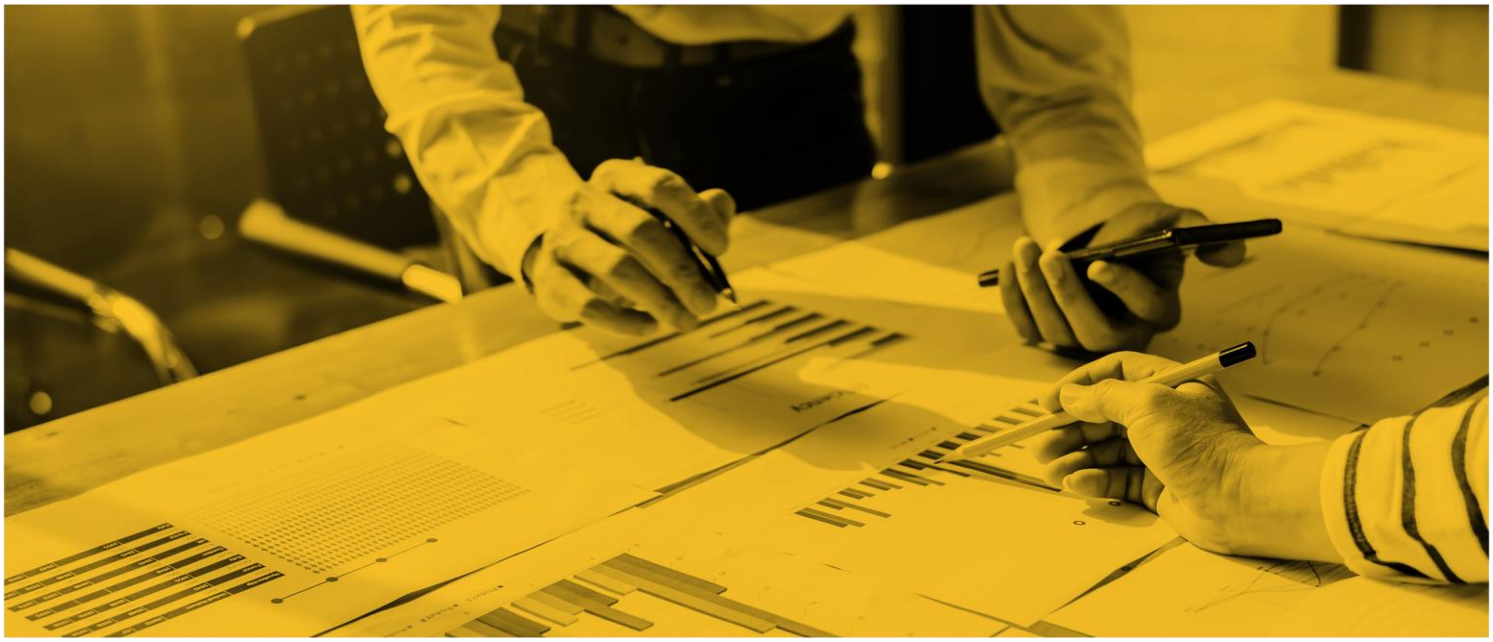

Annual Financial Report

Northeast College Prep Charter School No. 4219

Minneapolis, Minnesota

For the year ended June 30, 2022

Lighting the path forward

Edina Office
5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090

Mankato Office
100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727

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Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
Annual Financial Report
Table of Contents
For the Year Ended June 30, 2022

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INTRODUCTORY SECTION

NORTHEAST COLLEGE PREP
CHARTER SCHOOL NO. 4219
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2022

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Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
Board of Education and Administration
For the Year Ended June 30, 2022

BOARD OF DIRECTORS

Name	Title
Jessica Waletski	Board Chair
Bill Graves	Board Treasurer
Joanna Schneider	Board Member
Josh Crosson	Board Member
Erica Ahlgren	Board Member
Carl Phillips	Director
Erika Sass	Assistant Director
Jenny Abbs	BKDV - Contracted Finance

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FINANCIAL SECTION

NORTHEAST COLLEGE PREP
CHARTER SCHOOL NO. 4219
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Northeast College Prep, Charter School No. 4219
Minneapolis, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Northeast College Prep, Charter School No. 4219, (the Charter School), Minneapolis, Minnesota as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Charter School as of June 30, 2022, and the respective changes in financial position thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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 Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Charter 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 Charter School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 15 and the schedule of Employer's Share of the Net Pension Liability, the schedule of Employer's Contributions, the related note disclosures, and the Schedule of Changes in Net Pension Liability, starting on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying individual fund schedule and table, and the Schedule of Expenditures of Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying individual fund schedule and table and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Abdo

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Minneapolis, Minnesota
December 13, 2022

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Management’s Discussion and Analysis

As management of the Northeast College Prep Charter School No. 4219 (the Charter School), Minneapolis, Minnesota, we offer readers of the Charter School’s financial statements this narrative overview and analysis of the financial activities of the Charter School for the period ended June 30, 2022.

