Commonwealth of Massachusetts and private grants, which totaled \$5,944,211 and \$3,476,515 for fiscal years 2022 and 2021, respectively.

Contacting the School's Financial Management

This financial report is designed to provide the reader with a general overview of the School's finances and to show the accountability for the funds received. If you have questions about this report or need additional financial information, contact the Business Office of the School.

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Statements of Net Position
June 30, 2022 and 2021

	2022			2021 (As Restated)		
	Enterprise Fund - School	Blended Component Unit - Foundation	Total Enterprise Fund	Enterprise Fund - School	Blended Component Unit - Foundation	Total Enterprise Fund
Assets						
Current Assets:						
Cash	\$ 9,100,290	\$ 33,932	\$ 9,134,222	\$ 8,941,531	\$ 26,560	\$ 8,968,091
Restricted cash	329,704	-	329,704	-	-	-
Grants and accounts receivable, net	2,323,423	-	2,323,423	62,303	-	62,303
Prepaid expenses and other	140,655	-	140,655	156,142	-	156,142
Total current assets	11,894,072	33,932	11,928,004	9,159,976	26,560	9,186,536
Right-to-Use Lease Assets	155,427	-	155,427	225,726	-	225,726
Capital Assets, net	35,793,228	-	35,793,228	37,147,144	-	37,147,144
Total assets	<u>\$ 47,842,727</u>	<u>\$ 33,932</u>	<u>\$ 47,876,659</u>	<u>\$ 46,532,846</u>	<u>\$ 26,560</u>	<u>\$ 46,559,406</u>
Liabilities and Net Position						
Current Liabilities:						
Current portion of lease liabilities	\$ 71,076	\$ -	\$ 71,076	\$ 68,380	\$ -	\$ 68,380
Current portion of bonds payable	1,377,497	-	1,377,497	1,330,483	-	1,330,483
Accounts payable and accrued expenses	2,449,785	-	2,449,785	2,229,002	1,730	2,230,732
Total current liabilities	3,898,358	-	3,898,358	3,627,865	1,730	3,629,595
Lease Liabilities, net of current portion	89,830	-	89,830	160,906	-	160,906
Bonds Payable, net	17,589,208	-	17,589,208	18,959,160	-	18,959,160
Remediation Liability	237,180	-	237,180	269,123	-	269,123
Total liabilities	21,814,576	-	21,814,576	23,017,054	1,730	23,018,784
Net Position:						
Unrestricted	9,207,107	33,932	9,241,039	6,661,851	24,830	6,686,681
Net invested in capital	16,821,044	-	16,821,044	16,853,941	-	16,853,941
Total net position	26,028,151	33,932	26,062,083	23,515,792	24,830	23,540,622
Total liabilities and net position	<u>\$ 47,842,727</u>	<u>\$ 33,932</u>	<u>\$ 47,876,659</u>	<u>\$ 46,532,846</u>	<u>\$ 26,560</u>	<u>\$ 46,559,406</u>

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

	Enterprise Fund - School	Blended Component Unit - Foundation	Total Enterprise Fund
Operating Revenue:			
Per-pupil tuition	\$ 21,133,205	\$ -	\$ 21,133,205
Grants - government	4,681,128	-	4,681,128
In-kind pension	2,311,218	-	2,311,218
Transportation - government	1,263,083	-	1,263,083
Program fees and other income	117,236	17,326	134,562
Total operating revenue	29,505,870	17,326	29,523,196
Operating Expenses:			
Personnel and related costs:			
Salaries	13,751,548	-	13,751,548
Payroll taxes and employee benefits	2,573,338	-	2,573,338
In-kind pension	2,311,218	-	2,311,218
Staff development	106,512	-	106,512
Total personnel and related costs	18,742,616	-	18,742,616
Student costs:			
Student transportation	1,398,375	-	1,398,375
Instructional software and equipment	569,979	-	569,979
Food services	562,380	-	562,380
Contracted services	346,154	-	346,154
Office and classroom supplies	259,908	-	259,908
Student activities	167,196	-	167,196
Total student costs	3,303,992	-	3,303,992
Occupancy:			
Facility maintenance	912,663	-	912,663
Utilities	780,011	-	780,011
Interest	688,370	-	688,370
Insurance	139,802	-	139,802
Amortization of right-to-use lease assets	70,299	-	70,299
Equipment maintenance	40,032	-	40,032
Other	11,045	-	11,045
Lease interest expense	7,677	-	7,677
Total occupancy	2,649,899	-	2,649,899
Other operating expenses:			
Professional services	309,135	2,107	311,242
Dues and subscriptions	90,639	35	90,674
Bad debt	85,656	-	85,656
Meeting and travel	77,799	-	77,799
Contracted services	69,983	-	69,983
Miscellaneous	34,712	6,082	40,794
Printing and postage	12,860	-	12,860
Advertising	6,222	-	6,222
Total other operating expenses	687,006	8,224	695,230
Depreciation	1,413,939	-	1,413,939
Total operating expenses	26,797,452	8,224	26,805,676
Changes in net position from operations	2,708,418	9,102	2,717,520
General Revenue (Expense):			
Insurance gain, net	94,552	-	94,552
Interest income	6,015	-	6,015
Loss on disposal of capital assets	(296,626)	-	(296,626)
Total general revenue (expense)	(196,059)	-	(196,059)
Changes in net position	2,512,359	9,102	2,521,461
Net Position:			
Beginning of Year	23,515,792	24,830	23,540,622
End of Year	\$ 26,028,151	\$ 33,932	\$ 26,062,083

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021 (As Restated)

