ASPIRA BILINGUAL CYBER CHARTER SCHOOL

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

ASPIRA BILINGUAL CYBER CHARTER SCHOOL
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Aspira Bilingual Cyber Charter School
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Aspira Bilingual Cyber Charter School (the School) as of and for the year ended June 30, 2020, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Trustees
Aspira Bilingual Cyber Charter School

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Aspira Bilingual Cyber Charter School as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, the schedule of revenues, expenditures, and changes in fund balance – budget and actual – governmental funds on page 35, the schedules of proportionate share of PSERS net pension liability and contributions on page 36, and the schedules of proportionate share of PSERS net OPEB liability and contributions on pages 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the Aspira Bilingual Cyber Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Aspira Bilingual Cyber Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Aspira Bilingual Cyber Charter School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 14, 2020

The Board of Trustees of Aspira Bilingual Cyber Charter School offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

- Total revenues decreased by $103,904 to $8,796,397 due to a decrease in federal sources.
- At the close of the current fiscal year, the School reports ending net position of $783,129. This net position balance represents an increase in net position of $893,511 for the year ended June 30, 2020.
- At the close of the current fiscal year, the School reports an ending general fund balance of $1,568,445. This general fund balance represents an increase in fund balance of $566,290 for the year ended June 30, 2020.
- The School's cash balance at June 30, 2020 was $1,366,596, representing an increase of $446,528 from June 30, 2019.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements as presented comprise four components: Management's Discussion and Analysis (this section), the basic financial statements, budgetary comparison and reporting required under *Government Auditing Standards*.

Government-Wide Financial Statements

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

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

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

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

Overview of the Financial Statements (Continued)

Fund Financial Statements

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

Notes to the Financial Statements

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets and deferred outflows exceeded liabilities and deferred inflows by $783,129 as of June 30, 2020.

	2020	2019
Current and Other Assets	$ 2,060,332	$ 1,658,130
Capital Assets	348,048	460,337
Total Assets	2,408,380	2,118,467
Deferred Outflows	74,926	96,389
Current Liabilities	472,987	637,238
Noncurrent Liabilities	440,000	701,000
Total Liabilities	912,987	1,338,238
Deferred Inflows	787,190	987,000
Net Investment in Capital Assets	348,048	460,337
Restricted	18,900	18,737
Unrestricted	416,181	(589,456)
Total Net Position	$ 783,129	$ (110,382)

In prior years, the School was required to implement GASB 68 and GASB 75. These accounting standards required the School to report its proportionate share of the net pension liability and net OPEB liability of the underfunded cost-sharing multi-employer defined benefit pension plan provided by the Commonwealth of Pennsylvania. In recording the original liabilities and deferred outflows, the net position balances were required to be restated in previous years, resulting in a year-end net position deficit. Each year, the School's proportionate share of the liabilities, deferred outflows and deferred inflows will be adjusted and included in the School's activities. The adjustments will be done in accordance with the accounting standards but will not have an effect on the ongoing cash contribution requirements of the School.

Government-Wide Financial Analysis (Continued)

The School's revenues are predominately from the School District of Philadelphia, based on the student enrollment, donations from private sources and awards from federal and state sources.

	2020	2019
Revenues:		
Local Education Agencies	$ 8,048,633	$ 8,028,548
Other Local Sources	16,617	19,068
State Sources	22,882	5,440
Federal Sources	708,265	847,245
Total Revenues	8,796,397	8,900,301
Expenditures:		
Instruction	4,021,675	4,271,834
Student Support Services	217,812	318,918
Administration Support	1,308,313	1,224,443
Pupil Health	100,345	92,678
Business Services	2,000,461	2,194,682
Food Services	-	2,563
Student Activities and Community Services	87,371	95,342
Depreciation	166,909	155,759
Total Expenditures	7,902,886	8,356,219
Change in Net Position	893,511	544,082
Net Position - Beginning of Year	(110,382)	(654,464)
Net Position - End of Year	$ 783,129	$ (110,382)

Governmental Fund

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

The School's governmental funds, (the General Fund and Student Activities Fund), reported an ending fund balance of $1,587,345. For the year ended June 30, 2020 the School's revenues $8,796,397 exceeded expenses $8,229,944 by $566,453.