Financial Highlights

- The Charter School’s total net position decreased by $450,261 due primarily to recording the adjustment of pension liabilities and related deferred inflows and outflows of resources.

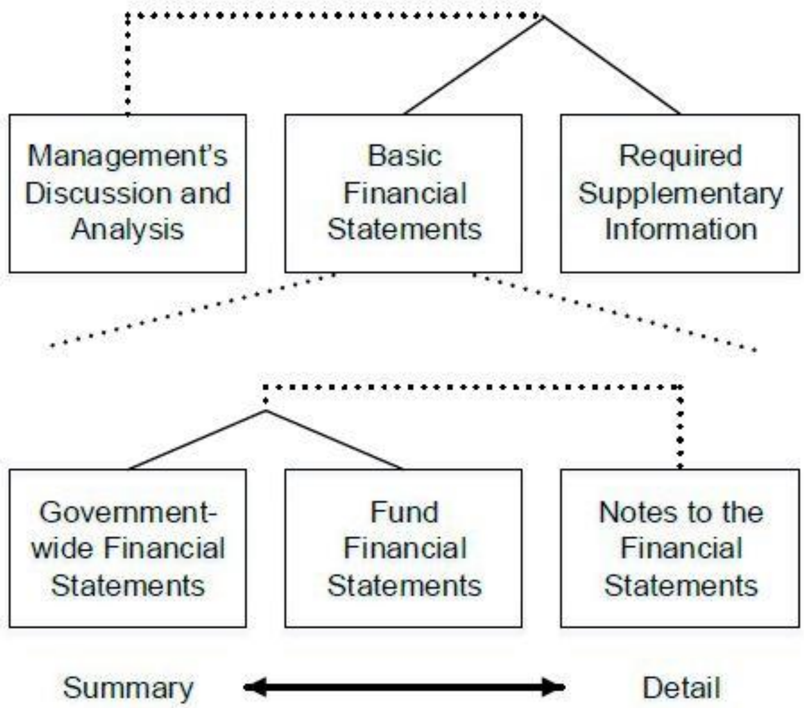
- As of the close of the current fiscal year, the Charter School’s governmental funds reported an ending fund balance of $2,203,982. Approximately 38.8 percent of this total amount, $854,158 (*unassigned fund balance*), is available for spending at the Charter School’s discretion, $176,571 is nonspendable for prepaid items, $264 is restricted in the General fund, and $1,172,989 is restricted for the building company.

- At the end of the current fiscal year, unassigned fund balance for the General fund was $854,158 or 11.2 percent of total General fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Charter School’s basic financial statements. The Charter School’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of individual fund schedules that further explains and supports the information in the financial statements. The following chart shows how the various parts of this annual report are arranged and related to one another:



The following chart summarizes the major features of the Charter School's financial statements, including the portion of the Charter School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements:

Major Features of the Government-wide and Fund Financial Statements

		Fund Financial Statements
	Government-wide Statements	**Governmental Funds**
Scope	Entire Charter School (except fiduciary funds)	The activities of the Charter School that are not fiduciary, such as special education and building maintenance
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

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

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

The *statement of activities* presents information showing how the Charter 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*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements display functions of the Charter School that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the Charter School include administration, district support services, elementary and secondary regular instruction, special education instruction, instructional support services, pupil support services, sites and buildings, and fiscal and other fixed cost programs.

The government-wide financial statements can be found starting on page 24 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Charter School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Charter School maintains three individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and Building Company Fund which are considered to be major funds, and the Food Service special revenue fund, which is considered to be a nonmajor fund.

The Charter School adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 28 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 33 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter School's progress in funding its obligation to provide other postemployment benefits to its employees. Required supplementary information can be found on page 58 of this report.

Other Information. The individual fund schedule and table can be found starting on page 66 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Charter School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $2,739,342 at the close of the 2022 fiscal year.

A portion of the Charter School's net position, a deficit of $314,151, reflects its net investment in capital assets (e.g., equipment); less any related debt used to acquire those assets that is still outstanding. The Charter School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Northeast College Prep Charter School No. 4219's Summary of Net Position

	Governmental Activities		
	2022	2021	Increase (Decrease)
Assets			
Current and other assets	$ 2,794,605	$ 2,977,742	$ (183,137)
Nondepreciable assets	1,067,929	1,067,929	-
Capital assets, net of depreciation	6,728,690	6,860,954	(132,264)
Total Assets	10,591,224	10,906,625	(315,401)
Deferred Outflows of Resources	1,806,574	2,017,378	(210,804)
Liabilities			
Noncurrent liabilities outstanding	11,284,100	12,354,801	(1,070,701)
Current and other liabilities	809,223	1,089,938	(280,715)
Total Liabilities	12,093,323	13,444,739	(1,351,416)
Deferred Inflows of Resources	3,043,817	1,768,345	1,275,472
Net Position			
Net investment in capital assets	(314,151)	(192,718)	(121,433)
Restricted	1,173,253	985,063	188,190
Unrestricted	(3,598,444)	(3,081,426)	(517,018)
Total Net Position	$ (2,739,342)	$ (2,289,081)	$ (450,261)

At the end of the current fiscal year, the Charter School is able to report a positive balance in one of three categories of net position.