	Enterprise Fund - School	Blended Component Unit - Foundation	Total Enterprise Fund
Operating Revenue:			
Per-pupil tuition	\$ 19,073,829	\$ -	\$ 19,073,829
Grants - government	2,149,087	-	2,149,087
In-kind pension	4,284,199	-	4,284,199
Transportation - government	1,327,428	-	1,327,428
Program fees and other income	150,909	26,932	177,841
Total operating revenue	26,985,452	26,932	27,012,384
Operating Expenses:			
Personnel and related costs:			
Salaries	12,762,771	-	12,762,771
Payroll taxes and employee benefits	2,467,586	-	2,467,586
In-kind pension	4,284,199	-	4,284,199
Staff development	61,256	-	61,256
Total personnel and related costs	19,575,812	-	19,575,812
Student costs:			
Student transportation	1,097,055	-	1,097,055
Instructional software and equipment	547,150	-	547,150
Food services	173,332	-	173,332
Contracted services	194,208	-	194,208
Office and classroom supplies	180,456	-	180,456
Student activities	79,409	-	79,409
Total student costs	2,271,610	-	2,271,610
Occupancy:			
Facility maintenance	628,187	-	628,187
Utilities	868,423	-	868,423
Interest	736,013	-	736,013
Insurance	143,142	-	143,142
Amortization of right-to-use lease assets	70,299	-	70,299
Equipment maintenance	5,609	-	5,609
Other	10,195	-	10,195
Lease interest expense	9,318	-	9,318
Total occupancy	2,471,186	-	2,471,186
Other operating expenses:			
Professional services	232,692	2,896	235,588
Dues and subscriptions	68,790	35	68,825
Bad debt	56,663	-	56,663
Meeting and travel	27,479	-	27,479
Contracted services	37,836	-	37,836
Miscellaneous	45,504	4,017	49,521
Printing and postage	11,275	256	11,531
Advertising	5,227	-	5,227
Fundraising	-	5,671	5,671
Total other operating expenses	485,466	12,875	498,341
Depreciation	1,539,403	-	1,539,403
Total operating expenses	26,343,477	12,875	26,356,352
Changes in net position from operations	641,975	14,057	656,032
General Revenue:			
Interest income	27,062	-	27,062
Changes in net position	669,037	14,057	683,094
Net Position:			
Beginning of Year	22,846,755	10,773	22,857,528
End of Year	\$ 23,515,792	\$ 24,830	\$ 23,540,622

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022			2021 (As Restated)		
	Enterprise Fund - School	Blended Component Unit - Foundation	Total Enterprise Fund	Enterprise Fund - School	Blended Component Unit - Foundation	Total Enterprise Fund
Cash Flows from Operating Activities:						
Receipts from tuition and transportation	\$ 22,396,288	\$ -	\$ 22,396,288	\$ 20,401,257	\$ -	\$ 20,401,257
Receipts from government grants	2,394,998	-	2,394,998	2,179,099	-	2,179,099
Receipts from other sources	242,813	17,326	260,139	270,107	26,932	297,039
Payments for personnel and related	(16,746,082)	-	(16,746,082)	(15,006,287)	-	(15,006,287)
Payments for supplies and services	(5,358,145)	(9,954)	(5,368,099)	(4,815,798)	(11,145)	(4,826,943)
Payments for interest	(685,665)	-	(685,665)	(731,908)	-	(731,908)
Net cash provided by operating activities	<u>2,244,207</u>	<u>7,372</u>	<u>2,251,579</u>	<u>2,296,470</u>	<u>15,787</u>	<u>2,312,257</u>
Cash Flows from Investing Activities:						
Deposits to restricted cash	(329,704)	-	(329,704)	-	-	-
Interest earned on certificates of deposit	-	-	-	(24,976)	-	(24,976)
Maturity of certificates of deposit	-	-	-	4,165,629	-	4,165,629
Acquisition of capital assets	(356,649)	-	(356,649)	(509,247)	-	(509,247)
Net cash provided by (used in) investing activities	<u>(686,353)</u>	<u>-</u>	<u>(686,353)</u>	<u>3,631,406</u>	<u>-</u>	<u>3,631,406</u>
Cash Flows from Financing Activities:						
Principal payments on lease liabilities	(68,380)	-	(68,380)	(66,739)	-	(66,739)
Principal payments on bonds payable	(1,330,715)	-	(1,330,715)	(1,285,295)	-	(1,285,295)
Net cash used in financing activities	<u>(1,399,095)</u>	<u>-</u>	<u>(1,399,095)</u>	<u>(1,352,034)</u>	<u>-</u>	<u>(1,352,034)</u>
Net Change in Cash	158,759	7,372	166,131	4,575,842	15,787	4,591,629
Cash:						
Beginning of year	<u>8,941,531</u>	<u>26,560</u>	<u>8,968,091</u>	<u>4,365,689</u>	<u>10,773</u>	<u>4,376,462</u>
End of year	<u>\$ 9,100,290</u>	<u>\$ 33,932</u>	<u>\$ 9,134,222</u>	<u>\$ 8,941,531</u>	<u>\$ 26,560</u>	<u>\$ 8,968,091</u>
Cash Flows from Operating Activities:						
Changes in net position	\$ 2,512,359	\$ 9,102	\$ 2,521,461	\$ 669,037	\$ 14,057	\$ 683,094
Adjustments to reconcile changes in net position to net cash provided by operating activities:						
Depreciation	1,413,939	-	1,413,939	1,539,403	-	1,539,403
Amortization on right-to-use lease assets	70,299	-	70,299	70,299	-	70,299
Interest - amortization	7,777	-	7,777	7,778	-	7,778
Bad debt	85,656	-	85,656	56,663	-	56,663
Loss on disposals of capital assets	296,626	-	296,626	-	-	-
Changes in operating assets and liabilities:						
Grants and accounts receivable	(2,346,776)	-	(2,346,776)	65,485	-	65,485
Prepaid expenses and other	15,487	-	15,487	(92,076)	-	(92,076)
Accounts payable and accrued expenses	220,783	(1,730)	219,053	50,503	1,730	52,233
Remediation liability	(31,943)	-	(31,943)	(70,622)	-	(70,622)
Net cash provided by operating activities	<u>\$ 2,244,207</u>	<u>\$ 7,372</u>	<u>\$ 2,251,579</u>	<u>\$ 2,296,470</u>	<u>\$ 15,787</u>	<u>\$ 2,312,257</u>

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Notes to Financial statements
June 30, 2022 and 2021

1. OPERATIONS

Abby Kelley Foster Charter Public School (the School) was established on March 2, 1998, before receiving its charter from the Commonwealth of Massachusetts (the Commonwealth) under Chapter 71, Section 89 of the General Laws of Massachusetts. The initial charter was for a five-year period effective July 1, 1998, and is subject to renewal every five years at the discretion of the Commonwealth of Massachusetts' Department of Elementary and Secondary Education (DESE). The School's current charter will expire on June 30, 2023. The School submitted its application for renewal and is expected to receive its approval of renewal in fiscal year 2023. As a state-chartered organization, the School is not subject to Federal or state income taxes. Donors may deduct contributions made to the School within Internal Revenue Code (IRC) regulations.