General Fund Budgetary Highlights

Budgeted revenues exceeded actual revenues by $518,896 primarily due to less than expected local education agency sources. Actual expenditures were less than budgeted expenditures by $671,796 primarily due to less than budgeted instruction expenditures, support, pupil health, and student activities and community services incurred for offset by more than budgeted expenditures in administrative support and business services during the fiscal year.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the School's investment in capital assets for its governmental activities totals $348,048. This investment in capital assets includes classroom, office furniture and equipment and leasehold improvements.

Major capital asset purchases during the year included the following:

- Furniture and equipment amounting to $54,620

Economic Factors and Next Year's Budgets and Rates

The School's Board approved budget next year anticipated that the revenues would exceed the expenses by $81,832 after setting aside a budgetary reserve of $182,102. The School's primary source of revenue, the per pupil subsidy, has been provided by the School District of Philadelphia. Next year, the School District of Philadelphia has announced the per pupil rates will increase by $708 to $10,836 for general education and increase by $1,544 to $30,442 for special education. In the past, the District revised the per pupil rates in the middle of the year. The School doesn't have information to anticipate whether the revision will happen again or not. In light of this, the School has been building budgetary reserves to reduce the impact of unforeseen revenue reductions.

During FY2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 may impact various parts of its FY2021 operations, revenue sources, and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated.

Contacting the School's Financial Management

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the School Finance Officer, Aspira Bilingual Cyber Charter School, 4322 N. 5th Street, Philadelphia, PA 19140.

ASPIRA BILINGUAL CYBER CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 1,366,596
State Subsidies Receivable	5,833
Federal Subsidies Receivable	254,390
Due from Other School Districts	364,211
Prepaid Expenses	69,302
Total Current Assets	2,060,332
CAPITAL ASSETS, NET	348,048
Total Assets	2,408,380
DEFERRED OUTFLOWS	
Deferred Outflows from Pensions - See Note 10	72,926
Deferred Outflows from OPEB - See Note 11	2,000
Total Deferred Outflows	74,926
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	115,707
Accrued Payroll and Payroll Taxes	323,972
Due to Related Parties	33,308
Total Current Liabilities	472,987
LONG-TERM LIABILITIES	
Net Pension Liability	421,000
Net OPEB Liability	19,000
Total Long-Term Liabilities	440,000
Total Liabilities	912,987
DEFERRED INFLOWS	
Deferred Inflows from Pensions - See Note 10	752,000
Deferred Inflows from OPEB - See Note 11	35,190
Total Deferred Inflows	787,190
NET POSITION	
Net Investment in Capital Assets	348,048
Restricted	18,900
Unrestricted	416,181
Total Net Position	$ 783,129

See accompanying Notes to Financial Statements.

ASPIRA BILINGUAL CYBER CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Functions	Expenses	Program Services: Charges for Services	Program Services: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental Activities:				
Instruction	$ 4,021,675	$ -	$ 708,265	$ (3,313,410)
Student Support Services	217,812	-	-	(217,812)
Administrative Support	1,308,313	-	-	(1,308,313)
Pupil Health	100,345	-	-	(100,345)
Business Services	2,000,461	-	-	(2,000,461)
Student Activities and Community Services	87,371	736	-	(86,635)
Depreciation	166,909	-	-	(166,909)
Total	$ 7,902,886	$ 736	$ 708,265	(7,193,885)

General Revenues:	
State Grants and Reimbursements	22,882
Other Local Sources	15,881
Local Educational Agencies	8,048,633
Total	8,087,396
Change in Net Position	893,511
Net Position - Beginning of Year	(110,382)
Net Position - End of Year	$ 783,129

See accompanying Notes to Financial Statements.

