

NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL

Financial Statements

June 30, 2022

and

Independent Auditor's Report

**NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
FINANCIAL STATEMENTS
June 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Northeast Woodland Chartered Public School

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Northeast Woodland Chartered Public School, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Northeast Woodland Chartered Public School, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Northeast Woodland Chartered Public School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted 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 Northeast Woodland Chartered Public School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeast Woodland Chartered Public School'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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Vashon Clukay & Company PC

Manchester, New Hampshire
February 14, 2023

EXHIBIT A
NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 219,291
Accounts receivable	1,155
Due from State of NH	262,652
Prepaid items	19,084
Total Current Assets	<u>502,182</u>
Noncurrent Assets:	
Capital assets:	
Depreciable capital assets, net	<u>9,793</u>
Total Noncurrent Assets	<u>9,793</u>
Total Assets	<u>511,975</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	19,591
Accrued liabilities	152,078
Unearned revenue	68,179
Working capital loan	175,000
Current portion of lease payable	3,109
Total Current Liabilities	<u>417,957</u>
Noncurrent liabilities:	
Lease payable	<u>6,838</u>
Total Noncurrent Liabilities	<u>6,838</u>
Total Liabilities	<u>424,795</u>
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows of Resources	<u>-</u>
NET POSITION	
Unrestricted	<u>87,180</u>
Total Net Position	<u>\$ 87,180</u>

See accompanying notes to the basic financial statements

EXHIBIT B
NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for</u>	<u>Operating</u>	<u>and Changes</u>
		<u>Services</u>	<u>Grants and</u>	<u>in Net Position</u>
			<u>Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
Instruction	\$ 1,344,465	\$ 192,729	\$ 588,552	\$ (563,184)
Supporting services	48,850			(48,850)
Instructional staff services	56,288			(56,288)
General administration	337,417			(337,417)
Operation and maintenance of plant	227,621		15,802	(211,819)
Pupil transportation	17,573			(17,573)
Interest and fiscal charges	4,041			(4,041)
Total governmental activities	<u>\$ 2,036,255</u>	<u>\$ 192,729</u>	<u>\$ 604,354</u>	<u>(1,239,172)</u>
General revenues:				
State adequacy education grant				1,063,339
State differentiated aid				39,572
Interest and investment earnings				1
Miscellaneous				<u>175,035</u>
Total general revenues				<u>1,277,947</u>
Change in net position				38,775
Net Position - beginning of year				<u>48,405</u>
Net Position - end of year				<u>\$ 87,180</u>

See accompanying notes to the basic financial statements

EXHIBIT C
NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 219,291	\$ 219,291
Accounts receivable	1,155	1,155
Due from State of NH	262,652	262,652
Prepaid items	19,084	19,084
Total Assets	<u>502,182</u>	<u>502,182</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 502,182</u>	<u>\$ 502,182</u>
LIABILITIES		
Accounts payable	\$ 19,591	\$ 19,591
Accrued liabilities	152,078	152,078
Unearned revenue	68,179	68,179
Working capital loan	175,000	175,000
Total Liabilities	<u>414,848</u>	<u>414,848</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
FUND BALANCES		
<i>Nonspendable:</i>		
Prepaid items	19,084	19,084
<i>Assigned for:</i>		
Students	6,240	6,240
<i>Unassigned:</i>		
Unassigned - General operations	62,010	62,010
Total Fund Balance	<u>87,334</u>	<u>87,334</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 502,182</u>	
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and intangible right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		9,793
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:		
Lease payable		<u>(9,947)</u>
Net Position of Governmental Activities (Exhibit A)		<u>\$ 87,180</u>

See accompanying notes to the basic financial statements

EXHIBIT D
NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General <u>Fund</u>	Total Governmental <u>Funds</u>
Revenues:		
Intergovernmental	\$ 1,707,265	\$ 1,707,265
Charges for services	192,729	192,729
Investment income	1	1
Miscellaneous	175,035	175,035
Total Revenues	<u>2,075,030</u>	<u>2,075,030</u>
Expenditures:		
Current operations:		
Instruction	1,344,311	1,344,311
Supporting services	48,850	48,850
Instructional staff services	56,288	56,288
General administration	337,417	337,417
Operation and maintenance of plant	227,621	227,621
Pupil transportation	17,573	17,573
Debt service:		
Principal retirement	60,000	60,000
Interest and fiscal charges	4,041	4,041
Total Expenditures	<u>2,096,101</u>	<u>2,096,101</u>
Net change in fund balances	(21,071)	(21,071)
Fund Balance at beginning of year	<u>108,405</u>	<u>108,405</u>
Fund Balance at end of year	<u>\$ 87,334</u>	<u>\$ 87,334</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1
NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2022