The School operates elementary, middle and high schools on one campus in Worcester, Massachusetts (the Property) and offers children in grades kindergarten through 12 a publicly supported academic education. The School is chartered to serve 1,426 students. During fiscal years 2022 and 2021, the School served 1,423 and 1,424 children, respectively.

Abby Kelley Foster Educational Foundation, Inc. (the Foundation) is a legally separate, tax-exempt organization that acts primarily as a fundraising organization to supplement the resources of the School. The Foundation is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the IRC. Donors may deduct contributions made to the Foundation within the requirements of the IRC. The Foundation is also exempt from state income taxes.

The School and the Foundation have separate Boards of Trustees. Four out of six of the Foundation's Board members are appointed by the School. The Foundation's activities consist of raising funds on behalf of the School. Due to these factors, the Foundation is considered a blended component unit and is included in these financial statements. The School and the Foundation are collectively referred to as the Organization throughout these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - GASB Standards

The accompanying financial statements were prepared on the accrual basis. Since the School is a quasi-public corporation, their accounting policies and financial statement presentation are governed by standards issued by the Governmental Accounting Standards Board (GASB). The School follows GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 outlines financial reporting requirements for state and local governments. The School is considered a special purpose government organization that conducts only business-type activities within the meaning of GASB Statement No. 34 and, therefore, only has enterprise funds within its proprietary fund.

Consistent with the provisions of GASB Statement Nos. 14 and 39, as clarified by GASB Statement No. 61, *The Financial Reporting Entity: "Omnibus" an amendment to GASB Statement Nos. 14 and 34*, the Foundation is presented in the financial statements as a "blended" component unit of the School. All inter-agency transactions between the School and the Foundation have been eliminated.

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Notes to Financial statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accrual method of accounting is used for all governmental entities that operate as business-type entities. Accordingly, revenue is recognized when earned and capital assets and expenditures are recorded when received and incurred, respectively. Grants and contributions are recognized when all eligible requirements are met.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Organization has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

Accounting Principle Adoption

Effective on July 1, 2021, the School adopted GASB Statement No. 87, *Leases* (GASB 87), which requires the School to recognize intangible right-to-use lease assets and lease liabilities for all leases with a term greater than one year (see Note 6). Accordingly, the fiscal year 2021 financial statements have been restated as follows:

<u>Statement of Net Position</u>	<u>2021 As Previously Reported</u>	<u>Effect of Adoption</u>	<u>2021 As Restated</u>
Right-to-use lease assets, net	\$ -	\$ 225,726	\$ 225,726
Current portion of lease liability	\$ -	\$ 68,380	\$ 68,380
Lease liability, net of current portion	\$ -	\$ 160,906	\$ 160,906
Net position at June 30, 2021	\$ 23,519,352	\$ (3,560)	\$ 23,515,792
<u>Statement of Revenues, Expenses and Changes in Net Position</u>	<u>2021 As Previously Reported</u>	<u>Effect of Adoption</u>	<u>2021 As Restated</u>
Operating expenses	\$ 26,339,917	\$ 3,560	\$ 26,343,477
Changes in net position	\$ 672,597	\$ (3,560)	\$ 669,037
Net position at June 30, 2021	\$ 23,519,352	\$ (3,560)	\$ 23,515,792

The Foundation's fiscal year 2021 financial statements were not affected with respect to the adoption of this standard.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Notes to Financial statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Position

Unrestricted Net Position - Represents the portion of expendable funds that are used to support the operations, including funds for which the donor-imposed restrictions have been met in accordance with funding agreements.

Net Invested in Capital Net Position - Represents the net book value of capital assets, right-to-use lease assets and other resources restricted for capital, net of related debt and lease liabilities.

Grants and Accounts Receivable and Allowance for Doubtful Accounts

Grants and accounts receivable consist primarily of government grants receivable. Management's periodic evaluation of the adequacy of the allowance for doubtful accounts is based on the School's past collection experiences. Account balances are written off when deemed uncollectible. There was no allowance for doubtful accounts deemed necessary as of June 30, 2022 and 2021.

Revenue Recognition

Per-pupil tuition, grants - government, and transportation - government are recorded as services are provided and costs are incurred. The Commonwealth of Massachusetts, Executive Office of Administration and Finance, calculates per-pupil tuition and transportation reimbursement which are paid to the School by DESE.

Program fees are recognized as services are provided. Program fees received in advance of being earned are deferred and included in accounts payable and accrued expenses in accompanying statements of net position.

The Organization records unrestricted grants and contributions when they are received or unconditionally committed. Gifts of cash and other assets are recorded as restricted program funds if they are received or unconditionally committed with donor stipulations that limit the use of the donated assets. When a stipulated purpose restriction is accomplished, donor restricted net position is reported in the statements of revenues, expenses and changes in net position as a transfer between funds.

All other income is recorded when earned.

Advertising

Advertising costs are expensed as they are incurred.

Restricted Cash

Restricted cash consists of proceeds from the Organization's insurance company related to a flood claim that occurred during fiscal year 2022. The Organization's lender (see Note 8) requested these proceeds to be held in a restricted cash account until the repairs were complete (see Note 15).

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Notes to Financial statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation

Capital assets are recorded at cost, if purchased, or fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Capital assets with a cost value of greater than \$5,000 are capitalized. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	15 - 20 years
Buildings	40 years
Building improvements	15 - 40 years
Computers and related equipment	3 - 5 years
Furniture, equipment and instructional	5 - 7 years
Automobiles	5 - 10 years

Land is not depreciated.

The School purchases classroom supplies, which include textbooks, literature and other materials to carry on educational activities. These purchases are expensed in the year of acquisition.

Bond Discount

The bond discount is being amortized on a straight-line basis, which approximates the effective interest method, over the term of the related debt agreements (see Note 8).

In-Kind Goods and Services and Donated Capital

The Commonwealth provides in-kind pension payments on behalf of the School (see Note 7). These services are reflected in the accompanying financial statements based upon the estimated value assigned by the Commonwealth.

The School and the Foundation also receive donated services from a variety of volunteers. No amounts have been recognized in the accompanying financial statements, since these services do not meet the criteria for recording in accordance with accounting principles generally accepted in the United States of America.

Leases

The School accounts for any lease (see Note 6) with a term greater than one year in accordance with GASB 87. The lease terms are defined as the noncancellable period of any lease, plus any options to extend under such leases, when management is reasonably certain those options will be exercised. Accordingly, the net present value of the estimated future minimum payments is reflected as a right-to-use lease asset and lease liability. The right-to-use lease assets will be recognized on a straight-line basis over the lesser of the life of the asset or the remaining lease period. The right-to-use lease assets related to the facility leases are being amortized over the term of each respective lease.