ASPIRA BILINGUAL CYBER CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Student Activities Fund	Total Governmental Activities
ASSETS			
Cash and Cash Equivalents	$ 1,347,696	$ 18,900	$ 1,366,596
State Subsidies Receivable	5,833	-	5,833
Federal Subsidies Receivable	254,390	-	254,390
Due from Other School Districts	364,211	-	364,211
Prepaid Expenses	69,302	-	69,302
Total Assets	$ 2,041,432	$ 18,900	$ 2,060,332
LIABILITIES			
Accounts Payable and Accrued Expenses	$ 115,707	$ -	$ 115,707
Accrued Payroll and Payroll Taxes	323,972	-	323,972
Due to Related Parties	33,308	-	33,308
Total Liabilities	472,987	-	472,987
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	69,302	-	69,302
Restricted	-	18,900	18,900
Unassigned	1,499,143	-	1,499,143
Total Fund Balances	1,568,445	18,900	1,587,345
Total Liabilities and Fund Balance	$ 2,041,432	$ 18,900	$ 2,060,332

See accompanying Notes to Financial Statements.

ASPIRA BILINGUAL CYBER CHARTER SCHOOL
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balance for Governmental Funds		$ 1,587,345
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
	Capital Assets, Net	348,048
Long-term liabilities that pertain to governmental funds, including net pension obligations, net OPEB liability, deferred outflows and deferred inflows are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.		
	Pension	(1,100,074)
	OPEB	(52,190)
Total Net Position of Governmental Activities		$ 783,129

See accompanying Notes to Financial Statements.

ASPIRA BILINGUAL CYBER CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General Fund	Student Activities Fund	Total Governmental Activities
REVENUES			
Local Educational Agency Assistance	$ 8,048,633	$ -	$ 8,048,633
Other Local Sources	15,881	736	16,617
State Sources	22,882	-	22,882
Federal Sources	708,265	-	708,265
Total Revenues	8,795,661	736	8,796,397
EXPENDITURES			
Instruction	4,515,642	-	4,515,642
Support Services	217,812	-	217,812
Administrative Support	1,308,313	-	1,308,313
Pupil Health	100,345	-	100,345
Business Services	2,000,461	-	2,000,461
Student Activities and Community Services	85,703	1,668	87,371
Total Expenditures	8,228,276	1,668	8,229,944
EXCESS OF REVENUES (EXPENDITURES) OVER EXPENDITURES (REVENUES)	567,385	(932)	566,453
OTHER FINANCIAL SOURCES (USES)			
Transfer In	-	1,095	1,095
Transfer Out	(1,095)	-	(1,095)
Total Other Financial Sources (Uses)	(1,095)	1,095	-
NET CHANGES IN FUND BALANCES	566,290	163	566,453
Fund Balances - Beginning of Year	1,002,155	18,737	1,020,892
FUND BALANCES - END OF YEAR	$ 1,568,445	$ 18,900	$ 1,587,345

See accompanying Notes to Financial Statements.

ASPIRA BILINGUAL CYBER CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Net Change in Fund Balance - Total Governmental Funds		$ 566,453
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
	Capital Outlays	54,620
	Depreciation Expense	(166,909)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
	Change in Pension Expense	431,680
	Change in OPEB Expense	7,667
Change in Net Position of Governmental Activities		$ 893,511

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND PURPOSE OF CORPORATION

Aspira Bilingual Cyber Charter School (the School) was incorporated as a 501(c)(3) in 2008 under the nonprofit law of the Commonwealth of Pennsylvania. The School serves grades kindergarten through 12 and is located in Philadelphia, Pennsylvania. The School was established and operated under the provisions enacted by the General Assembly of the Commonwealth of Pennsylvania in 1997 and operated under a charter school contract ending on June 30, 2015. The Pennsylvania Department of Education (PDE) has finished their onsite audit for the renewal application and the School has been working with the PDE for the renewal of their Charter. The PDE hasn't take any renewal actions following the visit. Currently, the School is operating under the expired charter. The net position of the School would remain with the School if its charter were not renewed. The School is a charter school which has financial accountability and control over all activities related to the students' education. The School receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the School is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) pronouncement. In addition, there are no component units as defined in the standards established for defining and reporting on the financial reporting entity.

The School began operations in December 2010. The School provides instruction in the form of interactive distance learning classrooms, one-to-one tutoring, computer-supported collaborative learning, project-based learning, and instruction tailored to each student's individual education needs. Students access their courses online where worksheets, study material, quizzes, and tests are all provided for the student to either read and complete on the computer or print for their own reference or completion by hand.

