

**LINDLEY ACADEMY CHARTER SCHOOL AT BIRNEY**  
**Financial Statements**  
**June 30, 2023**  
**(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)**  
**With Independent Auditor's Reports**

# Lindley Academy Charter School at Birney

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June 30, 2023

**(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Lindley Academy Charter School at Birney:

### Report on the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Lindley Academy Charter School at Birney (the "School") as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lindley Academy Charter School at Birney as of June 30, 2023 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

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

#### 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 the School's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

#### **Report on Summarized Comparative Information**

We have previously audited the School's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of revenues, expenditures and change in fund balance budget and actual - general fund, the schedule of proportionate share of Public School Employees' Retirement System ("PSERS") net pension liability and contributions, and the schedule of proportionate share of PSERS postemployment benefits other than pensions ("OPEB") liability and OPEB contributions on pages 4 through 7 and pages 33 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of Lindley Academy Charter School at Birney’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

December 21, 2023

# **Lindley Academy Charter School at Birney Management's Discussion and Analysis (Unaudited) June 30, 2023**

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

## **Financial Highlights**

- During the year ended June 30, 2015, the School was required to adopt GASB 68 relative to its participation in the Commonwealth of Pennsylvania's Public Employees' Retirement System ("PSERS"). Charter schools are required to offer this retirement plan to their employees as a condition of their charter. The Commonwealth controls all aspects of the plan including assets and administration. The School makes contributions as defined by the Commonwealth. With the adoption of GASB 68, the School is required to record a liability for its proportionate share of the PSERS plan and expenses related to the performance of plan administration against its goals. The School also recorded \$96,021 in non-cash income related to plan administrative performance in addition to the required contributions of \$545,884. PSERS is reporting a total pension liability of \$44,458,722,000 as of June 30, 2022. All public schools in Pennsylvania are required to record a proportionate share of the liability in their financial statements. The net pension liability is being funded through annual required contributions and is not likely to be callable in full at any point in time.
- During the year ended June 30, 2018, the School was required to adopt GASB 75 relative to its participation in the PSERS' Health Insurance Premium Assistance Program. The Commonwealth controls all aspects of the plan including assets and administration. The School makes contributions as defined by the Commonwealth. With the adoption of GASB 75, the School is required to record a liability for its proportionate share of the PSERS other postemployment benefit plan ("OPEB") and expenses related to the performance of plan administration against its goals. The School also recorded \$34,055 in non-cash income related to plan administrative performance in addition to the required cash contributions of \$12,848. PSERS' Health Insurance Premium Assistance Program is reporting a total net OPEB liability of \$1,840,771,000 as of June 30, 2022. All public schools in Pennsylvania are required to record a proportionate share of the liability in their financial statements. The OPEB liability is being funded through annual required contributions and is not likely to be callable in full at any point in time.
- At the close of the current fiscal year, the School reported ending net position of \$503,805 for the year ending June 30, 2023. This represents an increase in net position of \$218,293 for the year ended June 30, 2023 which was mainly the result of the effect of current year adjustments for GASB 68 and 75 to the net OPEB liability, net pension liability, deferred outflows of resources and deferred outflow of resources.
- The School's cash balance at June 30, 2023 was \$2,198,626 representing a decrease of \$337,602 from June 30, 2022.

## **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 consist of three components: government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also includes supplementary information needed to furnish additional detail to support the basic financial statements themselves.

## **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.

**Lindley Academy Charter School at Birney  
Management’s Discussion and Analysis (Unaudited)  
June 30, 2023**

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The *statement of net position* presents information on all of the School’s assets, deferred outflows, liabilities and deferred inflows, with the difference between them 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. However, with the implementation of GASB 68 and GASB 75 and the entries required to record PSERS pension and OPEB liabilities, the net position is being negatively skewed.

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. The governmental activities of the School include general fund activities, and the business-type activities of the School include the food service fund operation.

**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 fund types: the governmental general fund and the proprietary fund.

**Notes to 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**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. However, in the case of the School, as a result of the application of GASB 68 and GASB 75, management believes that the net position is not a useful indicator of the School’s financial position. As of June 30, 2023 and 2022, assets and deferred outflows exceeded liabilities and deferred inflows by \$503,805 and \$285,512, respectively. The increase in the School’s net position is due primarily to the required recording of its proportionate share of the entire PSERS plan and expenses related to the performance of plan administration in fiscal year 2022 with the application of GASB 68. Historically, these liabilities were recorded by PSERS in its financial statements.

	<u>2023</u>	<u>2022</u>
Total assets	\$ 7,820,495	\$ 7,373,090
Total deferred outflows	1,052,784	1,351,706
Total liabilities	(8,083,474)	(7,372,284)
Total deferred inflows	<u>(286,000)</u>	<u>(1,067,000)</u>
Total net position	<u>\$ 503,805</u>	<u>\$ 285,512</u>

**Lindley Academy Charter School at Birney  
Management's Discussion and Analysis (Unaudited)  
June 30, 2023**

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The School's revenues are predominately from the School District of Philadelphia, based on the student enrollment.

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Local educational agencies	\$ 9,892,867	\$ 11,039,984
State sources	122,408	59,456
Federal sources	5,744,391	3,441,799
Food service	757,884	759,967
Other revenue	185,620	220,206
Total revenues	<u>16,703,170</u>	<u>15,521,412</u>
<b>Expenditures</b>		
Instruction	8,822,350	7,770,457
Student support services	993,542	784,639
Instructional staff support	116,939	200,002
Administration support	2,827,798	2,619,846
Pupil health	144,919	247,839
Business services	190,451	186,783
Operations and maintenance	1,274,496	1,375,325
Food services	663,853	595,985
Student activities	68,216	87,671
System wide tech services	261,475	280,286
School sponsored athletics	104,959	49,167
Other community services	25,008	2,923
Debt service	-	728
Depreciation and amortization expense	990,871	703,758
Total expenditures	<u>16,484,877</u>	<u>14,905,409</u>
<b>Change in net position</b>	218,293	616,003
<b>Net position</b>		
Beginning of year	<u>285,512</u>	<u>(330,491)</u>
End of year	<u>\$ 503,805</u>	<u>\$ 285,512</u>

**Governmental Fund**

The focus of the School's *governmental fund* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, *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 reported an ending fund balance of \$1,969,322. For the year ended June 30, 2023, the School's revenues of \$15,945,286 exceeded expenditures of \$15,617,556 by \$327,730. For the year ended June 30, 2022, the School's expenditures of \$17,094,628 exceeded revenues of \$14,761,445 by \$2,333,183.