The Charter School's net position decreased by $450,261. Key elements of this decrease are shown in the table below.

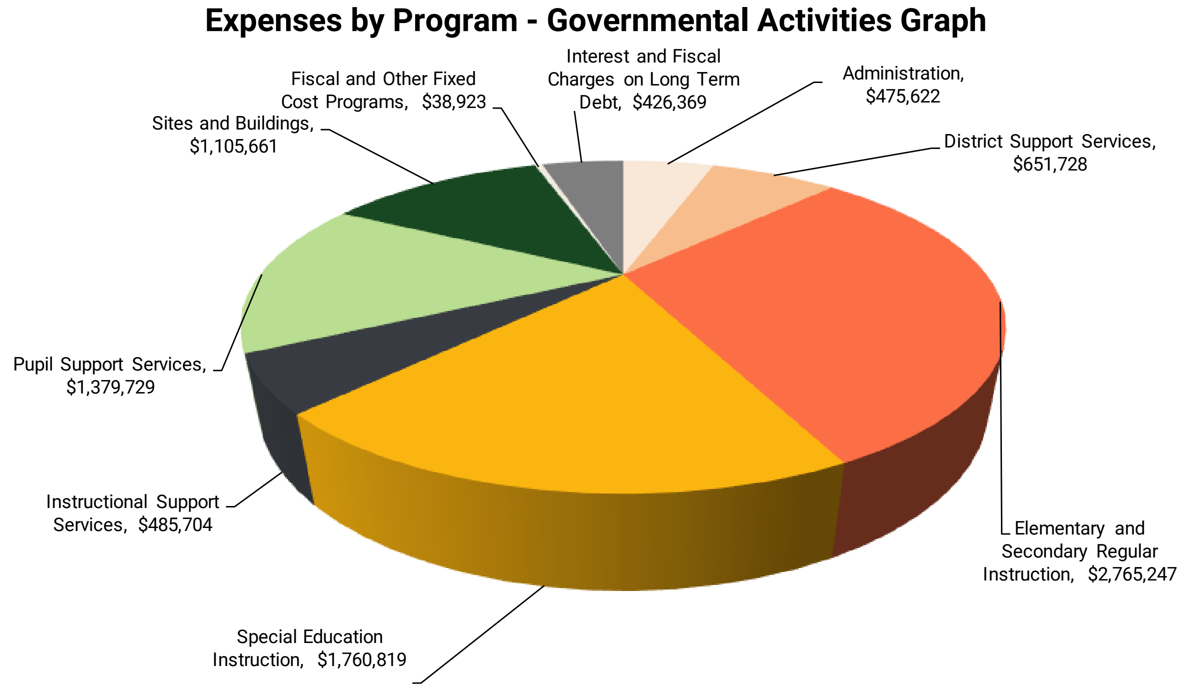
Northeast College Prep Charter School No. 4219's Changes in Net Position

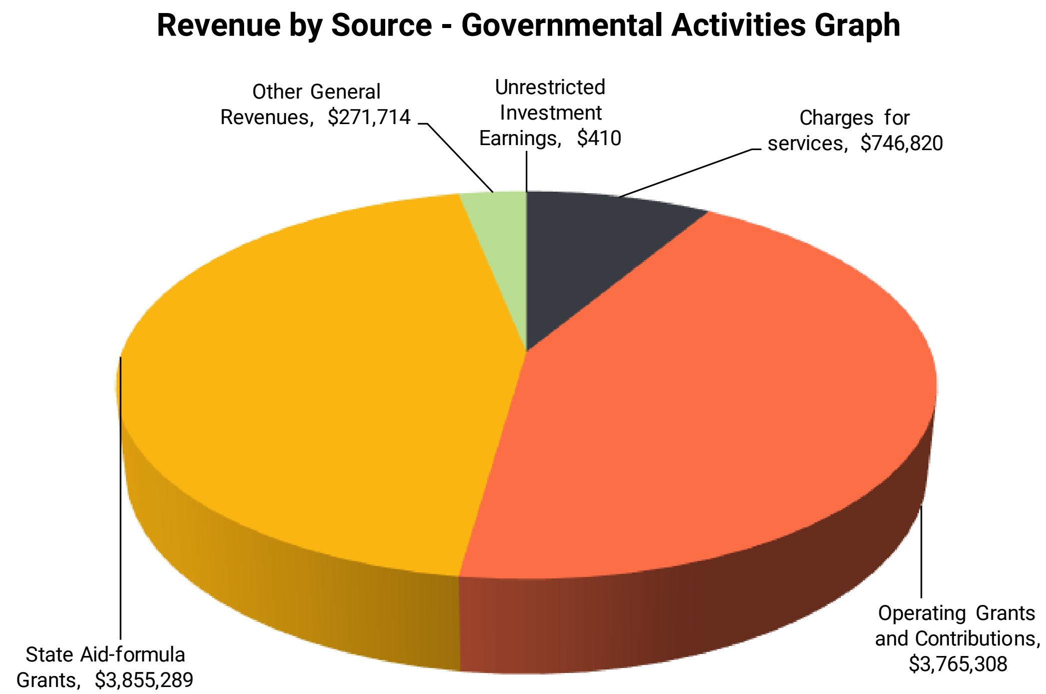
	Governmental Activities		
	2022	2021	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	$ 746,820	$ 585,918	$ 160,902
Operating grants and contributions	3,765,308	2,795,743	969,565
General revenues			
State aid-formula grants	3,855,289	3,877,542	(22,253)
Other general revenues	271,714	968,334	(696,620)
Unrestricted investment earnings	410	656	(246)
Total Revenues	8,639,541	8,228,193	411,348
Expenses			
Administration	475,622	330,538	145,084
District support services	651,728	597,788	53,940
Elementary and secondary regular instruction	2,765,247	2,746,789	18,458
Special education instruction	1,760,819	2,017,715	(256,896)
Instructional support services	485,704	546,579	(60,875)
Pupil support services	1,379,729	789,856	589,873
Sites and buildings	1,105,661	1,012,826	92,835
Fiscal and other fixed cost programs	38,923	37,535	1,388
Interest and fiscal charges on long term debt	426,369	426,369	-
Total Expenses	9,089,802	8,505,995	583,807
Change in Net Position	(450,261)	(277,802)	(172,459)
Net Position, July 1	(2,289,081)	(2,011,279)	(277,802)
Net Position, June 30	$ (2,739,342)	$ (2,289,081)	$ (450,261)