One of the most unique features of the School is its full two-way immersion bilingual program in order to develop fluency in both English and Spanish. By integrating native Spanish and native English speakers together and teaching classes in both languages, it allows for all students regardless of language preference to receive a truly high quality education while learning a second language.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments that have implemented the accounting pronouncement on financial reporting for state and local governments, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments."

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

The fund financial statements (governmental funds balance sheet and statement of governmental funds revenues, expenditures, and changes in fund balances) report on the School's general and student activities funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

  Fund Financial Statements – Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Grants and similar items are recognized as soon as all eligibility requirements imposed by providers have been met. For this purpose, the School considers revenues to be available if they are collected within the current period or within 150 days after the end of the fiscal year. Grant revenues and other similar revenues are an exception and are considered available when eligibility requirements have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The government reports two major governmental funds which consist of:

  - General Fund – The General Fund is the operating fund of the School and accounts for all revenues and expenditures of the School, excluding student activities.

  - Student Activities Fund – The Student Activities Fund is used to account for student activity revenues and expenditures.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method of Accounting

Accounting standards requires a statement of net position, a statement of activities, and changes in net position. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted.

These calculations are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position consists of net positions that do not meet the definition of "restricted" or "net invested in capital assets."

In the fund financial statements, governmental funds report nonspendable portions of fund balance related to prepaid expenses, long-term receivables, and corpus on any permanent fund. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances represent amounts constrained for a specific purpose by a governmental entity using its highest level of decision-making authority. Committed fund balances are established and modified by a resolution approved by the board of trustees. Assigned fund balances are intended by the School to be used for specific purposes but are neither restricted nor committed. Unassigned fund balances are considered the remaining amounts.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance are available, it is currently the School's policy to use restricted first, then unrestricted fund balance. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, it is currently the School's policy to use committed first, then assigned, and finally unassigned amounts.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the governmental funds.

The Budgetary Comparison Schedule presents both the original and the final appropriated budgets for the reporting period. The School filed an original budget and was accepted in June 2019 by the Labor, Education, and Community Services Comptroller's Office. The budget is controlled by the Chief Executive Officer at the revenue and expenditure function/object level. Budgeted amounts are as approved by the board of directors. The board of directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. An amended budget was not needed by the School during the fiscal year. The budget is presented as required supplementary information.

Use of Estimates

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

Concentration of Credit Risk

Financial instruments which potentially subject the School to concentrations of credit risk consist of cash and cash equivalents, contributions and grants receivables and revenue. Cash and cash equivalents are held primarily at one high-credit quality financial institution. At June 30, 2020, the School received 91% of their total revenue from one source.

Capital Assets

Capital assets, which include computer equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Capital assets of the School are depreciated using the straight-line method over the useful lives of the assets. The estimated useful lives of furniture and equipment range from five to seven years. Leasehold improvements are amortized over the life of the lease.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

General Information about the Pension Plan

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, or the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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

Contributions

Member Contributions

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

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The employers contractually required contribution rate for fiscal year ended June 30, 2020 was 33.43% of covered payroll, actuarially determined as an amount that, when combined with employee contributions is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the employer were $42,000 for the year ended June 30, 2020.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

PSERS provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Premium Assistance Eligibility Criteria

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

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School were $1,000 for the year ended June 30, 2020.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been recorded in the financial statements.

Uncertain Tax Positions

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. No provision for income taxes has been established.

Risks and Uncertainties

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees, and communities. Specific to the School, COVID-19 may impact its fiscal year 2021 operations and financial results including local and state share revenue, state and federal grants, and other local sources. Management believes the School is taking appropriate actions to mitigate any negative impact; however, the full impact of COVID-19 is unknown and not reasonably estimated as of June 30, 2020.