**Lindley Academy Charter School at Birney  
Management's Discussion and Analysis (Unaudited)  
June 30, 2023**

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**Governmental Fund Budgetary Highlights**

Some categories of revenue and expenditures varied from budgeted amounts. This was primarily due to the items discussed under the financial highlights section.

**Capital Asset and Debt Administration**

*Capital Assets*

As of June 30, 2023, the School's investment in capital assets for its governmental activities totaled \$2,975,719 and for its business type activities totaled \$9,555, net of accumulated depreciation. The capital assets include leasehold improvements and furniture and equipment.

Major capital asset purchases during the year included the following:

- Capital expenditures of \$348,092 for furniture and equipment.
- Capital expenditures of \$309,234 for leasehold improvements.

Additional information on the School's capital assets can be found in Note 4 of the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

The School's enrollment will remain consistent in the 2023-2024 school year at around 740 students. The enrollment cap outlined in the School's charter is 750. The per student payments received from the School District will increase to \$11,521 per regular education student and \$36,278 per special education student.

**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 Chief Executive Officer, Lindley Academy Charter School at Birney, 900 Lindley Ave, Philadelphia, PA 19141.

**Lindley Academy Charter School at Birney**  
**Statement of Net Position**  
**June 30, 2023**  
**(With Summarized Comparative Financial Information At June 30, 2022)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>2022 Total</u>
<b>Assets</b>				
Current assets				
Cash	\$ 2,198,626	\$ -	\$ 2,198,626	\$ 2,536,228
State subsidies receivable	12,500	3,920	16,420	8,788
Federal subsidies receivable	2,071,101	115,935	2,187,036	1,245,015
Other receivables	107,077	-	107,077	18,726
Internal balances	(430,355)	430,355	-	-
Prepaid expenses	326,062	-	326,062	239,273
Total current assets	<u>4,285,011</u>	<u>550,210</u>	<u>4,835,221</u>	<u>4,048,030</u>
Capital assets, net	<u>2,975,719</u>	<u>9,555</u>	<u>2,985,274</u>	<u>3,325,060</u>
Total assets	<u>7,260,730</u>	<u>559,765</u>	<u>7,820,495</u>	<u>7,373,090</u>
<b>Deferred outflows</b>				
Deferred outflows of resources (SEE FOOTNOTES 10 and 12)	<u>1,052,784</u>	<u>-</u>	<u>1,052,784</u>	<u>1,351,706</u>
	<u>\$ 8,313,514</u>	<u>\$ 559,765</u>	<u>\$ 8,873,279</u>	<u>\$ 8,724,796</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 1,472,959	\$ 74,785	\$ 1,547,744	\$ 1,152,740
Accrued expenses	842,730	-	842,730	852,089
Unearned revenue	-	-	-	26,455
Total current liabilities	<u>2,315,689</u>	<u>74,785</u>	<u>2,390,474</u>	<u>2,031,284</u>
Long-term liabilities				
Net OPEB liability (SEE FOOTNOTE 12)	225,000	-	225,000	291,000
Net pension liability (SEE FOOTNOTE 10)	5,468,000	-	5,468,000	5,050,000
Total long-term liabilities	<u>5,693,000</u>	<u>-</u>	<u>5,693,000</u>	<u>5,341,000</u>
Total liabilities	<u>8,008,689</u>	<u>74,785</u>	<u>8,083,474</u>	<u>7,372,284</u>
<b>Deferred inflows</b>				
Deferred inflows of resources (SEE FOOTNOTES 10 AND 12)	<u>286,000</u>	<u>-</u>	<u>286,000</u>	<u>1,067,000</u>
<b>Net position (deficit)</b>				
Invested in capital assets, net of related debt	2,975,719	9,555	2,985,274	3,325,060
Unrestricted (deficit)	<u>(2,956,894)</u>	<u>475,425</u>	<u>(2,481,469)</u>	<u>(3,039,548)</u>
Total net position (deficit)	<u>18,825</u>	<u>484,980</u>	<u>503,805</u>	<u>285,512</u>
	<u>\$ 8,313,514</u>	<u>\$ 559,765</u>	<u>\$ 8,873,279</u>	<u>\$ 8,724,796</u>

The Notes to Financial Statements are an integral part of this statement.

**Lindley Academy Charter School at Birney**  
**Statement of Activities**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)**

Functions	Expenses	Program Revenues		2023 Net (Expense) Revenue and Changes in Net Position			2022 Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	Total Governmental Activities
<b>Governmental activities</b>							
Instruction	\$ 8,822,350	\$ -	\$ 5,844,389	\$ (2,977,961)	\$ -	\$ (2,977,961)	\$ (4,272,387)
Student Support Services	993,542	-	-	(993,542)	-	(993,542)	(784,639)
Instructional Staff Support	116,939	-	-	(116,939)	-	(116,939)	(200,002)
Administration Support	2,827,798	-	-	(2,827,798)	-	(2,827,798)	(2,619,846)
Pupil Health	144,919	-	22,410	(122,509)	-	(122,509)	(244,654)
Business Services	190,451	-	-	(190,451)	-	(190,451)	(186,783)
Operations and Maintenance	1,274,496	-	-	(1,274,496)	-	(1,274,496)	(1,375,325)
Student Activities	68,216	-	-	(68,216)	-	(68,216)	(87,671)
System Wide Tech Services	261,475	-	-	(261,475)	-	(261,475)	(280,286)
School Sponsored Athletics	104,959	-	-	(104,959)	-	(104,959)	(49,167)
Other Community Services	25,008	-	-	(25,008)	-	(25,008)	(2,923)
Debt Service	-	-	-	-	-	-	(728)
Depreciation and Amortization Expense	990,871	-	-	(990,871)	-	(990,871)	(703,758)
	<u>\$ 15,821,024</u>	<u>\$ -</u>	<u>\$ 5,866,799</u>	<u>(9,954,225)</u>	<u>-</u>	<u>(9,954,225)</u>	<u>(10,808,169)</u>
<b>Business-type activities</b>							
Food Service	\$ 663,853	\$ -	\$ 757,884	-	94,031	94,031	163,982
<b>General revenues</b>							
Local educational agencies				9,892,867	-	9,892,867	11,039,984
Other revenue				185,620	-	185,620	220,206
				<u>10,078,487</u>	<u>-</u>	<u>10,078,487</u>	<u>11,260,190</u>
Change in net position (deficit)				124,262	94,031	218,293	616,003
Net position (deficit)							
Beginning of year				(105,437)	390,949	285,512	(330,491)
End of year				<u>\$ 18,825</u>	<u>\$ 484,980</u>	<u>\$ 503,805</u>	<u>\$ 285,512</u>

The Notes to Financial Statements are an integral part of this statement.