Significant variances from the prior year include:

- Operating grants and contributions increased $969,565 from prior year, largely due to an increase in federal aid.
- Other general revenues decreased mainly due to $666,000 of loan forgiveness related to the paycheck protection program that took place in the prior year.
- Pupil support services increased, largely due to additional expenses funded through covid federal aid.

The following graph depicts various governmental activities and shows the expenses directly related to those activities.





Financial Analysis of the Charter School's Funds

As noted earlier, the Charter School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances of $2,203,982. Approximately 38.8 percent of this total amount, $854,158, constitutes unassigned fund balance. The remainder of fund balance ($1,349,824) is not available for new spending because it is either 1) nonspendable for prepaids ($176,571), or 2) restricted ($1,173,253).

The General fund is the primary operating fund of the Charter School. At the end of the current year, the fund balance of the General fund was $1,013,411. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 13.3 percent of fund expenditures. The fund balance of the Charter School's General fund decreased $108,194 during the current fiscal year.

The Building Company fund accounts for all the activities of the Affiliated Building Company for the Charter School. At the end of the current year, the fund balance of the Building Company fund was $1,190,571. The fund balance of the Charter School's Building Company fund increased $205,772 during the current fiscal year due to the Building Company being established in the current year.

General Fund Budgetary Highlights

The Charter School did amend their budget during the year. The original General fund budget called for an increase of $133,160 in fund balance, while the final budget called for an increase of $68,602 in fund balance.

Overall, total revenues were $51,962 more than budgeted. The largest revenue variance was revenue from state sources which was $92,798 less than anticipated.

On the expenditure side, expenditures were $193,197 more than budgeted. The largest variance was elementary and secondary regular instruction which was $156,647 over budget.

Capital Assets and Debt Administration

Capital Assets. The Charter School's investment in capital assets for its governmental activities as of June 30, 2022 amounts to $7,796,619 (net of accumulated depreciation). This investment in capital assets includes equipment, land. construction in progress, and the school building. The total depreciation for the year was $262,713. The following is a schedule of capital assets as of June 30, 2022.

Additional information on the Charter School's capital assets can be found in Note 3B on page 42 of this report.

Northeast College Prep Charter School No. 4219's Capital Assets
(Net of Depreciation)

	Governmental Activities		
	2022	2021	Increase (Decrease)
Land	$ 1,067,929	$ 1,067,929	-
Buildings and Improvements	6,269,808	6,426,745	(156,937)
Equipment	458,882	434,209	24,673
Total	$ 7,796,619	$ 7,928,883	$ (132,264)

The large increase in capital assets from the prior year is due to the Charter School Building Company purchasing land and undertaking a large construction project.

Northeast College Prep Charter School No. 4219's Outstanding Debt

Noncurrent Liabilities

The Charter School's noncurrent liabilities consisted of loans payable and bonds payable. Balances of the loans and bonds as of June 30, 2022 and 2021 are shown below.

	Governmental Activities		
	2022	2021	Increase (Decrease)
Bonds Payable	$ 8,660,000	$ 8,660,000	$ -

Additional information of the Charter School's noncurrent liabilities can be found in Note 3E on page 44 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Charter School anticipates enrollment of 356 students for the 2022-2023 school year.
- The Charter School has $605,123 remaining of the federal CARES Act funds to help with COVID-19 related expenditures during the 2022-2023 school year.