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ (21,071)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. Amortization expense in the current period is as follows:</p>	
Amortization expense	(3,180)
<p>Repayment of note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments in the current year are as follows:</p>	
Note principal paid	60,000
Lease principal paid	<u>3,026</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u><u>\$ 38,775</u></u>

See accompanying notes to the basic financial statements

NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Northeast Woodlands Chartered Public School conform to accounting principles generally accepted in the United States of America for local educational units of government, except as indicated hereinafter. The Northeast Woodlands Chartered Public School is organized as a public charter school to provide educational services as authorized by the State of New Hampshire Department of Education. The provisions of the State of New Hampshire RSA 194-B:10 requires public charter schools to comply with the same financial reporting requirements imposed upon a traditional public school district, on a governmental basis of presentation. Accordingly, the Northeast Woodlands Chartered Public School's basis of presentation follows the governmental reporting model. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Northeast Woodlands Chartered Public School (the "Charter School") is a public charter school as defined by the provisions of New Hampshire RSA 194-B Chartered Public Schools. The Charter School is organized as a 501(c)(3) nonprofit public charity granted status under section 170(b)(1)(A)(ii) of the Internal Revenue Code. The Charter School is governed by a Board of Trustees and operates under a charter approved on March 12, 2020. The Charter School was formed to create an environment of nature based learning focused on a Waldorf education model.

Basis of Presentation

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

1. Government-Wide Financial Statements:

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

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

NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

2. Fund Financial Statements:

During the year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting

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

1. Governmental Funds:

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

The *General Fund* is the main operating fund of the Charter School and is used to account for all financial resources except those required to be accounted for in another fund.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Charter School are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: State adequacy funding, grants and student fees.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Charter School's budget represents functional appropriations as authorized by the Board of Trustees. The Board of Trustees may transfer funds between operating categories as they deem necessary.

NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Charter School maintains a capitalization threshold of \$5,000. The Charter School does not possess any infrastructure or intangible assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Lease Liabilities and Leased Assets

Lease liabilities are measured at the present value of payments expected to be made during the lease term. Leased assets are measured at the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs and are amortized on a straight-line basis over the life of the related lease.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the residual amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

As of June 30, 2022, the Charter School has not adopted a formal fund balance policy. The Charter School has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- ***Nonspendable Fund Balance***: Amounts that are not in a spendable form or are required to be maintained intact.
- ***Restricted Fund Balance***: Amounts constrained to specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or by the enabling legislation.
- ***Committed Fund Balance***: Amounts constrained to specific purposes by the Charter School itself using its highest level of decision-making authority. To be reported as committed, amounts

**NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended June 30, 2022

cannot be used for any other purpose unless the Charter School takes the same highest-level action to remove or change the constraint.

- *Assigned Fund Balance*: Amounts the Charter School intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*: Amounts that are available for any purpose; these amounts are reported only in the General Fund, except for any deficit fund balance of another governmental fund.

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—DEPOSITS

Deposits as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	<u>\$ 219,291</u>

Deposits at June 30, 2022 consist of the following:

Deposits with financial institutions	<u>\$ 219,291</u>
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As of June 30, 2022, the Charter School does not have a formal investment policy which limits allowable deposits or investments of the Charter School.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Charter School's deposits may not be returned. Currently, the Charter School has no investment policy for assurance against custodial credit risk.

Of the Charter School's deposits with financial institutions at year end, \$18,536 was uncollateralized and uninsured.

NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

NOTE 3—CAPITAL ASSETS

The following is a summary of changes in capital assets:

	(As Restated)			Balance
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
	<u>7/1/2021</u>			<u>6/30/2022</u>
Capital assets being depreciated:				
Leased equipment	\$ 12,973			\$ 12,973
Total capital assets being depreciated	<u>12,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,973</u>
Less accumulated depreciation and amortization for:				
Leased equipment		(3,180)		(3,180)
Total accumulated depreciation and amortization	<u>-</u>	<u>(3,180)</u>	<u>-</u>	<u>(3,180)</u>
Total capital assets being depreciated, net	<u>12,973</u>	<u>(3,180)</u>	<u>-</u>	<u>9,793</u>
Total capital assets, net	<u>\$ 12,973</u>	<u>\$ (3,180)</u>	<u>\$ -</u>	<u>\$ 9,793</u>

Amortization expense was charged to governmental functions as follows:

Instruction	<u>\$ 3,180</u>
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NOTE 4—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Charter School’s long-term obligations of the governmental activities for the year ended June 30, 2022 are as follows:

	(As Restated)			Balance	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2022</u>	<u>One Year</u>
	<u>7/1/2021</u>				
Governmental activities:					
Note payable - direct borrowing	\$ 60,000	\$ -	\$ (60,000)	\$ -	\$ -
Lease payable	<u>12,973</u>		<u>(3,026)</u>	<u>9,947</u>	<u>3,109</u>
	<u>\$ 72,973</u>	<u>\$ -</u>	<u>\$ (63,026)</u>	<u>\$ 9,947</u>	<u>\$ 3,109</u>

Lease Payable

Lease agreements represent contracts that convey control of the right to use another entities nonfinancial asset for a specified period of time.