**Lindley Academy Charter School at Birney**  
**Balance Sheet - Governmental Fund - General Fund**  
**June 30, 2023**  
**(With Summarized Comparative Financial Information At June 30, 2022)**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash	\$ 2,198,626	\$ 2,536,228
State subsidies receivable	12,500	3,000
Federal subsidies receivable	2,071,101	1,070,615
Other receivables	107,077	18,726
Prepaid expenses	<u>326,062</u>	<u>239,273</u>
Total assets	<u>\$ 4,715,366</u>	<u>\$ 3,867,842</u>
<b>Liabilities and Fund Balances</b>		
Liabilities		
Accounts payable	\$ 1,472,959	\$ 1,132,285
Accrued expenses	842,730	852,089
Due to other funds	430,355	215,421
Unearned revenue	<u>-</u>	<u>26,455</u>
Total liabilities	<u>2,746,044</u>	<u>2,226,250</u>
<b>Fund balances</b>		
Nonspendable	326,062	239,273
Unassigned	<u>1,643,260</u>	<u>1,402,319</u>
Total fund balances	<u>1,969,322</u>	<u>1,641,592</u>
	<u>\$ 4,715,366</u>	<u>\$ 3,867,842</u>

The Notes to Financial Statements are an integral part of this statement.

**Lindley Academy Charter School at Birney  
 Reconciliation of the Balance Sheet of Governmental Fund – General Fund to the  
 Statement of Net Position  
 June 30, 2023**

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

**Total Fund Balance for Governmental Funds** \$ 1,969,322

Capital assets, used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Furniture and equipment	\$	1,751,719	
Leasehold improvements		3,707,335	
Accumulated depreciation		<u>(2,483,335)</u>	2,975,719

On the statement of net position, the school's net pension liability and net OPEB liability for the defined benefit plan and the other postemployment retirement benefit plan are reported as non-current liabilities. Additionally, deferred outflows and deferred inflows of resources related to these plans are also reported.

Net pension liability		(5,468,000)	
Net OPEB liability		(225,000)	
Deferred outflows of resources related to pensions and OPEB		1,052,784	
Deferred inflows of resources related to pensions and OPEB		<u>(286,000)</u>	<u>(4,926,216)</u>

**Total Net Position of Governmental Activities** \$ 18,825

The Notes to Financial Statements are an integral part of this statement.

**Lindley Academy Charter School at Birney**  
**Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Governmental Funds**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Local educational agency assistance	\$ 9,892,867	\$ 11,039,984
Other local sources	185,620	220,206
State sources	122,408	59,456
Federal sources	<u>5,744,391</u>	<u>3,441,799</u>
	<u>15,945,286</u>	<u>14,761,445</u>
 <b>Expenditures</b>		
Instruction	8,898,046	8,473,539
Support services	5,731,754	5,818,440
Non-instructional services	68,956	102,274
System wide tech services	261,475	280,286
Capital outlays	657,325	2,392,230
Debt service	<u>-</u>	<u>27,859</u>
	<u>15,617,556</u>	<u>17,094,628</u>
 <b>Excess of revenues over expenditures (expenditures over revenues )</b>	 327,730	 (2,333,183)
 <b>Fund balances</b>		
Beginning of year	<u>1,641,592</u>	<u>3,974,775</u>
 End of year	 <u>\$ 1,969,322</u>	 <u>\$ 1,641,592</u>

The Notes to Financial Statements are an integral part of this statement.

**Lindley Academy Charter School at Birney  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
 Balances of Governmental Funds to the Statement of Activities  
 Year Ended June 30, 2023**

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

**Net Change in Fund Balances - Total Governmental Funds** \$ 327,730

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	\$ 657,325	
Depreciation expense	<u>(990,871)</u>	(333,546)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures or income in governmental funds.

Change in OPEB expense	34,057	
Change in pension expense	<u>96,021</u>	<u>130,078</u>

**Change in Net Position of Governmental Activities** \$ 124,262

The Notes to Financial Statements are an integral part of this statement.

**Lindley Academy Charter School at Birney**  
**Statement of Net Position - Proprietary Fund - Food Service Fund**  
**June 30, 2023**  
**(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
State subsidies receivable	\$ 3,920	\$ 5,788
Federal subsidies receivable	115,935	174,400
Due from other funds	<u>430,355</u>	<u>215,421</u>
	550,210	395,609
Capital assets, net	<u>9,555</u>	<u>15,795</u>
Total assets	<u>\$ 559,765</u>	<u>\$ 411,404</u>
<b>Liabilities and Fund Balances</b>		
Accounts payable	<u>\$ 74,785</u>	<u>\$ 20,455</u>
<b>Net position</b>		
Invested in capital assets	9,555	15,795
Unrestricted	<u>475,425</u>	<u>375,154</u>
Total net position	<u>484,980</u>	<u>390,949</u>
	<u>\$ 559,765</u>	<u>\$ 411,404</u>

The Notes to Financial Statements are an integral part of this statement.



**Lindley Academy Charter School at Birney**  
**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund - Food**  
**Service Fund**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Revenue from federal sources	\$ 735,436	\$ 736,629
Revenue from state sources	<u>22,448</u>	<u>23,338</u>
Total revenues	<u>757,884</u>	<u>759,967</u>
<b>Expenses</b>		
Depreciation	6,240	8,481
Food service management	635,086	564,730
Office	2,006	342
Repairs and maintenance	16,583	3,566
Salaries and benefits	1,375	18,866
Supplies	<u>2,563</u>	<u>-</u>
Total expenses	<u>663,853</u>	<u>595,985</u>
<b>Operating income</b>	94,031	163,982
<b>Net position</b>		
Beginning of year	<u>390,949</u>	<u>226,967</u>
End of year	<u>\$ 484,980</u>	<u>\$ 390,949</u>

The Notes to Financial Statements are an integral part of this statement.