NOTE 3 CASH AND CASH EQUIVALENTS

The School considers all highly liquid debt instruments purchased with a maturity of three months or less at the time of acquisition to be cash equivalents.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The School does have a policy for custodial credit risk. For the year ended June 30, 2020, $1,062,265 of the School's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$ 1,062,265
Plus: Insured Amount	304,331
Total Cash per Financial Statements	$ 1,366,596

NOTE 4 INTERFUND TRANSFERS

Funds are transferred from one fund to support expenditures of other funds in accordance with authority established for the individual fund. Fund financial statement transfers between funds during the year ended June 30, 2020 were as follows:

	Transfers In	
Transfers Out	Student Activities Fund	Total
General Fund	$ 1,095	$ 1,095

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Deletions	Additions	Balance June 30, 2020
Furniture and Equipment	$ 971,855	$ -	$ 54,620	$ 1,026,475
Leasehold Improvements	147,096	-	-	147,096
Total	1,118,951	-	54,620	1,173,571
Less: Accumulated Depreciation	658,614	-	166,909	825,523
Capital Assets, Net	$ 460,337	$ -	$ (112,289)	$ 348,048

Depreciation expense for the years ended June 30, 2020 was $166,909.

NOTE 6 LOCAL EDUCATIONAL AGENCY REVENUE

Charter schools are funded by the local public school district in which each student resides. The rate per student is determined annually and is based on the budgeted total expenditure per average daily membership of the prior school year for each school district. The majority of the students of the School reside in Philadelphia. For the year ended June 30, 2020, the rate for the School District of Philadelphia was $10,128 for regular education students plus additional funding for special education students. The annual rate is earned monthly and paid when billed by the School District of Philadelphia and is prorated if a student enters or leaves during the year. Total revenue from local sources was $8,048,633 for the fiscal year ended June 30, 2020.

NOTE 7 GOVERNMENT GRANTS AND REIMBURSEMENT PROGRAMS

The School participates in numerous state and federal grant and reimbursement programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs, facility lease costs and health services are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants and reimbursement programs, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired.

In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 8 LEASING ARRANGEMENTS

The School leases a portion of 4322-42 North 5th Street in Philadelphia, Pennsylvania under an operating lease from Aspira, Inc. of Pennsylvania (a related party, see Note 12). Due to the increase of enrollment, the school renegotiated the lease agreement to include expanded space and the lease term is through May 2049. The School paid monthly rent of $40,000 for the year ended June 30, 2020.

The annual rent for each year subsequent to June 30, 2020 is as follows:

Year Ending June 30,	Amount
2021	$ 480,000
2022	480,000
2023	480,000
2024	480,000
2025	480,000
Thereafter	11,520,000
Total	$ 13,920,000

NOTE 9 RETIREMENT PLAN

Beginning in FY 2016 new employees who are not members of the PSERS retirement plan are automatically enrolled in the 403b Plan. New employees that were participants in PSERS can opt for the 403b Plan or PSERS. Existing employees who are participants in the PSERS Plan remain in that plan.

The 403b Plan is a defined contribution plan. Employees in the 403b Plan contribute a mandatory 6% deferral amount and can contribute a higher percentage up to the maximum dollar amount allowed by the Internal Revenue Service. The charter school provides matching contributions dollar for dollar up to 6% of compensation based on payroll compensation. Deferrals over 6% of salary are not matched. The 403b Plan has an immediate vesting schedule. The plan offers a diversified lineup of employee directed investment options. The default investment option, if one is not selected at the time of enrollment, is a Target Date Fund corresponding with the employee’s age. Investment options can be changed at any time by the employee. Employer contributions to the 403b Plan for the fiscal year ended June 30, 2020 was $87,473.

The School had no liability to the Plan at June 30, 2020.

NOTE 10 PENSION LIABILITIES, EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION

At June 30, 2020, the School reported a liability of $421,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019. The employer's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the employer's proportion was 0.0009%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the School recognized pension credit of ($386,000). At June 30, 2020, the School reported deferred outflows of resources and deferred inflows related to pensions from the following sources:

	Defined Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 2,000	$ (14,000)
Net Difference Between Projected and Actual Investment Earnings	-	(1,000)
Changes in Proportions	24,926	(737,000)
Changes in Assumption	4,000	-
Contributions Subsequent to the Measurement Date	42,000	-
Total	$ 72,926	$ (752,000)

The amount of $42,000 reported as deferred outflows of resources related to pensions resulting from the School's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	$ (294,260)
2022	(391,260)
2023	(38,927)
2024	3,373
Total	$ (721,074)

NOTE 10 PENSION LIABILITIES, EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2019 was determined by rolling forward the System's total pension liability as of the June 30, 2018 actuarial valuation to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal – Level % of Pay
- Investment Return – The investment rate of return was 7.25%, comprised of inflation of 2.75%.
- Salary Increases – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2019 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015.