These factors were considered in preparing the Charter School's budget for the 2023 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Charter School's finances for all those with an interest in the Charter School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Carl Phillips, School Director, Northeast College Prep Charter School No. 4219, 2511 Taylor Street NE, Minneapolis, Minnesota 55418.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

NORTHEAST COLLEGE PREP
CHARTER SCHOOL NO. 4219
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2022

Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash and temporary investments	$ 606,375
Cash held with escrow	984,902
Receivables	
Accounts	125,046
Due from the Minnesota Department of Education	602,363
Due from the Federal government	294,399
Due from other governments	4,949
Prepaid items	176,571
Capital assets	
Nondepreciable assets	1,067,929
Depreciable assets, net of accumulated depreciation	6,728,690
Total Assets	10,591,224
Deferred Outflows of Resources	
Deferred pension resources	1,806,574
Liabilities	
Accounts and other payables	225,352
Accrued salaries payable	328,567
Accrued interest payable	218,600
Unearned revenue	36,704
Noncurrent liabilities	
Due within one year	
Bonds payable, net	95,000
Due in more than one year	
Bonds payable, net	8,917,020
Net pension liability	2,272,080
Total Liabilities	12,093,323
Deferred Inflows of Resources	
Deferred pension resources	3,043,817
Net Position	
Net investment in capital assets	(314,151)
Restricted for	
Medical asssistance	264
Building Company	1,172,989
Unrestricted	(3,598,444)
Total Net Position	$ (2,739,342)

The notes to the financial statements are an integral part of this statement.

Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Administration	$ 475,622	$ -	$ 62,736	$ -	$ (412,886)
District support services	651,728	-	87,846	-	(563,882)
Elementary and secondary regular instruction	2,765,247	-	1,160,878	-	(1,604,369)
Special education instruction	1,760,819	-	1,542,946	-	(217,873)
Instructional support services	485,704	-	19,739	-	(465,965)
Pupil support services	1,379,729	-	368,417	-	(1,011,312)
Sites and buildings	1,105,661	746,820	522,746	-	163,905
Fiscal and other fixed cost programs	38,923	-	-	-	(38,923)
Interest and fiscal charges on debt	426,369	-	-	-	(426,369)
Total Governmental Activities	$ 9,089,802	$ 746,820	$ 3,765,308	$ -	(4,577,674)
General Revenues					
State aid formula grants					3,855,289
Other general revenues					271,714
Unrestricted investment earnings					410
Total General Revenues					4,127,413
Change in Net Position					(450,261)
Net Position, July 1					(2,289,081)
Net Position, June 30					$ (2,739,342)

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

NORTHEAST COLLEGE PREP
CHARTER SCHOOL NO. 4219
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2022

Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
Balance Sheet
Governmental Funds
June 30, 2022

	General	Building Company	Non-Major Food Service	Funds
Assets				
Cash and temporary investments	$ 387,463	193,045	$ 25,867	$ 606,375
Cash held with escrow	-	984,902	-	984,902
Receivables				
Accounts	113,616	11,300	130	125,046
Due from other funds	16,258		-	16,258
Due from the Minnesota Department of Education	602,363	-	-	602,363
Due from the Federal government	294,399	-	-	294,399
Due from the other governments	4,949	-	-	4,949
Prepaid items	158,989	17,582	-	176,571
Total Assets	$ 1,578,037	$ 1,206,829	$ 25,997	$ 2,810,863
Liabilities				
Accounts and other payables	$ 206,451	$ -	$ 18,901	$ 225,352
Accrued salaries payable	321,471	-	7,096	328,567
Due to other funds	-	16,258	-	16,258
Unearned revenue	36,704	-	-	36,704
Total Liabilities	564,626	16,258	25,997	606,881
Fund Balances				
Nonspendable				
Prepaid items	158,989	17,582	-	176,571
Restricted				
Medical assistance	264	-	-	264
Building company	-	1,172,989	-	1,172,989
Unassigned	854,158	-	-	854,158
Total Fund Balances	1,013,411	1,190,571	-	2,203,982
Total Liabilities and Fund Balances	$ 1,578,037	$ 1,206,829	$ 25,997	$ 2,810,863

The notes to the financial statements are an integral part of this statement.

Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
June 30, 2022

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

Total Fund Balances - Governmental Funds	$	2,203,982
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets		8,621,363
Less accumulated depreciation		(824,744)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Noncurrent liabilities at year end consist of		
Bonds payable		(8,660,000)
Bonds premium		(352,020)
Net pension liability		(2,272,080)
Governmental funds do not report long-term amounts related to pensions.		
Deferred outflow of resources		1,806,574
Deferred inflow of resources		(3,043,817)
Governmental funds do not report a liability for accrued interest until due and payable.		(218,600)
Total Net Position - Governmental Activities	$	(2,739,342)

The notes to the financial statements are an integral part of this statement.

Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	Building Company	Non-Major Food Service	Funds
Revenues				
Other local and county revenue	$ 320,771	$ 746,820	$ -	$ 1,067,591
Interest earned on investments	220	190	-	410
Revenue from state sources	5,815,779	-	9,338	5,825,117
Revenue from federal sources	1,415,594	-	326,261	1,741,855
Total Revenues	7,552,364	747,010	335,599	8,634,973
Expenditures				
Current				
Administration	433,609	-	-	433,609
District support services	749,054	-	-	749,054
Elementary and secondary regular instruction	2,524,031	-	-	2,524,031
Special education instruction	1,657,674	-	-	1,657,674
Instructional support services	273,612	-	-	273,612
Pupil support services	961,484	-	399,370	1,360,854
Sites and buildings	235,013	74,682	-	309,695
Fiscal and other fixed cost programs	38,923	-	-	38,923
Capital outlay				
District support services	1,716	-	-	1,716
Elementary and secondary regular instruction	1,578	-	-	1,578
Instructional support services	145,447	-	-	145,447
Sites and buildings	574,646	29,356	-	604,002
Fiscal and other fixed cost programs	-	-	-	-
Debt service				
Bond interest and other	-	437,200	-	437,200
Total Expenditures	7,596,787	541,238	399,370	8,537,395
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,423)	205,772	(63,771)	97,578
Other Financing Sources (Uses)				
Transfers in	-	-	63,771	63,771
Transfers out	(63,771)	-	-	(63,771)
Total Other Financing Sources (Uses)	(63,771)	-	63,771	-
Net Change in Fund Balance	(108,194)	205,772	-	97,578
Fund Balance, July 1	1,121,605	984,799	-	2,106,404
Fund Balance, June 30	$ 1,013,411	$ 1,190,571	$ -	$ 2,203,982

The notes to the financial statements are an integral part of this statement.

Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2022

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

Net Change in Fund Balances - Governmental Funds	$	97,578
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlays		131,268
Depreciation expense		(262,713)
Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in statement of activities.		
Disposals		(10,575)
Accumulated depreciation on disposals		9,756
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amounts below are the effects of these differences in the treatment of long-term debt and related items.		
Current year amortization of bond premium		10,831
Long-term pension activity is not reported in governmental funds.		
Pension expense		(430,974)
Direct aid contributions		4,568
Change in Net Position - Governmental Activities	$	(450,261)

The notes to the financial statements are an integral part of this statement.

Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Other local and county revenue	$ 229,984	$ 231,792	$ 320,771	$ 88,979
Interest earned on investments	-	-	220	220
Revenue from state sources	6,178,792	5,908,577	5,815,779	(92,798)
Revenue from federal sources	908,161	1,360,033	1,415,594	55,561
Total Revenues	7,316,937	7,500,402	7,552,364	51,962
Expenditures				
Current				
Administration	526,680	482,568	433,609	48,959
District support services	559,134	716,971	749,054	(32,083)
Elementary and secondary regular instruction	2,029,733	2,367,384	2,524,031	(156,647)
Special education instruction	1,977,735	1,833,304	1,657,674	175,630
Instructional support services	280,684	262,364	273,612	(11,248)
Pupil support services	830,869	881,308	961,484	(80,176)
Sites and buildings	285,745	245,998	235,013	10,985
Fiscal and other fixed cost programs	42,233	42,233	38,923	3,310
Capital outlay				
District support services	-	-	1,716	(1,716)
Elementary and secondary regular instruction	-	-	1,578	(1,578)
Instructional support services	115,000	57,661	145,447	(87,786)
Sites and buildings	535,964	510,964	574,646	(63,682)
Fiscal and other fixed cost programs	-	2,835	-	2,835
Total Expenditures	7,183,777	7,403,590	7,596,787	(193,197)
Excess (Deficiency) of Revenues Over (Under) Expenditures	133,160	96,812	(44,423)	(141,235)
Other Financing Sources (Uses)				
Transfers out	-	(28,210)	(63,771)	(35,561)
Net Change in Fund Balances	133,160	68,602	(108,194)	(176,796)
Fund Balances, July 1	1,121,605	1,121,605	1,121,605	-
Fund Balances, June 30	$ 1,254,765	$ 1,190,207	$ 1,013,411	$ (176,796)

The notes to the financial statements are an integral part of this statement.

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Northeast College Prep Charter School No. 4219, (the Charter School), Minneapolis, Minnesota is a nonprofit that was incorporated on April 12, 2013 as a non-profit corporation under section 501(c)3 of the Internal Revenue Code of 1954, for the purpose of providing educational services to individuals within the area. The Charter School is authorized by Student Achievement of Minnesota. The permanent governing body consists of a five-member Board of Directors.

The Charter School has considered all potential units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Charter School are such that exclusion would cause the Charter School's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The Charter School has no component units that meet the GASB criteria.