**Lindley Academy Charter School at Birney**  
**Statement of Cash Flows - Proprietary Fund - Food Service Fund**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)**

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Receipts from federal sources	\$ 793,901	\$ 651,932
Receipts from state sources	24,316	20,282
Payments to suppliers for goods and services	<u>(603,283)</u>	<u>(630,454)</u>
Net cash provided by operating activities	<u>214,934</u>	<u>41,760</u>
<b>Noncapital financing activity</b>		
Payment to other funds	<u>(214,934)</u>	<u>(34,404)</u>
Net cash used in noncapital financing activity	<u>(214,934)</u>	<u>(34,404)</u>
<b>Capital and related financing activity</b>		
Acquisition of capital assets	<u>-</u>	<u>(7,356)</u>
Net cash used in capital financing activity	<u>-</u>	<u>(7,356)</u>
<b>Net change in cash</b>	-	-
<b>Cash</b>		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	<u>\$ 94,031</u>	<u>\$ 163,982</u>
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation	6,240	8,481
Changes in assets and liabilities		
Federal subsidies receivable	58,465	(84,697)
State subsidies receivable	1,868	(3,056)
Accounts payable	<u>54,330</u>	<u>(42,950)</u>
Total adjustments	<u>120,903</u>	<u>(122,222)</u>
Net cash provided by operating activities	<u>\$ 214,934</u>	<u>\$ 41,760</u>

The Notes to Financial Statements are an integral part of this statement.

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**1. ORGANIZATION AND PURPOSE**

Lindley Academy Charter School at Birney (the "School") is a charter school located in Philadelphia, Pennsylvania. The School was established and operates under the provisions enacted by the General Assembly of the Commonwealth of Pennsylvania in 1997 and is operating under a charter school contract for a five-year period and may be renewed for additional five-year periods under expiration. The School includes grades kindergarten through eight. The School has submitted all the required applications in order to renew the charter agreement; however, the School has not signed the charter agreement that was proposed by the Charter School Office (CSO). The school is working with American Paradigm Schools, their legal team, and the CSO to identify charter agreement language that is in the best interest of the School scholars and their families. Therefore at this time, they are currently operating without a renewed charter.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to governmental units ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing government accounting and financial reporting principles. 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.

**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. Governmental activities, which normally are supported by intergovernmental revenues and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The statement of activities demonstrates the degree to which the direct expenses of the School's function are offset by program revenues.

All interfund activity has been eliminated from the government-wide financial statements. The fund financial statements provide on the School's funds. Separate statements for each fund category – governmental and proprietary – are presented.

**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 the provider have been met.
- Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.
- Fund Financial Statements-Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and when they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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However, expenditures related to postemployment benefits are recognized later based on specific accounting rules, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

The School reports the following major governmental fund:

**General fund:** The general fund is the operating fund of the School and accounts for all revenues and expenditures of the School.

The School reports the following major proprietary fund:

**Food services fund:** Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods and services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on pricing policy designed to recover similar costs.

On occasion, the general fund loans funds to the food service fund to support operations.

**Method of Accounting**

Accounting standards require a statement of net position. It requires the classification of net position into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These are defined as follows:

- Invested in capital assets, net of related debt - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation plus related deferred outflows of resources and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and related deferred inflows of resources. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net 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. The School presently has no restricted net position.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."
- In the fund financial statements, governmental funds report non-spendable portions of fund balance related to such items as prepaid expenses and long-term receivables. 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. The Board of Trustees has the authority to assign fund balances. Unassigned fund balances are considered to be the remaining amounts.

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**Budgets and Budgetary Accounting**

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

The Budgetary Comparison Schedule presents both the original and the final appropriated budgets for the reporting period. The School only has a general fund budget. The original budget was filed with the Labor, Education and Community Services Comptroller's Office. A final budget was adopted during the fiscal year and approved by the Board of Trustees. There is no requirement to submit the revised budget to the Labor, Education and Community Services Comptroller's Office. The budget is required supplementary information. The legal level of budgetary control is the fund level.

**Use of Estimates**

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

**Concentration of Credit Risk**

The School has significant cash balances at financial institutions which throughout the year exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the School's financial condition, results of operations, and cash flows.

**Cash**

The School's cash is considered to be cash on hand and demand deposits.

**Accounts Receivable**

Accounts receivable primarily consist of amounts due from the Pennsylvania Department of Education for federal and state subsidy programs and local area school districts for students' subsidies and transportation costs. Accounts receivable are stated at the amount management expects to collect from outstanding balances. As of June 30, 2023 and 2022, no allowance for doubtful accounts was deemed warranted based on historical experience.

**Prepaid Expenses**

Prepaid expenses include payments to vendors for services applicable to future accounting periods such as rental payments and insurance premiums.

**Capital Assets**

Capital assets, which include leasehold improvements and furniture and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School 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. Leasehold improvements are amortized over the lesser of the lease term or useful life.

**Income Tax Status**

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

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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The School adopted the accounting pronouncement related to uncertain tax positions effective July 1, 2011. Upon adoption of this accounting pronouncement, the School had no unrecognized tax benefits. Furthermore, the School had no unrecognized tax benefits at June 30, 2023 and 2022. In addition, the School has no income tax related penalties or interest for the periods reported in these financial statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time.

The School has two items that qualify for reporting in this category. It is the deferred amounts related to pension and OPEB. The deferred amounts related to pension and OPEB relate minimum payments made after the measurement period, differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes. In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources.

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

The School has two items that qualify for reporting in this category. It is the deferred amounts related to pension and OPEB.

**Reclassification**

Certain amounts in the prior-year financial statements have been reclassified to conform with the presentation in the current-year financial statements. The reclassifications had no effect on changes in net assets.