The right-to-use lease assets are being amortized over the following lives:

Copier 1	4 years
Copier 2	3 years

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

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

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

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

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Subsequent Events

Subsequent events have been evaluated through October 26, 2022, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Notes to Financial statements
June 30, 2022 and 2021

3. CAPITAL ASSETS AND RIGHT-TO-USE LEASE ASSETS

Capital assets consist of the following at June 30, 2022:

	Balance June 30, 2021	Additions	Disposals	Transfers	Balance June 30, 2022
Capital assets:					
Land	\$ 2,996,500	\$ -	\$ -	\$ -	\$ 2,996,500
Land improvements	4,413,784	18,200	(53,703)	-	4,378,281
Buildings	37,281,096	-	-	-	37,281,096
Building improvements	8,006,969	165,481	(598,612)	-	7,573,836
Computers and related equipment	1,142,965	145,708	(1,042,791)	22,481	268,363
Furniture, equipment and instructional	1,323,314	-	(1,093,941)	-	229,373
Automobiles	20,643	-	-	-	20,643
Construction in progress	<u>22,481</u>	<u>27,260</u>	<u>-</u>	<u>(22,481)</u>	<u>27,260</u>
Total capital assets	55,207,752	356,649	(2,789,047)	-	52,775,354
Less - accumulated depreciation	<u>18,060,608</u>	<u>1,413,939</u>	<u>(2,492,421)</u>	<u>-</u>	<u>16,982,126</u>
Capital assets, net	<u>\$ 37,147,144</u>	<u>\$ (1,057,290)</u>	<u>\$ (296,626)</u>	<u>\$ -</u>	<u>\$ 35,793,228</u>

Capital assets consist of the following at June 30, 2021:

	Balance June 30, 2020	Additions	Disposals	Transfers	Balance June 30, 2021
Capital assets:					
Land	\$ 2,996,500	\$ -	\$ -	\$ -	\$ 2,996,500
Land improvements	4,394,842	18,942	-	-	4,413,784
Buildings	37,298,248	-	-	(17,152)	37,281,096
Building improvements	7,766,924	222,893	-	17,152	8,006,969
Computers and related equipment	1,142,965	-	-	-	1,142,965
Furniture, equipment and instructional	1,323,314	-	-	-	1,323,314
Automobiles	20,643	-	-	-	20,643
Construction in progress	<u>-</u>	<u>22,481</u>	<u>-</u>	<u>-</u>	<u>22,481</u>
Total capital assets	54,943,436	264,316	-	-	55,207,752
Less - accumulated depreciation	<u>16,521,205</u>	<u>1,539,403</u>	<u>-</u>	<u>-</u>	<u>18,060,608</u>
Capital assets, net	<u>\$ 38,422,231</u>	<u>\$ (1,275,087)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,147,144</u>

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
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Notes to Financial statements
June 30, 2022 and 2021

3. CAPITAL ASSETS AND RIGHT-TO-USE LEASE ASSETS (Continued)

Changes in right-to-use lease assets are as follows at June 30, 2022:

	Balance June 30, 2021	Additions	Balance June 30, 2022
Right-to-use lease assets:			
Leased copiers	\$ 296,025	\$ -	\$ 296,025
Less - accumulated depreciation	<u>70,299</u>	<u>70,299</u>	<u>140,598</u>
Right-to-use lease assets, net	<u>\$ 225,726</u>	<u>\$ (70,299)</u>	<u>\$ 155,427</u>

Changes in right-to-use lease assets are as follows at June 30, 2021:

	Balance June 30, 2020	Additions	Balance June 30, 2021
Right-to-use lease assets:			
Leased copiers	\$ 296,025	\$ -	\$ 296,025
Less - accumulated depreciation	<u>-</u>	<u>70,299</u>	<u>70,299</u>
Right-to-use lease assets, net	<u>\$ 296,025</u>	<u>\$ (70,299)</u>	<u>\$ 225,726</u>

4. FUNDING AND CONCENTRATIONS

The School receives significant funding from the Commonwealth and various Federal agencies for its tuition, transportation and grant revenue. This funding is subject to audit by the appropriate governmental agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the School as of June 30, 2022 and 2021, or on the changes in its net position for the years then ended. The School received approximately 99% of its operating revenue from the Commonwealth for the years ended June 30, 2022 and 2021, excluding in-kind.

5. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in various banks and financial institutions which are insured within the limits of the Federal Deposit Insurance Corporation (FDIC) and the Depositors Insurance Fund (DIF). DIF insured all deposits above FDIC limits through June 30, 2021. As of June 30, 2022, the Organization's bank no longer offers DIF insurance. At certain times during the year, cash balances exceeded the insured amounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

As required by GASB Statement No. 40, *Deposits and Invested Risk Disclosures*, the following represents a summary of deposits at June 30:

	2022		2021	
	School	Foundation	School	Foundation
Fully insured	\$ 500,000	\$ 33,932	\$ 8,333,253	\$ 26,560
Uncollateralized	<u>8,929,994</u>	<u>-</u>	<u>608,278</u>	<u>-</u>
Total cash and restricted cash	<u>\$ 9,429,994</u>	<u>\$ 33,932</u>	<u>\$ 8,941,531</u>	<u>\$ 26,560</u>

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
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Notes to Financial statements
June 30, 2022 and 2021

6. LEASE COMMITMENTS

Copier Leases

The School leases copiers under lease agreements which required aggregate monthly cash payments of \$6,338 during the years ended June 30, 2022 and 2021. These leases expire on various dates through November 2025. Interest expense on the leases was \$7,677 and \$9,318 for the years ended June 30, 2022 and 2021, respectively, which is reflected as lease interest expense in the accompanying statements of revenues, expenses and changes in net position. The net present value of the lease liabilities was \$89,830 and \$160,906 as of June 30, 2022 and 2021, respectively, which was calculated using a discount rate of 3.43% (the School's estimated incremental borrowing rate as of July 1, 2021). Amortization of the related right-to-use lease assets was \$70,299 for the years ended June 30 2022 and 2021.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortization</u>
2023	\$ 71,076	\$ 4,981	\$ 70,299
2024	73,878	2,179	70,299
2025	15,952	233	14,829
Total	<u>\$ 160,906</u>	<u>\$ 7,393</u>	<u>\$ 155,427</u>

7. RETIREMENT PLANS

The School's teaching staff and certain administrators participate individually in the Massachusetts Teachers' Retirement System (MTRS). MTRS is managed by the Commonwealth. The School is not legally required to contribute to MTRS. All full-time teaching staff and administrators are covered by and must participate in MTRS. These qualified employees and the School are exempt from Federal Social Security taxes. Benefits vest fully after ten years of full-time employment. An employee may receive retirement benefits after twenty years of service or ten years of service having attained the age of 55. Covered employees are required by state statute to contribute 5% to 11% of their salaries, depending on their date of hire, and an additional 2% of their salary in excess of \$30,000 to the plan.