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

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

NOTE 10 PENSION LIABILITIES, EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION (CONTINUED)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	20 %	5.6 %
Fixed Income	36	1.9 %
Commodities	8	2.7 %
Absolute Return	10	3.4 %
Risk Parity	10	4.1 %
Infrastructure/MLPs	8	5.5 %
Real Estate	10	4.1 %
Alternative Investments	15	7.4 %
Cash	3	0.3 %
Financing (LIBOR)	(20)	0.7 %
Total	100 %	

The above was the board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contribution from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate (in thousands):

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School's Proportionate Share of the Net Pension Liability	$ 524,000	$ 421,000	$ 333,000

Pension Plan Fiduciary Net Position

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS

At June 30, 2020, the School reported a liability of $19,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2018 to June 30, 2019. The School's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the School's proportion was 0.0009%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the School recognized OPEB credit of $(7,000). At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportions	$ -	$ (34,190)
Changes in Assumption	1,000	(1,000)
Contributions Subsequent to the Measurement Date	1,000	-
Total	$ 2,000	$ (35,190)

The amount of $1,000 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2021	$ (9,457)
2022	(9,457)
2023	(9,457)
2024	(2,452)
2025	(1,684)
Thereafter	(1,683)
Total	$ (34,190)

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2019, was determined by rolling forward the PSERS total OPEB liability as of June 30, 2018, to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method was entry age normal, level percent of pay.
- Investment return – 2.79% - S&P 20 Year Municipal Bond Rate.
- Effective average salary growth of 5.0%, comprising 2.75% for inflation and 2.25% for real wage growth and for merit and seniority increases.
- Premium Assistance reimbursement benefits capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
    - Eligible retirees will elect to participate pre-age 65 at 50%,
    - Eligible retirees will elect to participate post-age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016, determined the employer contribution rate for fiscal year 2019.
- Cost method was developed using the amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method was market value.
- Participation rate assumed that 63% of eligible retirees will elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

The OPEB plan's policy with regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Under the program, as defined in the retirement code, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of premium assistance benefits for each succeeding year. Following is the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class, as of June 30, 2019.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	13.2 %	0.2 %
US Core Fixed Income	93.1	1.0 %
Non-US Developed Fixed	3.7	- %
	100.0 %	

Discount Rate

The discount rate used to measure the total OPEB liability was 2.79% at June 30, 2019. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered to be a pay-as-you-go plan. A discount rate of 2.79%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2019, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2019, 93,339 retirees were receiving the maximum amount allowed of $1,200 per year and 780 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The following presents the School's share of the Premium Assistance net OPEB liability at June 30, 2020, calculated using Healthcare Cost Trends as well as what the System net OPEB liability would be if the Healthcare Cost Trends were 1 percentage point lower or 1 percentage point higher than the current rate:

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (in Thousands)		
1% Decrease (between 4% and 7%)	Health Care Cost Trend Rates (between 5% and 8%)	1% Increase (between 6% and 9%)
$ 19	$ 19	$ 19

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

The following presents the net OPEB liability, calculated using the discount rate of 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or one percentage point higher (3.79%) than the current rate (2.79%).

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Discount Rate (in Thousands)		
1% Decrease 1.79%	Correct Rate 2.79%	1% Increase 3.79%
$ 22	$ 19	$ 17

OPEB Plan Fiduciary Net Position

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

NOTE 12 RELATED PARTY

The School is one of the five Aspira, Inc. of Pennsylvania Charter Schools. The other four schools in the group are John B. Stetson Charter School (Stetson), Antonia Pantoja Charter School (Pantoja), Eugenio Maria De Hostos Charter School (Hostos) and Olney Charter High School. Each school has its own board of trustees, consisting of six members, one of which is a parent member.