**3. CASH**

**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's cash is collateralized under PA Act 72 in a pooled account administered by a financial institution to manage custodial risk. As of the years ended June 30, 2023 and 2022, \$2,198,626 and \$2,536,228, respectively of the School's bank balance was exposed to custodial credit risk as follows:

	<u>2023</u>	<u>2022</u>
Uninsured and uncollateralized	\$ -	\$ -
Plus: Insured amount	2,427,964	2,676,209
Less: Outstanding checks	<u>(229,338)</u>	<u>(139,981)</u>
Carrying amount - bank balances	<u>2,198,626</u>	<u>2,536,228</u>
Total cash per financial statements	<u>\$ 2,198,626</u>	<u>\$ 2,536,228</u>

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**4. CAPITAL ASSETS**

Capital assets are stated at cost. Depreciation has been calculated on such assets using the straight-line method over the lesser of the estimated lives or lease term:

<u>Description</u>	<u>Estimated Life (Years)</u>
Furniture and equipment	3-7
Leasehold improvements	1-10

Capital asset activity for the years ended June 30, 2023 and 2022 was as follows:

	<u>Balance July 1, 2022</u>	<u>Deletions</u>	<u>Additions</u>	<u>Balance June 30, 2023</u>
<b>Governmental activities:</b>				
Furniture and equipment	\$ 1,487,398	\$ (83,771)	\$ 348,092	\$ 1,751,719
Leasehold improvements	<u>3,781,142</u>	<u>(383,040)</u>	<u>309,233</u>	<u>3,707,335</u>
	5,268,540	(466,811)	657,325	5,459,054
Less: Accumulated depreciation	<u>1,959,275</u>	<u>466,811</u>	<u>990,871</u>	<u>2,483,335</u>
Governmental capital assets, net	<u>\$ 3,309,265</u>	<u>\$ -</u>	<u>\$ (333,546)</u>	<u>\$ 2,975,719</u>
	<u>Balance July 1, 2022</u>	<u>Deletions</u>	<u>Additions</u>	<u>Balance June 30, 2023</u>
<b>Business-type activities:</b>				
Furniture and equipment	\$ 62,735	\$ -	\$ -	\$ 62,735
Less: Accumulated depreciation	<u>46,940</u>	<u>-</u>	<u>6,240</u>	<u>53,180</u>
Business-type capital assets, net	<u>\$ 15,795</u>	<u>\$ -</u>	<u>\$ (6,240)</u>	<u>\$ 9,555</u>

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

	<u>Balance July 1, 2021</u>	<u>Deletions</u>	<u>Additions</u>	<u>Balance June 30, 2022</u>
<b>Governmental activities:</b>				
Furniture and equipment	\$ 1,143,055	\$ (54,977)	\$ 399,320	\$ 1,487,398
Leasehold improvements	1,858,756	(70,524)	1,992,910	3,781,142
	3,001,811	(125,501)	2,392,230	5,268,540
Less: Accumulated depreciation	1,381,018	125,501	703,758	1,959,275
Governmental capital assets, net	<u>\$ 1,620,793</u>	<u>\$ -</u>	<u>\$ 1,688,472</u>	<u>\$ 3,309,265</u>
	<u>Balance July 1, 2021</u>	<u>Deletions</u>	<u>Additions</u>	<u>Balance June 30, 2022</u>
<b>Business-type activities:</b>				
Furniture and equipment	\$ 56,784	\$ (1,405)	\$ 7,356	\$ 62,735
Less: Accumulated depreciation	39,864	1,405	8,481	46,940
Business-type capital assets, net	<u>\$ 16,920</u>	<u>\$ -</u>	<u>\$ (1,125)</u>	<u>\$ 15,795</u>

Depreciation expense for the year ended June 30, 2023 was \$990,871 and \$6,240 for governmental activities and business-type activities, respectively. Depreciation expense for the year ended June 30, 2022 was \$703,758 and \$8,481 for governmental activities and business-type activities, respectively.

**5. 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 years ended June 30, 2023 and 2022, the rate for the School District of Philadelphia was \$9,442 and \$10,786, respectively, per year for regular education students plus additional funding for special education students. The annual rate is paid monthly by the School District of Philadelphia and is prorated if a student enters or leaves during the year. Total revenue from local sources was \$9,892,867 and \$11,039,984 for the fiscal years ended June 30, 2023 and 2022, respectively.

**6. GOVERNMENT GRANTS AND REIMBURSEMENT PROGRAMS**

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

**7. NOTES PAYABLE**

In May 2019, the School entered into a loan agreement with a financial institution for the purchase of transportation equipment. The loan matured in May 2022 with a fixed interest rate of 5.25% and was secured by the equipment.



**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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Interest expense of \$728 was incurred on the note during the year ended June 30, 2022.

**8. OPERATING LEASE**

The School leases, under operating lease agreement, 900 Lindley Avenue in Philadelphia, Pennsylvania from the School District of Philadelphia. Rent expense was \$250,505 for both the years ended June 30, 2023 and 2022. This lease automatically renews each year.

**9. PENSION PLAN**

**Plan Description**

PSERS is a governmental cost sharing multi-employer defined benefits pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include 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](http://www.psers.state.pa.us).

**Benefits Provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E") and Membership Class T-F ("Class T-F").

To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5% depending upon membership class, 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 ten years of service.

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

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

Member contributions are as follows:

- Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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- 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 7.5% (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 7.5% (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 10.3% (base rate) of the member's qualifying compensation.
- Membership T-E and Class T-F are affected by the "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

**Employer Contributions**

The School's contractually required contribution rate for fiscal years ended June 30, 2023 and 2022 was 34.31% and 34.51%, respectively of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan for the fiscal years ended June 30, 2023 and 2022 were \$545,884 and \$582,329, respectively. As a result of the changes in the net pension liability, the GASB 68 (income)/pension expense for the years ended June 30, 2023 and 2022 was \$(96,022) and \$(1,043,276), respectively.

**Alternative Retirement Plan**

During the fiscal year June 30, 2015, the School established an employer-sponsored deferred compensation defined contribution plan (the "Plan"). This retirement plan provides for salary deferrals pursuant to section 403(b) of the Internal Revenue Code. The Plan covers all full-time employees who are not participating in the PSERS Retirement Plan. Employees of the School contribute 5% of their salary and the School also contributes 5% to the Plan on the employee's behalf. Retirement Plan contributions by the School for the years ended June 30, 2023 and 2022 were \$208,617 and \$173,634, respectively.

**10. PENSION LIABILITIES, EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At June 30, 2023, the School reported a liability of \$5,468,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023 and 2022, the School's proportion was 0.0123%.