The School follows GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions an Amendment of GASB Statement No. 27* (GASB 27), which requires the School to recognize its proportionate share of pension expense and in-kind revenue, "on behalf of payments", related to MTRS, as reported by the Commonwealth. In accordance with GASB 68, the School's arrangement meets the definition of a special funding situation, whereby the School does not contribute to MTRS and the Commonwealth is required to make actuarially determined contributions to maintain the financial integrity of the retirement system. The School's proportionate share of MTRS's pension expense, as calculated under GASB 68, was \$2,311,218 and \$4,284,199 for the years ended June 30, 2022 and 2021, respectively, which is reflected as in-kind pension revenue and expense in the accompanying statements of revenues, expenses and changes in net position. The School's proportionate share of MTRS's net pension liability was \$28,801,714 and \$34,685,848 at the measurement date selected by the Commonwealth of June 30, 2021 and 2020, respectively. In accordance with the special funding situation under GASB 68, these amounts have not been recorded in the accompanying financial statements.

The School contributed \$364,969 and \$66,915 to MTRS, as required by certain government grants, for the years ended June 30, 2022 and 2021, respectively, which are included in payroll taxes and employee benefits in the accompanying statements of revenues, expenses and changes in net position.

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Notes to Financial statements
June 30, 2022 and 2021

7. RETIREMENT PLANS

The School had a 401(k) retirement plan covering substantially all employees. The School closed the 401(k) retirement plan to new contributions in April 2018 and the plan was fully dissolved on April 23, 2021.

In March 2018, the School opened a 403(b) retirement plan covering substantially all employees. The School contributed \$124,236 and \$120,236 of matching contributions to the plan in fiscal years 2022 and 2021, respectively, which are included in payroll taxes and employee benefits in the accompanying statements of revenues, expenses and changes in net position. The School matches a third of an employee's contribution (up to a maximum of 2% of salaries).

8. BONDS PAYABLE

Bonds payable consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Bonds payable, Massachusetts Development Finance Agency (MDFA) Variable Rate Demand Revenue Bonds, Abby Kelley Foster Charter Public School Issue, Series 2008A, with initial monthly payments of \$96,096, including interest of 3.35% through June 2028 (3.43% as of June 30, 2021). The interest rate will be adjusted, including its effect on the monthly payment, every ten years to 68.6% of the Federal Home Loan Bank (FHLB) rate, plus 225 basis points, beginning on June 1, 2028 and again in June 2033, through the bond's maturity of September 2038, at which time all outstanding principal and interest are due. The bond is secured by a first mortgage on the Property. In the event of default, the outstanding principal and accrued interest will be declared due and payable.	\$ 14,382,938	\$ 15,030,966
Bonds payable, MDFA Variable Rate Demand Revenue Bonds, Abby Kelley Foster Charter Public School Issue, Series 2008B, with monthly payments of \$71,182, including interest of 3.35% through June 2028 (3.43% as of June 30, 2021), at which time all outstanding principal and interest are due. The bond is secured by a second mortgage on the Property. In the event of default, the outstanding principal and accrued interest will be declared due and payable.	<u>4,630,434</u>	<u>5,313,121</u>
Total bonds at par	19,013,372	20,344,087
Less - unamortized bond discount	46,667	54,444
Less - current portion of bonds payable	<u>1,377,497</u>	<u>1,330,483</u>
Bonds payable, net	<u>\$ 17,589,208</u>	<u>\$ 18,959,160</u>

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Notes to Financial statements
June 30, 2022 and 2021

8. BONDS PAYABLE (Continued)

Interest expense under these agreements was \$680,593 and \$728,235 for the years ended June 30, 2022 and 2021, respectively, and is included in interest expense in the accompanying statements of revenues, expenses and changes in net position. As of June 30, 2022 and 2021, the School recorded \$53,079 and \$58,151, respectively, of accrued interest under these agreements, which is included in accounts payable and accrued expenses in the accompanying statements of net position.

The bond discount totaling \$140,000 is shown net of accumulated amortization of \$93,333 and \$85,556 as of June 30, 2022 and 2021, respectively. Amortization of the bond discount under these agreements was \$7,777 and \$7,778 for the years ended June 30, 2022 and 2021, respectively, and is included in interest expense in the accompanying statements of revenues, expenses and changes in net position.

The bonds have prepayment penalties ranging from 3% to 1% through fiscal year 2025. In the event any default occurs, the principal amount of the bond together with accrued interest may be declared due and payable.

Future minimum payments are as follows as of June 30, 2022:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,377,497	\$ 694,073
2024	1,424,567	592,635
2025	1,476,511	540,692
2026	1,528,685	488,518
2027	1,582,703	434,500
2028 - 2032	5,119,477	1,539,777
2033 - 2037	5,092,713	709,851
2038 - 2039	<u>1,411,219</u>	<u>33,121</u>
Total	<u>\$ 19,013,372</u>	<u>\$ 5,033,166</u>

These agreements have certain financial covenants in which the School was in compliance with as of June 30, 2022 and 2021.

9. GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable of the School are due from the following at June 30:

	<u>2022</u>	<u>2021</u>
Commonwealth	\$ 2,314,270	\$ 46,446
Other	<u>9,153</u>	<u>15,857</u>
	<u>\$ 2,323,423</u>	<u>\$ 62,303</u>

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
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Notes to Financial statements
June 30, 2022 and 2021

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are comprised of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Accrued salaries and related	69%	86%
Payables to vendors	<u>31</u>	<u>14</u>
Total	<u>100%</u>	<u>100%</u>

11. RELATED PARTY TRANSACTIONS

The School provided, at no cost, office space and certain personnel services to the Foundation.