Each board member serves on all five school boards, except for the parent members, who serve only on the board for their child's school. Each board member is independent from Aspira's Board.

As described in Note 8, the School leases a portion of Aspira's building under an operating lease expiring in the year 2023. In connection with the operation of its charter school, the School made lease payments to Aspira in the amount of $480,000 for the year ended June 30, 2020.

Under the Master Service Agreement between ASPIRA and the School, the Organization created the central office to provide academic educational services to strengthen the School's instruction. Additionally, ASPIRA provided custodian, maintenance, security, IT support, human resources, finance/accounting, and other operational services. ASPIRA invoiced the School direct charge of actual salaries and benefits of these services rendered in the amount of $1,498,654 for the year ended June 30, 2020. In addition, ASPIRA invoiced the School the charter management fees of $837,961 for the year ended June 30, 2020 based on the function of the District per-pupil payments. For the year ended June 30, 2020, ASPIRA also invoiced the School $210,515 on a per-trip fee schedule for the transportation of students with Individualized Education Program (IEP) for educational services and various student activities throughout the year. In addition, the School reimbursed ASPIRA $137,747 for various direct operating expenses incurred in the school but paid by ASPIRA on behalf of the school.

Beginning in August 2016, Aspira and the related five schools were entered into a pooled self-funded health care plan through Aspira, administered by an independent third-party administrator, to cope with the rising medical costs. For the year ended June 30, 2020, the School contributed $292,667 as medical insurance premiums to the plan based on cover life and pre-set premium rates.

All receivables and payables with related parties are unsecured, noninterest bearing and have no repayment terms.

	Receivable	Payable
Aspira Inc. of Pennsylvania	$ -	$ 33,308
Total	$ -	$ 33,308

NOTE 13 COMMITMENTS AND CONTINGENCIES

The School is involved in legal proceedings arising in the ordinary course of business. In the opinion of management, the outcome of any proceedings cannot be predicted. Ultimate liability of the School in connection with its legal proceedings will not have a material adverse effect on the financial position or activities of the School. In addition, any known liabilities resulting from these legal proceedings have been reflected in these financial statements.

The School is the recipient of funds through the School District of Philadelphia and Commonwealth of Pennsylvania. These funds are subject to periodic audits and reviews by the School District of Philadelphia and the Commonwealth of Pennsylvania.

NOTE 14 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. There have been no settled claims resulting from these risks which have exceeded commercial insurance coverage.

NOTE 15 NEWLY ADOPTED STATEMENTS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018.

NOTE 16 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which is effective for fiscal years beginning after December 15, 2019. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Criteria for identifying fiduciary activities are generally defined as (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also defines four fiduciary funds that should be reported. The School is required to adopt Statement No. 84 for its fiscal year 2021 and assessing if the standard will have any impact on its financial statements.

NOTE 16 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The School is required to adopt Statement No. 87 for its fiscal year 2022 and assessing if the standard will have any impact on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is effective for fiscal years beginning after December 15, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The School is required to adopt Statement No. 89 for its fiscal year 2022 and assessing if the standard will have any impact on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*, which is effective for fiscal years beginning after December 15, 2019. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting component unit if a government acquires a 100% equity interest in that component unit. An equity interest is a financial interest in a legally separate organization evidenced by the ownership of shares of the organization's stock or by otherwise having an explicit, measurable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. The School is required to adopt Statement No. 90 for its fiscal year 2021 and assessing if the standard will have any impact on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The School is required to adopt Statement No. 91 for its fiscal year 2023 and assessing if the standard will have any impact on its financial statements.

NOTE 16 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, which is effective for fiscal years beginning after June 15, 2021. This statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The School is required to adopt Statement No. 92 for its fiscal year 2022 and assessing if the standard will have any impact on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for fiscal years beginning after June 15, 2021. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The School is required to adopt Statement No. 93 for its fiscal year 2022 and assessing if the standard will have any impact on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*, which is effective for fiscal years beginning after June 15, 2022. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The School is required to adopt Statement No. 94 for its fiscal year 2023 and assessing if the standard will have any impact on its financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements,* which is effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology agreements. The School is required to adopt Statement No. 99 for its fiscal year 2023 and assessing if the standard will have any impact on its financial statements.