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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For the year ended June 30, 2023, the employer recognized pension expense of \$449,862. At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 93,000
Changes in proportions	227,000	48,000
Difference between expected and actual experience	2,000	47,000
Change in assumptions	163,000	-
Contributions subsequent to the measurement date	<u>595,762</u>	<u>-</u>
	<u>\$ 987,762</u>	<u>\$ 188,000</u>

The amount of \$595,762 was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 221,000
2024	(5,000)
2025	(142,000)
2026	<u>130,000</u>
	<u>\$ 204,000</u>

**Actuarial Assumptions**

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

- Valuation Date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00% includes inflation at 2.50%.
- Salary increases – Effective average of 4.50%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 Retiree Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- The discount rate used to measure the total pension liability decreased from 7.00% as of June 30, 2021 and as of June 30, 2022.

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
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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 1% age 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute return	6.0%	3.5%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
	<u>100.0%</u>	

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projections of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made as contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net asset 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.

**Lindley Academy Charter School at Birney**  
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**Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
School's proportionate share of the net pension liability	\$ 7,073,000	\$ 5,468,000	\$ 4,116,000

**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](http://www.psers.state.pa.us).

**11. OTHER POSTEMPLOYMENT BENEFITS**

Lindley Academy Charter School at Birney offers a post-retirement health insurance premium assistance plan option through the PSERS.

**General Information about the Other Postemployment Benefits**

Health Insurance Premium Assistance Program

The System provides Premium Assistance, which is a governmental cost sharing, multi-employer other postemployment benefit plan (“OPEB”) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2012 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS’ Health Options Program (“HOP”). As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 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.

Pension Plan Description

See description of PSERS in Footnote 9.

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.80% 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 plan for the fiscal years ended June 30, 2023 and 2022 were \$12,848 and \$15,152, respectively.

As a result of the changes in the net pension liability, the GASB 75 income for the years ended June 30, 2023 and 2022 was \$34,055 and \$26,325, respectively.

**12. OTHER POSTEMPLOYMENT BENEFITS LIABILITIES, EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS**

At June 30, 2023, the School reported a liability of \$225,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total actuarial determined OPEB liability as of June 30, 2021 to June 30, 2022. The Schools'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, 2023, the School's proportion was .0122%, which was a decrease of .0001% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School recognized OPEB income of \$34,055. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 1,000	\$ -
Changes in proportions	23,000	44,000
Difference between expected and actual experience	2,000	1,000
Changes of assumptions	25,000	53,000
Contributions subsequent to the measurement date	<u>14,022</u>	<u>-</u>
	<u>\$ 65,022</u>	<u>\$ 98,000</u>

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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\$14,022 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2023	\$ (32,000)
2024	(5,000)
2025	(1,000)
2026	(1,000)
Thereafter	<u>(8,000)</u>
	<u>\$ (47,000)</u>

Actuarial Assumptions

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

- Valuation Date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level percent of pay.
- Investment return – 4.09% – S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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 were determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date.

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

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200. As of June 30, 2022, 582 members were receiving less than the \$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 minimum impact on healthcare cost trends as depicted below.

The following presents the System net OPEB liability for June 30, 2022. Calculated using current healthcare cost trends as well as what the System net OPEB liability would be if health cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School's proportionate share of the System net OPEB liability	\$ 225,000	\$ 225,000	\$ 225,000



**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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

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

	<b>1% Decrease</b> <b>3.09%</b>	<b>Current</b> <b>Discount</b> <b>Rate</b> <b>4.09%</b>	<b>1% Increase</b> <b>5.09%</b>
School's proportionate share of the System net OPEB liability	<u>\$ 254,000</u>	<u>\$ 225,000</u>	<u>\$ 200,000</u>

OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS' Comprehensive Annual Financial Report, which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

**13. RISK MANAGEMENT**

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

**14. CONCENTRATIONS AND COMMITMENTS**

The School receives a significant amount of funding under grants and contracts from the School District of Philadelphia amounting to 59% of total revenue for the year ending June 30, 2023.

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

**Lindley Academy Charter School at Birney**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**15. FUND BALANCE DESIGNATIONS**

A fund balance designation is used to indicate that a portion of the total fund balance is not appropriable for expenditures because some underlying assets are not available financial resources or are legally segregated for specific future uses. Unassigned fund balances include the following designations that do not meet the definition of committed or assigned fund balance pursuant to GASB 54 as of June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Funds</b>	<b>Funds</b>
	<u>                    </u>	<u>                    </u>
Fund Balances:		
Nonspendable	\$ 326,062	\$ 239,273
Unassigned:		
Future PSERS contribution	-	-
Available for appropriation	1,100,000	550,000
Non liquid assets	750,000	950,000
Working capital	3,200,000	2,600,000
Surplus (Deficit)	<u>(3,406,740)</u>	<u>(2,697,681)</u>
	<u>1,643,260</u>	<u>1,402,319</u>
	<u>\$ 1,969,322</u>	<u>\$ 1,641,592</u>

**16. SUBSEQUENT EVENTS**

The School has evaluated subsequent events occurring after the statement of net position date through the date of December 21, 2023 which is the date the financial statements were available to be issued. Based on this evaluation, the School has determined that no subsequent events have occurred which require disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**

**Lindley Academy Charter School at Birney**  
**Schedule of Revenues, Expenditures and Change in Fund Balance Budget and Actual-**  
**General Fund**  
**Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over</u>
	<u>(Unaudited) Original</u>	<u>(Unaudited) Final</u>		<u>(Under) Final (Unaudited) Budget</u>
<b>Revenues</b>				
Local educational agency assistance	\$ 9,663,534	\$ 9,694,704	\$ 9,892,867	\$ 198,163
Other local sources	430,722	425,922	185,620	(240,302)
State sources	10,600	10,600	122,408	111,808
Federal sources	<u>4,642,700</u>	<u>4,937,481</u>	<u>5,744,391</u>	<u>806,910</u>
	<u>14,747,556</u>	<u>15,068,707</u>	<u>15,945,286</u>	<u>876,579</u>
<b>Expenditures</b>				
Instruction	8,312,040	8,656,040	8,898,046	242,006
Support services	5,666,557	6,027,707	5,731,754	(295,953)
Non-instructional services	32,960	48,960	68,956	19,996
System wide tech services	206,000	336,000	261,475	(74,525)
Capital outlays	<u>-</u>	<u>-</u>	<u>657,325</u>	<u>657,325</u>
	<u>14,217,557</u>	<u>15,068,707</u>	<u>15,617,556</u>	<u>548,849</u>
Excess of revenues over expenditures	<u>529,999</u>	<u>-</u>	<u>327,730</u>	<u>327,730</u>
<b>Net change in fund balance</b>	<u>529,999</u>	<u>-</u>	<u>327,730</u>	<u>\$ 327,730</u>
<b>Fund balance</b>				
Beginning of year	<u>1,641,592</u>	<u>1,641,592</u>	<u>1,641,592</u>	
End of year	<u>\$ 2,171,591</u>	<u>\$ 1,641,592</u>	<u>\$ 1,969,322</u>	

See Independent Auditor's Report.