12. CUMULATIVE SURPLUS REVENUE

Effective July 1, 2010, any cumulative surplus revenue generated by the School must comply with M.G.L.c.71. Section 89 (as amended by Chapter 12 of the Acts of 2010 under Section 8 (hh)). In accordance with this legislation and subsequent DESE regulations, if the School's cumulative surplus revenue, as defined, exceeds 20% of its operating budget and its budgeted capital costs for the succeeding fiscal year, the amount in excess of said 20% shall be returned by the School to the sending district or districts and the state in proportion to their share of tuition paid during the fiscal year.

As of June 30, 2022 and 2021, the School's cumulative surplus revenue was less than 20%; however, the calculation is subject to DESE review and approval. Management does not anticipate any material change in the calculation.

13. PROFESSIONAL DEVELOPMENT

The School incurred expenditures for the purpose of providing professional development to staff and teachers. The School expended \$106,512 and \$61,256 for the years ended June 30, 2022 and 2021, respectively, which are reflected as staff development in the accompanying statements of revenues, expenses and changes in net position.

14. REMEDIATION

During fiscal year 2019, the School became aware of a reportable condition related to Chlorinated Volatile Organic Compounds in the indoor air of the high school building. An assessment was completed by environmental professionals to estimate the total cost of the remediation required. Total estimated costs to remediate this issue are expected to be \$785,010. During fiscal years 2022 and 2021, the School made payments of \$31,943 and \$70,622, respectively, towards the expected costs. The School expects to incur annual monitoring costs. The School does not expect to recover any of the additional costs. The School follows GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Accordingly, the expected costs to remediate are recorded based on the current value using an estimate of probability of the cost, less any expected recoveries. This estimate will be reassessed on a yearly basis.

At June 30, 2022 and 2021, the School has a remaining accrual of \$237,180 and \$269,123, respectively, which is reflected as a remediation liability in the accompanying statements of net position.

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Notes to Financial statements
June 30, 2022 and 2021

14. REMEDIATION (Continued)

All monitoring costs are included in professional services and facility maintenance in the accompanying statements of revenues, expenses and changes in net position for the years ended June 30, 2022 and 2021.

15. INSURANCE GAIN, NET

During fiscal year 2022, the School had flood damage to its facilities. These damages were reimbursed by the School's insurance company. Insurance gain, net is included in general revenue (expense) in the accompanying fiscal year 2022 statement of revenues, expenses and changes in net position and is comprised of the following:

Insurance proceeds	\$ 329,704
Expenses incurred	<u>(235,152)</u>
Insurance gain, net	<u>\$ 94,552</u>

16. RECLASSIFICATION

Certain amounts in the fiscal year 2021 financial statements were reclassified to conform with the fiscal year 2022 presentation.

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Communications Commission:			
Direct:			
COVID-19 - Emergency Connectivity Fund Program	32.009	N/A	\$ 94,114
U.S. Department of Education:			
Passed-Through Commonwealth of Massachusetts, Department of Elementary and Secondary Education:			
COVID-19 - Education Stabilization Fund	84.425D	115-511429-2022-0445 117-511430-2022-0445 332-670960-2022-0445	783,572 12,500 39,906
COVID-19 - Education Stabilization Fund	84.425U	119-583127-2022-0445 719-671077-2022-0445	1,231,563 189,033
Total AL #84.425			2,256,574
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	240-546224-2022-0445	342,288
COVID-19 - Special Education Grants to States	84.027	252-546602-2022-0445	88,650
Total AL #84.027			430,938
COVID-19 - Special Education Preschool Grants	84.173	264-546612-2022-0445	8,256
Special Education Preschool Grants	84.173	262-546589-2022-0445	4,161
Total AL #84.173			12,417
Total Special Education Cluster (IDEA)			443,355
Title I Grants to Local Educational Agencies	84.010	305-546601-2022-0445	591,056
Supporting Effective Instruction State Grants (Formerly, Improving Teacher Quality State Grants)	84.367	140-545310-2022-0445	61,507
Student Support and Academic Enrichment Program	84.424	309-548635-2022-0445	29,541
English Language Acquisition State Grants	84.365	180-546591-2022-0445	33,690
Total U.S. Department of Education			3,415,723
U.S. Department of Health and Human Services:			
Passed-Through Commonwealth of Massachusetts, Department of Elementary and Secondary Education:			
COVID-19 - Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981	651-666934-2022-044	61,534

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing (AL) Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Passed-Through Commonwealth of Massachusetts, Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	DOE SCDOE22758A70571001A	<u>1,061,330</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,632,701</u></u>

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal assistance activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note 2. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis cost rate for its Federal programs.

**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**

Independent Auditor's Report

To the Boards of Trustees of
Abby Kelley Foster Charter Public School and
Abby Kelley Foster Educational Foundation, Inc.:

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 business-type activities of Abby Kelley Foster Charter Public School (a Massachusetts charter school) (the School) and its blended component unit, Abby Kelley Foster Educational Foundation, Inc. (a Massachusetts corporation, not for profit) (the Foundation), (collectively, the Organization), as of and for the year then ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated October 26, 2022. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The School's Response to Findings

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

Purpose of this Report

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

Westborough, Massachusetts
October 26, 2022

**Report on Compliance for Each Major Federal Program and Report on Internal
Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

To the Boards of Trustees of
Abby Kelley Foster Charter Public School and
Abby Kelley Foster Educational Foundation, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Abby Kelley Foster Charter Public School's and Abby Kelley Foster Educational Foundation, Inc.'s (collectively, the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major Federal programs for the year ended June 30, 2022. The Organization's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (Continued)

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

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

Westborough, Massachusetts
October 26, 2022

DRAFT

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Schedule Findings and Questioned Costs
June 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Is a "going concern" emphasis-of-matter paragraph included in the auditor's report? Yes X No

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major Federal programs:

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

Type of auditor's report issued on compliance for the major Federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major Federal programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
COVID-19 - Education Stabilization Fund	84.425
Child Nutrition Cluster	10.555

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Auditee qualified as low-risk auditee? X Yes No

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Schedule Findings and Questioned Costs
June 30, 2022

2. FINANCIAL STATEMENTS FINDINGS

Material Weakness

Finding 2022-001: General Ledger Maintenance

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

Condition: Management is not consistently reconciling general ledger accounts to supporting schedules on a monthly or year-end basis.

Context: Material Weakness over Financial Reporting

Effect: Many accounts including accounts receivable, revenue, accrued payroll and salaries expense, required additional analysis to reconcile at year-end and, as a result, there were ten proposed audit adjustments.