Following is the individual lease payable outstanding at June 30, 2022:

<u>Description of Asset</u>	<u>Date</u>	<u>Payment</u>	<u>Payment</u>	<u>Interest</u>	<u>Final</u>	<u>Balance at</u>
		<u>Terms</u>	<u>Amount</u>	<u>Rate</u>	<u>Date</u>	<u>6/30/2022</u>
Copiers	August 2020	Monthly	\$ 284	3.50%	July 2026	<u>\$ 9,947</u>

NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

Annual requirements to amortize lease obligations at June 30, 2022 are as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 3,109	\$ 299	\$ 3,408
2024	3,220	188	3,408
2025	3,335	73	3,408
2026	283	1	284
	<u>\$ 9,947</u>	<u>\$ 561</u>	<u>\$ 10,508</u>

NOTE 5—SHORT-TERM OBLIGATIONS

Working Capital Loan Advance

During January 2022, the Charter School entered into a working capital loan agreement with the New Hampshire Health and Education Facilities Authority. Under the terms of the agreement, the Charter School is approved to borrow up to \$175,000 on a semi-annual basis to be used for working capital purposes. Loan advances bear interest at 2.25% and outstanding principal and interest balances are payable twice a year by March 5th or November 5th following the date of any advance. All outstanding interest and principal and any other fees or charges shall be paid in full no later than the fifth anniversary of the original loan agreement. As of June 30, 2022, the working capital loan advance outstanding at year end was \$175,000, and is due November 5th, 2022.

Changes in the Charter School’s short-term obligations for the year ended June 30, 2022 are as follows:

Balance - July 1, 2021	\$ -
Additions	350,000
Reductions	<u>(175,000)</u>
Balance - June 30, 2022	<u>\$ 175,000</u>

NOTE 6—SIGNIFICANT CONCENTRATION OF REVENUE RISK

As a public charter school, the Charter School annually receives adequacy and differentiated aid funding from the State of New Hampshire Department of Education on a per pupil basis of average daily membership attendance at a rate determined by the State. Total adequacy and differentiated aid funding received for the year ended June 30, 2022 was \$1,102,911 which is approximately 53% of both total Governmental Activities and General Fund revenues.

NOTE 7—DEFINED CONTRIBUTION PLAN

The Charter School contributes to the Northeast Woodland Public Chartered School Simple IRA Plan. The plan is considered to be a defined contribution plan and was established under Internal Revenue Code (IRC) section 408(p). The plan allows employees to defer income taxation on retirement savings into future years and is administered by Northeast Woodland Public Chartered School. All regular employees of the Charter School are eligible to make contributions to the plan upon hire, starting with their first paycheck after enrollment in the plan. The plan has no required minimum contribution for employees. Under the terms of the plan, the Charter School will match employee contributions up to 3%. Contributions rates are established by the Board of Trustees and may be amended at the discretion of the

NORTHEAST WOODLAND CHARTERED PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2022

Board. Contributions to the Simple IRA Plan made by the plan members and the Charter School for the year ended June 30, 2022 were \$70,128 and \$26,606, respectively.

NOTE 8—RISK MANAGEMENT

The Charter School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year ended June 30, 2022, the Charter School purchased commercial insurance to manage risks related to property and liability and worker's compensation claims.

NOTE 9—CONTINGENCIES

Federal Grants

The Charter School participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Charter School expects such amounts, if any, to be immaterial.

Litigation

There may be various claims and suits pending against the Charter School, which arise in the normal course of the Charter School's activities. In the opinion of Charter School management, any potential claims against the Charter School, which are not covered by insurance are immaterial and would not affect the financial position of the Charter School.

NOTE 10—CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2022, the Charter School implemented GASB Statement No. 87, *Leases*. Under Statement No. 87, the Charter School is required to record a lease liability and an intangible right to use asset for its leasing arrangements as a lessee. The Charter School recognized \$12,973 as a lease payable as of July 1, 2021, due to implementation of GASB Statement No. 87. However, this entire amount was offset by recognition of intangible right to use assets for the leased equipment.

NOTE 11—SUBSEQUENT EVENTS

Direct Loan

During July 2022, the Charter School obtained a loan for the acquisition of land in the amount of \$125,000. The loan bears interest at 1.00% and matures July of 2027.

Working Capital Loan Advance

During November 2022, the Charter School was advanced \$175,000 on its working capital loan. Interest is payable monthly at the rate of 2.25%, with the principal balance due in full on March 5, 2023.