**Lindley Academy Charter School at Birney  
Schedule of Proportionate Share of PSERS Net Pension Liability  
and Contributions (Unaudited)  
Year Ended June 30, 2023**

<u>Fiscal Year</u>	<u>PSERS Net Pension Liability</u>			<u>School's Proportion</u>	<u>PSERS Fiduciary</u>
	<u>School's Proportion</u>	<u>School's Proportion Share</u>	<u>School's Covered Employee Payroll</u>	<u>Share of NPL as a % of Employee Payroll</u>	<u>Net Position as a % of Total Pension Liability</u>
2013/14	0.0402%	\$ 16,457,000	\$ 5,161,666	319%	54.5%
2014/15	0.2910%	11,518,000	3,718,337	310%	57.2%
2015/16	0.0303%	13,125,000	3,894,394	337%	45.6%
2016/17	0.0211%	10,456,000	2,738,941	382%	50.1%
2017/18	0.0126%	6,223,000	1,673,721	372%	51.8%
2018/19	0.0110%	5,281,000	1,483,993	356%	54.0%
2019/20	0.0106%	4,959,000	1,459,115	340%	55.7%
2020/21	0.0125%	6,155,000	584,432 (A)	1053%	54.3%
2021/22	0.0123%	5,050,000	582,329 (A)	867%	63.7%
2022/23	0.0123%	5,468,000	612,785 (A)	892%	61.3%

**PSERS Schedule of Contributions (Unaudited)**

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions Recognized by PSERS</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll</u>	<u>Contributions as a % of Covered-Employee Payroll</u>
2014/15	\$ 763,000	\$ 763,000	\$ -	\$ 3,718,337	20.5%
2015/16	694,545	694,545	-	3,894,394	17.8%
2016/17	448,004	448,004	-	2,738,941	16.4%
2017/18	469,885	469,885	-	1,673,721	28.1%
2018/19	473,991	473,991	-	1,483,993	31.9%
2019/20	526,463	526,463	-	1,459,115	36.1%
2020/21	630,000	630,000	-	584,432 (A)	107.8%
2021/22	337,000	337,000	-	582,329 (A)	57.9%
2022/23	386,000	386,000	-	612,785 (A)	63.0%

(A) Note for the year ended June 30, 2021 the Pennsylvania Public School Employees' Retirement System Pension Plan changed the employer allocation from covered payroll to reported contributions.

Note: Ten years are required, additional years will be added as they become available.

See Independent Auditor's Report.

**Lindley Academy Charter School at Birney  
Schedule of Proportionate Share of PSERS OPEB Liability and  
OPEB Contributions (Unaudited)  
Year Ended June 30, 2023**

<b>Fiscal Year</b>	<b>PSERS OPEB Liability</b>		<b>School's Covered Employee Payroll</b>	<b>School's Proportion</b>	<b>PSERS Fiduciary</b>
	<b>School's Proportion</b>	<b>School's Proportion Share</b>		<b>Share of NPL as a % of Employee Payroll</b>	<b>Net Position as a % of Total OPEB Liability</b>
2017/18	0.0126%	\$ 257,000	\$ 1,673,721	15%	5.73%
2018/19	0.0110%	229,000	1,483,993	15%	5.56%
2019/20	0.0106%	225,000	1,459,115	15%	5.56%
2020/21	0.0125%	270,000	1,756,625	15%	5.69%
2021/22	0.0123%	291,000	1,741,709	17%	5.30%
2022/23	0.0122%	225,000	1,797,269	13%	6.86%

**PSERS OPEB Schedule of Contributions (Unaudited)**

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions Recognized by PSERS</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a % of Covered-Employee Payroll</b>
2017/18	\$ 12,287	\$ 12,287	\$ -	\$ 1,673,721	0.73%
2018/19	12,068	12,068	-	1,483,993	0.81%
2019/20	13,256	13,256	-	1,459,115	0.91%
2020/21	15,000	15,000	-	1,756,625	0.85%
2021/22	14,000	14,000	-	1,741,709	0.80%
2022/23	14,000	14,000	-	1,797,269	0.78%

Note: Ten years are required, additional years will be added as they become available.

See Independent Auditor's Report.