Cause: The School is not consistently reconciling general ledger accounts to supporting schedules. Several related balances had to be reconciled to allow for accurate year-end reporting.

Recommendation: AAFCPAs recommends that management revisit the roles and responsibilities of its current fiscal staffing to allow for a level of review over certain reconciliations to year-end balances. Additionally, the School should develop and utilize a checklist for year-end closing.

Management Response:

During the audit, it highlighted that there was an increased level of adjusting entries in fiscal year 2022. Management acknowledges this and will perform a comprehensive review of roles and responsibilities for the business office and reorganize accordingly.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.**

Schedule of Prior Year Findings and Questioned Costs
June 30, 2022

Significant Deficiency

Finding 2021-001: Written Procurement Policy

Condition: During our compliance testing in fiscal year 2021, we reviewed the Organization's procurement policy against Uniform Guidance standards. The policy did not meet all of the considerations that are required through Federal, Uniform Guidance, and state regulations. The Organization followed their procurement policy during fiscal year 2021 but should update this policy in accordance with these regulations.

Current Status

In fiscal year 2022, management updated its policy to meet all of the considerations that are required through Federal, Uniform Guidance and state regulations.

DRAFT

ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.

Key Financial Ratios
For the Years Ended June 30, 2022 and 2021

		2022	2021	2021 SCHOOL A	2021 SCHOOL B	2021 SCHOOL C	2021 AVERAGE ALL
1)	Grades First Academic Year Location Own/Rent Square Feet of Facility Foundation Average Number of Employees	K - 12 1998 City Own 212,307 Yes 220	K - 12 1998 City Own 212,307 Yes 220	6 - 12 2005 Suburb Own/Lease 90,650 Yes 140	K - 12 1996 City Lease 131,000 Yes 217	K - 12 1995 Suburb Own/Lease 89,330 Yes 213	 86,484 135
	Number of Students	1423	1424	964	1106	1008	798
2)	Current Ratio:						
	<u>Current assets</u> Current liabilities	<u>11,928,004</u> 3,898,358	<u>9,186,536</u> 3,629,595	<u>9,756,510</u> 1,972,323	<u>6,408,693</u> 2,491,089	<u>6,864,123</u> 2,482,799	<u>7,323,838</u> 1,749,112
		3.06	2.53	4.95	2.57	2.76	4.19
Note: The current ratio measures the School's ability to pay its currently maturing debts. A ratio of 1.0 or greater indicates adequate ability to pay current debts. An appropriate target for this ratio is 1.25 to 1.5.							
3)	Debt to Equity:						
	<u>Total liabilities</u> Total net position	<u>21,814,576</u> 26,062,083	<u>23,018,784</u> 23,540,622	<u>1,972,323</u> 12,967,269	<u>3,912,964</u> 21,757,886	<u>10,661,442</u> 9,530,098	<u>14,261,019</u> 12,704,506
		0.84	0.98	0.15	0.18	1.12	1.12
Note: The debt to equity ratio measures the proportion of an entity's assets which are externally financed against those provided for from accumulated earnings (net assets). An appropriate target for this ratio would be less than 1.0.							
4)	Unrestricted Operating Revenues (excluding in-kind)*:						
	Student tuition	\$ 21,133,205	\$ 19,073,829	\$ 14,714,735	\$ 21,529,529	\$ 15,600,601	\$ 13,512,388
	Grants - government	5,944,211	3,476,515	659,250	1,463,992	1,058,932	1,346,948
	Program fees	117,236	150,909	273,789	189,842	10,879	135,225
	Grants and contributions	17,326	26,932	126,648	721,961	31,131	473,491
	Other	-	-	256,943	188,664	31,165	144,563
		<u>\$ 27,211,978</u>	<u>\$ 22,728,185</u>	<u>\$ 16,031,365</u>	<u>\$ 24,093,988</u>	<u>\$ 16,732,708</u>	<u>\$ 15,612,615</u>
		100%	100%	100%	100%	100%	100%
5)	Operating Expenses (excluding in-kind)*:						
	Personnel and related	\$ 16,431,398	\$ 15,291,613	\$ 10,821,726	\$ 17,576,027	\$ 13,649,039	\$ 9,756,335
	Student costs	3,303,992	2,271,610	855,024	2,737,563	453,404	1,272,631
	Occupancy	2,649,899	2,471,186	2,143,554	2,003,402	1,044,834	1,571,715
	Other	695,230	498,341	521,223	637,144	272,618	905,366
	Depreciation	1,413,939	1,539,403	568,184	177,458	1,302,484	781,735
		<u>\$ 24,494,458</u>	<u>\$ 22,072,153</u>	<u>\$ 14,909,711</u>	<u>\$ 23,131,594</u>	<u>\$ 16,722,379</u>	<u>\$ 14,287,782</u>
		100%	100%	100%	100%	100%	100%

*Revenues and Expenses above are net of all in-kind,
inter-agency and non-operating activity

ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL AND
ABBY KELLEY FOSTER EDUCATIONAL FOUNDATION, INC.

Key Financial Ratios
For the Years Ended June 30, 2022 and 2021

	2022	2021	2021 SCHOOL A	2021 SCHOOL B	2021 SCHOOL C	2021 AVERAGE ALL
6)						
Number of students	1,423	1,424	964	1,106	1,008	798
Tuition per student	\$ 14,851	\$ 13,395	\$ 15,264	\$ 19,466	\$ 15,477	\$ 16,933
Government funding per student	\$ 19,028	\$ 15,836	\$ 15,948	\$ 20,790	\$ 16,527	\$ 18,621
Total expense per student (less in-kind)	\$ 17,213	\$ 15,500	\$ 15,467	\$ 20,915	\$ 16,590	\$ 17,904
Total personnel and student costs per student	\$ 13,869	\$ 12,334	\$ 12,113	\$ 17,703	\$ 13,991	\$ 13,821
Square feet per student	149	149	94	118	89	108
Occupancy cost per square foot (expense only)	\$ 12	\$ 12	\$ 24	\$ 15	\$ 12	\$ 18
Personnel cost per employee	\$ 74,688	\$ 69,507	\$ 77,298	\$ 80,996	\$ 64,080	\$ 72,269
7)						
Change in Net Position:						
Changes in net position from operations	<u>\$ 2,717,520</u>	<u>\$ 656,032</u>	<u>\$ 1,121,654</u>	<u>\$ 962,394</u>	<u>\$ 10,329</u>	<u>\$ 1,324,833</u>
8)						
Number of Months of Operating Expenses In Unrestricted Net Position:						
Total operating expenses*	\$ 24,494,458	\$ 22,072,153	\$ 14,909,711	\$ 23,131,594	\$ 16,722,379	\$ 14,287,782
Less - depreciation	1,413,939	1,539,403	568,184	177,458	1,302,484	781,735
	<u>23,080,519</u>	<u>20,532,750</u>	<u>14,341,527</u>	<u>22,954,136</u>	<u>15,419,895</u>	<u>13,506,047</u>
Divided by 12 months	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>
Monthly operating expenses	1,923,377	1,711,063	1,195,127	1,912,845	1,284,991	1,125,504
Unrestricted net position	<u>9,241,039</u>	<u>6,686,681</u>	7,697,550	20,961,101	5,573,714	<u>6,743,385</u>
Months of operating expenses in unrestricted net position	<u>4.80</u>	<u>3.91</u>	<u>6.44</u>	<u>10.96</u>	<u>4.34</u>	<u>5.99</u>