NOTE 16 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 31*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6 through 9 of this Statement are effective for fiscal years beginning after June 15, 2021. The School is required to adopt Statement No. 97 for its fiscal year 2022 and assessing if the standard will have any impact on its financial statements.

NOTE 17 SUBSEQUENT EVENTS

In August 2020, the School received a loan from Quaint Oak Bank in the amount of $447,027 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

ASPIRA BILINGUAL CYBER CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Budget		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Educational Agency Assistance	$ 8,609,172	$ 8,609,172	$ 8,048,633	$ (560,539)
Other Local Sources	27,836	27,836	16,617	(11,219)
State Sources	7,432	7,432	22,882	15,450
Federal Sources	670,853	670,853	708,265	37,412
Total Revenues	9,315,293	9,315,293	8,796,397	(518,896)
EXPENDITURES				
Instruction	5,480,509	5,480,509	4,515,642	(964,867)
Support Services	621,928	621,928	217,812	(404,116)
Administrative Support	849,513	849,513	1,308,313	458,800
Pupil Health	119,917	119,917	100,345	(19,572)
Business Services	1,711,150	1,711,150	2,000,461	289,311
Student Activities and Community Services	118,723	118,723	87,371	(31,352)
Total Expenditures	8,901,740	8,901,740	8,229,944	(671,796)
NET CHANGES IN FUND BALANCES	$ 413,553	$ 413,553	566,453	$ 152,900
Fund Balance - Beginning of Year			1,020,892	
FUND BALANCE - END OF YEAR			$ 1,587,345	

ASPIRA BILINGUAL CYBER CHARTER SCHOOL
SCHEDULES OF PROPORTIONATE SHARE OF
PSERS NET PENSION LIABILITY AND CONTRIBUTIONS
(UNAUDITED)

Schedule of Proportionate Share of PSERS Net Pension Liability (NPL)
PSERS Measurement Date (Unaudited)
(in Thousands)

Fiscal Year	PSERS Net Pension Liability: School's Proportion	PSERS Net Pension Liability: School's Proportion Share	School's Covered Payroll	School's Proportionate Share of NPL as a Percent of Covered Payroll	PSERS Fiduciary Net Position as a Percent of Total Pension Liability
2017/18	0.00150%	$ 741	$ 205	361%	51.84%
2018/19	0.00140%	672	193	348%	54.00%
2019/20	0.00090%	421	128	329%	55.66%

PSERS Schedule of Contributions (Unaudited)
(in Thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2017/18	$ 77	$ 77	$ -	$ 193	39.90%
2018/19	42	42	-	128	32.81%
2019/20	42	42	-	128	32.81%

ASPIRA BILINGUAL CYBER CHARTER SCHOOL
SCHEDULES OF PROPORTIONATE SHARE OF
PSERS NET OPEB LIABILITY AND CONTRIBUTIONS
(UNAUDITED)

Schedule of Proportionate Share of PSERS Net OPEB Liability
PSERS Measurement Date (Unaudited)
(in Thousands)

Fiscal Year	PSERS Net OPEB Liability School's Proportion	PSERS Net OPEB Liability School's Proportion Share	School's Covered Payroll	School's Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll	PSERS Fiduciary Net Position as a Percentage of Total OPEB Liability
2017/18	0.00150%	$ 31	$ 205	15%	5.73%
2018/19	0.00140%	29	193	15%	5.56%
2019/20	0.00090%	19	128	15%	5.56%

PSERS OPEB Schedule of Contributions (Unaudited)
(in Thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percent of Covered Payroll
2017/18	$ 2	$ 2	$ -	$ 193	1.04%
2018/19	1	1	-	128	0.78%
2019/20	1	1	-	128	0.78%

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

Board of Trustees
Aspira Bilingual Cyber Charter School
Philadelphia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Aspira Bilingual Cyber Charter School as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the School's basic financial statements, and have issued our report thereon dated December 14, 2020.

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) to determine the 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 Aspira Bilingual Cyber Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Aspira Bilingual Cyber Charter School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aspira Bilingual Cyber Charter School's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 14, 2020