**Lindley Academy Charter School at Birney  
Schedule of Expenditures of Federal Awards  
Year Ended June 2023**

Federal Grantor/ Pass-Through Grantor Program Title	Source Code	Assistance Listing Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award	Total Received for the Year	Accrued or (Unearned) Revenue at 7/1/22	Receipts or Revenue Recognized	Federal Expenditures	Subrecipient Expenditures	Accrued or (Unearned) Revenue at 6/30/23
<b>U.S. Department of Education</b>											
Pass-Through Pennsylvania											
Department of Education											
Title I - Improving Basic Programs	I	84.010	013-23-1111	7/1/22-9/30/23	\$ 722,929	\$ 674,750	\$ -	\$ 728,371	\$ 728,371	\$ -	\$ 53,621
Title I - Improving Basic Programs	I	84.010	013-22-1111	7/1/21-9/30/22		196,111	190,669	-	-	-	(5,442)
Title II - Improving Teacher Quality	I	84.367	020-23-1111	7/1/22-9/30/23	46,004	28,149	-	46,004	46,004	-	17,855
Title II - Improving Teacher Quality	I	84.367	020-22-1111	7/1/21-9/30/22		23,964	23,964	-	-	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-23-1111	7/1/22-9/30/23	57,504	32,867	-	54,504	54,504	-	21,637
Title IV - Student Support and Academic Enrichment	I	84.424	144-22-1111	7/1/21-9/30/22		24,393	24,393	-	-	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-21-1111	3/13/20-9/30/23	2,496,445	656,146	656,146	-	-	-	-
COVID-19 - ARP - Elementary and Secondary School Emergency Relief Fund	I	84.425U	223-21-1111	3/13/20-9/30/24	5,188,124	2,735,556	(4,461)	4,356,871	4,356,871	-	1,616,854
COVID-19 - ARP - Elementary and Secondary School Emergency Relief 7% Fund	I	84.425U	225-21-1111	3/13/20-9/30/24	57,605	2,095	(3,142)	57,605	57,605	-	52,368
COVID-19 - ARP - Elementary and Secondary School Emergency Relief 7% Fund	I	84.425U	225-21-1111	3/13/20-9/30/24	288,024	10,474	(15,710)	288,024	288,024	-	261,840
COVID-19 - ARP - Elementary and Secondary School Emergency Relief 7% Fund	I	84.425U	225-21-1111	3/13/20-9/30/24	57,605	2,095	(3,142)	57,605	57,605	-	52,368
						<u>4,386,600</u>	<u>868,717</u>	<u>5,588,984</u>	<u>5,588,984</u>	<u>-</u>	<u>2,071,101</u>
Pass-Through School District of Philadelphia											
ARP - IDEA	I	84.027	N/A	7/1/21-6/30/22		32,686	32,686	-	-	-	-
IDEA	I	84.027	N/A	7/1/21-6/30/22		142,757	142,757	-	-	-	-
IDEA	I	84.027	N/A	7/1/22-6/30/23	175,442	155,407	-	155,407	155,407	-	-
						<u>330,850</u>	<u>175,443</u>	<u>155,407</u>	<u>155,407</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Education						<u>4,717,450</u>	<u>1,044,160</u>	<u>5,744,391</u>	<u>5,744,391</u>	<u>-</u>	<u>2,071,101</u>
<b>U.S. Department of Agriculture</b>											
Pass-Through Pennsylvania											
Department of Education											
National School Lunch Program	I	10.555	362	7/1/22-6/30/23		345,420	-	415,287	415,287	-	69,867
National School Lunch Program	I	10.555	362	7/1/21-6/30/22		111,736	111,736	-	-	-	-
Supply Chain Assistance	I	10.555	356	7/1/22-6/30/23		28,470	-	28,470	28,470	-	-
State Pandemic Electronic Benefit Transfer Administrative Cost Grant	I	10.649	358	7/1/22-6/30/23		628	-	628	628	-	-
School Breakfast Program	I	10.553	365	7/1/22-6/30/23		209,101	-	255,169	255,169	-	46,068
School Breakfast Program	I	10.553	365	7/1/21-6/30/22		62,664	62,664	-	-	-	-
						<u>758,019</u>	<u>174,400</u>	<u>699,554</u>	<u>699,554</u>	<u>-</u>	<u>115,935</u>
Pass-Through Pennsylvania											
Department of Agriculture											
USDA Commodities	I	10.555	2-08-51-947	7/1/22-6/30/23		35,882	-	35,882	35,882	-	-
Total U.S. Department of Agriculture						<u>793,901</u>	<u>174,400</u>	<u>735,436</u>	<u>735,436</u>	<u>-</u>	<u>115,935</u>
						<u>\$ 5,511,351</u>	<u>\$ 1,218,560</u>	<u>\$ 6,479,827</u>	<u>\$ 6,479,827</u>	<u>\$ -</u>	<u>\$ 2,187,036</u>

D - Direct Funding  
I - Indirect Funding

See Independent Auditor's Report.  
See accompanying Notes to Schedule of Expenditures of Federal Awards.

**Lindley Academy Charter School at Birney**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

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**1. GENERAL INFORMATION**

The accompanying schedule of expenditures of federal awards presents the activities of the federal financial assistance programs of Lindley Academy Charter School at Birney (the "School"). Financial awards received directly from federal agencies, as well as financial assistance passed through other governmental agencies or non-profit organizations, are included in the schedule.

**2. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, and *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

**3. RELATIONSHIP TO FINANCIAL STATEMENTS**

The schedule of expenditures of federal awards presents only a selected portion of the activities of the School. It is not intended to and does not present either the balance sheet, revenue, expenditures, or changes in fund balances of governmental funds. The financial activity for the aforementioned awards is reported in the School's statement of revenues, expenditures, and changes in fund balances - governmental funds.

**4. SUBRECIPIENTS**

The School provided no federal awards to subrecipients for the year ended June 30, 2023.

**5. INDIRECT COST RATE**

The School has not made an election pursuant to 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* to receive a 10% de minimis indirect cost rate. Furthermore, the School does not receive any federal indirect costs.



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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Lindley Academy Charter School at Birney:

We have audited, 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, the financial statements of the governmental activities, business-type activities, and each major fund of Lindley Academy Charter School at Birney (the "School"), and the related notes to the financial statements, as of and for the year ended June 30, 2023, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 21, 2023.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lindley Academy Charter School at Birney's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lindley Academy Charter School at Birney's internal control. Accordingly, we do not express an opinion on the effectiveness of Lindley Academy Charter School at Birney'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 material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

A handwritten signature in blue ink that reads 'Withum Smith + Brown, PC'.

December 21, 2023

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Lindley Academy Charter School at Birney:

#### Report on Compliance for Each Major Federal Program

##### Opinion on Each Major Federal Program

We have audited Lindley Academy Charter School at Birney's ("the School") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of Lindley Academy Charter School at Birney's major federal programs for the year ended June 30, 2023. Lindley Academy Charter School at Birney's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lindley Academy Charter School at Birney complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

##### Basis for Opinion on Each Major Federal Program

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

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

##### Responsibilities of Management for Compliance

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

### Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

### Report on Internal Control Over Compliance

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

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

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

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

*Withum Smith + Brown, PC*

December 21, 2023

**Lindley Academy Charter School at Birney  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2023**

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**Section 1 – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	No

Identification of major program:

<u>CFDA/Award Number</u>	<u>Name of Federal Program</u>
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84.425	Education Stabilization Fund
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Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
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Auditee qualifies as a low-risk auditee.	Yes
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**Section 2 – Financial Statement Findings**

None reported.

**Section 3 – Summary of Findings and Questioned Costs**

None reported.

**Section 4 – Follow Up Prior Year Audit Findings**

There were no prior year audit findings.