*Revenues and Expenses above are net of all in-kind,
inter-agency and non-operating activity

ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL

Benchmarking Ratios

For the Years Ended June 30, 2022 and 2021

Ratios	2022	2021	Low Risk	Moderate Risk	High Risk
Current Ratio (current assets divided by current liabilities)	3.05	2.52	>1.5	Between 1.0 and 1.5	< 1.0
Unrestricted Days Cash (cash divided by (expenses - depreciation)/365)	131	132	>75 days	Between 45 and 75 days	< 45 days
Percentage of Program Paid by Tuition (tuition + in-kind divided by total expenses)	92.2%	93.7%	90%	Between 75% and 90%	< 75%
Percentage of Program Paid by Tuition & Federal Grants ((tuition + federal grants + in-kind) divided by total expenses))	109.7%	102.0%	90%	Between 75% and 90%	< 75%
Percentage of Total Revenue Expended on Facilities (operating and maintenance + financing expenses (includes interest and depreciation) divided by total revenues)	13.9%	14.7%	<=15%	Between 15% and 30%	> 30%
Change in Net Position Percentage (change in net position divided by total revenue)	8.6%	2.6%	Positive %	Between -2% and 0%	< -2%
Debt to Asset (total liabilities divided by total assets)	0.46	0.49	<=.9	Between .9 and 1	> 1

ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL

Schedule of 20% Excess Carryover Calculation
For the Year Ended June 30, 2022
(Unaudited)

1	Cumulative surplus beginning of year	\$	-
2	Change in net position		2,512,359
	Less:		
3	Contributions		-
4	Interest income		6,015
5	Principal payments on debt		1,375,146
6	Capital expenses, less related debt/reserve funds		356,649
7	Current deposits to reserve funds for capital projects		-
8	Current deposits to reserve funds held as security for debt		-
9	Other - miscellaneous income		-
	Subtotal		\$ 774,549
	Plus:		
10	Fundraising expense		-
11	Depreciation		391,641
12	Other		-
	Subtotal		391,641
	Total Surplus		1,166,190
13	25% of actual tuition payment for current year		5,599,072
14	20% of projected tuition for the following year		4,841,564
15	20% budgeted expenditures from capital projects reserve fund for the following year		-
16	Allowable Carryover		10,440,636
17	Excess Surplus (Deficit)		\$ (9,274,446)

The Safety Committee meets monthly to discuss matters related to

- Drills
- Professional development for teachers,
- facility enhancements
- relationships with local neighbors
- Sharing of information with Worcester Police Department

Areas of continuous and recent improvements include:

- Camera systems
- Emergency Communications
- Infrastructure updates such as numbers of classrooms on outward facing windows
- Emergency bags with tourniquets, provisions, door lock magnets were provided to all staff at the start of the year

Submitted by Heidi Paluk

New Beginnings for AKFCS Facilities Department:

Facilities Team:

As part of the rebuild of the Facilities department, we will be moving back to having a designated Technician from a mid afternoon to the evening shift. This will allow for projects to be completed when students are not in building. We also need to return to inhouse custodial staff for day.

Updating the customer management system (CMMS):

The District has been utilizing Google Docs since the start of the school year to allow for requests and assistance. SchoolDude has previously been used and will be looked at as a possible system to put in place. The FD will work closely with the ED and IT to ensure a system is in place that works for all.

Observations:

The four biggest challenges right now are

- The roofing/masonry/leaks across the District.
- The Brook, which caused catastrophic flood damage to the Elementary basement in 2019 and ensuring we don't see a repeat of this again.
- Updating HVAC, Chiller and Boilers and ensure all are working and functioning correctly.
- Implimentating an extensive Preventative Maintenance programme for items such as HVAC/Boilers/Chiller systems, fire suppression/security control systems, roof repairs, drainage systems, sinkholes, field and playground equipment, drive/walkways, etc.

Other notable challenges are outdated lighting, reorganizing the warehouse, ensuring each building is a safe and clean environment for teachers, students and staff alike.

Moving forward:

Strengthening vendor relationships as well as fostering new ones. This also goes for rebuilding the trust of staff towards the Facilities department as a whole.

In September/early October:

HVAC contractor (E.D.S.) came in and addressed several issues regarding Chillers and HVAC systems as well as fixed a MS pipe leak, which required some abatement.

Trane offered solutions pertaining to maintenance of HVAC systems in the High School and Elementary school. A technician also performed an assessment of the health of the HVAC systems in the High School. We are going through a computer upgrade of our TRANE system and will need to have PD for staff on the capability of that system. Trane also preformed a preliminary review of the MS facility regarding HVAC options.

Centimark performed a health assessment of the roofing throughout the district as part of a new preventative maintenance plan. Many issues were identified which will require both short/long term fixes.

BluSky continue the punch list work on the basement of Elementary School; flood doors will likely be installed before the end of the calendar year.

Newman and DiStefano, performed work on lighting at the exteriors of High School and Elementary schools. Again, old lighting systems make accessibility and replacement parts difficult.

KDP replaced the stalls in the MS Bathrooms with stainless steel.

We continue to have a number of door issues across the district that are in need of repair. Much of it has to do with water/salt damage which has eroded the door frames and thresholds. The biggest priorities are the ES front door, HS warehouse, Activity Center (2 doors), the MS cafeteria, and the Buffer zone. The BRM door was just recently installed.