Aside from its authorization, Student Achievement of Minnesota has no authority, control, power, or administrative responsibilities over the Charter School. Therefore, the Charter School is not considered a component unit of Student Achievement of Minnesota.

The Charter School has no student activity funds.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State aid formula grants and other internally dedicated resources are reported as general revenues rather than as program revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota statutes and accounting principles generally accepted in the United States of America. Minnesota statutes include State aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure was made. Other revenue is considered available if collected within one year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

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

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

Description of Funds

The Charter School funds have been established by the State of Minnesota Department of Education. Each fund is accounted for as an independent entity. Descriptions of the funds included in the report are as follows:

Major Governmental Funds

The *General fund* is the Charter School's primary operating fund. It accounts for all financial resources of the Charter School, except those required to be accounted for in another fund.

The *Building Company fund* accounts for all activities of the Affiliated Building Company. This includes accounting for the proceeds and used of resources borrowed for the purpose of purchasing and building the school site, the receipt of lease payments from Northeast College Prep, as well as the debt service payments under the terms of the related long-term mortgage loans.

Note 1: Summary of Significant Accounting Policies (Continued)

Nonmajor Governmental Fund

The *Food Service special revenue fund* is used to account for food service revenues and expenditures. The Food Service fund receives revenue from state and federal sources.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The Charter School's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Charter School may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The Charter School does not have a formal investment policy.

The Charter School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Charter School's recurring fair value measurements are listed in detail on page 41 and are valued using quoted market prices (Level 1 inputs).

Note 1: Summary of Significant Accounting Policies (Continued)

Due from Federal Government

Due from Federal Government include amounts for expenditures that have been incurred before year end and will be reimbursed with Federal funding. No substantial losses are anticipated from present balances, therefore no allowance for uncollectible has been recorded.

Due from the Minnesota Department of Education

Due from Minnesota Department of Education include amounts for expenditures that have been incurred before year end and will be reimbursed with State funding. No substantial losses are anticipated from present balances, therefore no allowance for uncollectible has been recorded.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets include equipment. Capital assets are defined by the Charter School as assets with an initial, individual cost of more than $500 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets of the Charter School are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 20 years for equipment and 40 years for buildings and improvements.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statement of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

Teachers Retirement Association (TRA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Teachers Retirement Association (TRA) and additions to/deductions from TRA's fiduciary net position have been determined on the same basis as they are reported by TRA.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. The General fund is typically used to liquidate the governmental net pension liability. Additional information can be found in Note 4.

Public Employees Retirement Association (PERA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employees Plan (GERP) and TRA is as follows:

	GERP	TRA	Total Pension Expense
Pension Expense	$ 253,913	$ 575,747	$ 829,660

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Charter School has one type of item, which arises only under a full accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, deferred pension resources, is reported only in the statement of net position of the government-wide statements and results from actuarial calculations.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the Charter School is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items and deposits receivable.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the Board of Education, which is the Charter School's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board of Education modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board of Education itself or by an official to which the governing body delegates the authority. The Board of Education has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Program Coordinator.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The Charter School considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Charter School would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and related debt.

b. Restricted net position - Consist of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Charter School's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Budgets are prepared for Charter School funds on the same basis and using the same accounting practices that are used in accounting and preparing financial statements for the General fund.

The Charter School follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the budget is prepared by the Director to be adopted by the Board of Education.
2. Budgets for the General fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
3. Budgeted amounts are as originally adopted, or as amended.
4. Budget appropriations lapse at year end.
5. The legal level of control is the fund level.
6. The Charter School does not use encumbrance accounting.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2022, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	$ 7,403,590	$ 7,596,787	$ 193,197

The excess of expenditures over appropriations were funded by revenues received in excess of budget and use of fund balance.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the Charter School's deposits and investments may not be returned or the Charter School will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board of Education, the Charter School maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all Charter School deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the Charter School.

At year end, the Charter School's carrying amount of deposits was $605,875 and the bank balance was $607,582. The entire bank balance was covered by federal depository insurance. The Charter School carries cash on hand of $500.

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of June 30, 2022, the Charter School had the following investments that are insured or registered, or securities held by the Charter School's agent in the Charter School's name:

Type of Investments	Credit Quality/ Ratings (1)	Segmented time Distribution (2)	Carrying Amount	Fair Value Level 1
Pooled Investments at Fair Value				
Government Obligation Mutual Fund	AAA	Less than 6 months	$ 984,902	$ 984,902

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.

The investments of the Charter School are subject to the following risks:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the Charter School's investments to the list on page 35 of the notes.

- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

A reconciliation of cash and temporary investments as shown on the financial statements for the Charter School follows:

Carrying Amount of Deposits	$ 605,875
Cash on Hand	500
Investments	984,902
Total	$ 1,591,277
Cash and Temporary Investments	
Unrestricted	$ 606,375
Cash held with escrow	984,902
Total	$ 1,591,277

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not Being Depreciated				
Land	$ 1,067,929	$ -	$ -	$ 1,067,929
Construction in progress	-	-	-	-
Total Capital Assets not Being Depreciated	1,067,929	-	-	1,067,929
Capital Assets Being Depreciated				
Buildings and improvements	6,663,323	12,704	-	6,676,027
Equipment	769,418	118,564	(10,575)	877,407
Total Capital Assets Being Depreciated	7,432,741	131,268	(10,575)	7,553,434
Less Accumulated Depreciation for				
Buildings and improvements	(236,578)	(169,641)	-	(406,219)
Equipment	(335,209)	(93,072)	9,756	(418,525)
Total Accumulated Depreciation	(571,787)	(262,713)	9,756	(824,744)
Total Capital Assets Being Depreciated, Net	6,860,954	(131,445)	(819)	6,728,690
Governmental Activities Capital Assets, Net	$ 7,928,883	$ (131,445)	$ (819)	$ 7,796,619

Depreciation expense was charged to functions/programs of the Charter School as follows:

Governmental Activities	
District Support Services	$ 19,351
Elementary and Secondary Regular Instruction	4,046
Pupil Support Services	498
Food Service	253
Instructional Support	50,412
Sites and Buildings	188,153
Total Depreciation Expense - Governmental Activities	$ 262,713

Note 3: Detailed Notes on All Funds (Continued)

C. Interfund Receivables, Payables, and Transfers

Due to/from funds represent reclassifications of temporary cash deficits in individual fund and other short term loans expected to be repaid within one year. The amount owing between funds represents reclassification of temporary cash deficits between. At year end, the balances were as follows:

Receivable Fund	Payable Fund	Amount
Primary Government		
General Fund	Building Company	$ 16,258

A transfer of $63,771 was completed from the General fund to the Food Service special revenue fund to eliminate the fund balance deficit.

D. Lease Arrangement between Primary Government and Blended Component Unit

On February 1, 2020, the Charter School entered into an agreement with Educational Properties NECP, LLC, to lease space at 300 Industrial Boulevard, Minneapolis, Minnesota 55413 for a period commencing July 1, 2021 and ending June 30, 2055. The Minimum base rent for each lease year will be the greater of the minimum base rent or the lease aid maximum amount. The Charter School paid rent of $568,614 under the agreements during the year ended June 30, 2022.

Future minimum lease payments are as follows:

June 30,	Amount
2023	$ 627,085
2024	626,285
2025	625,170
2026	623,740
2027	627,495
2028 - 2032	3,130,115
2033 - 2037	3,137,000
2038 - 2042	3,131,263
2043 - 2047	3,137,125
2048 - 2052	3,129,000
2053 - 2055	1,886,219
Total	$ 20,680,496

Note 3: Detailed Notes on All Funds (Continued)

E. Long-term Liabilities

Bonds Payable

The Charter School issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the Charter School. General obligation bonds currently outstanding are as follows:

Description	Amount Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Charter School Lease Revenue Bonds, Series 2020A	$ 7,820,000	5.00 - 5.50 %	02/01/20	07/01/55	$ 7,820,000
Taxable Charter School Lease Revenue Bonds, Series 2020B	840,000	5.50	02/01/20	07/01/29	840,000
Total					$ 8,660,000

Annual debt service requirements to maturity for the bonds are as follows:

Year Ending June 30,	Bonds Payable Principal	Bonds Payable Interest	Bonds Payable Total
2023	$ 95,000	$ 434,588	$ 529,588
2024	100,000	429,225	529,225
2025	105,000	423,588	528,588
2026	110,000	417,675	527,675
2027	115,000	411,488	526,488
2028 - 2032	695,000	1,952,663	2,647,663
2033 - 2037	900,000	1,752,500	2,652,500
2038 - 2042	1,160,000	1,495,750	2,655,750
2043 - 2047	1,500,000	1,165,000	2,665,000
2048 - 2052	1,930,000	738,250	2,668,250
2053 - 2056	1,950,000	201,250	2,151,250
Total	$ 8,660,000	$ 9,421,975	$ 18,081,975

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current
Governmental Activities					
Bonds Payable					
Revenue bonds	$ 8,660,000	$ -	$ -	$ 8,660,000	$ 95,000
Bond premium	362,851	-	(10,831)	352,020	-
Total	$ 9,022,851	$ -	$ (10,831)	$ 9,012,020	$ 95,000

On July 23, 2020, the Charter School was issued a $666,000 loan through the Paycheck Protection Program. The full balance of the loan was forgiven on January 13, 2021. No principal or interest payments were due or paid.

Note 4: Defined Benefit Pension Plans - Statewide

Substantially all employees of the Charter School are required by state law to belong to pension plans administered by Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), all of which are administered on a statewide basis.

Disclosures relating to these plans follow:

A. Teacher Retirement Association (TRA)

1. Plan Description

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota statutes, chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

Educators employed in Minnesota's public elementary and secondary school, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota State colleges and universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Plan (DCR) administered by the State of Minnesota.

2. Benefits Provided

TRA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute and vest after three years of service credit. The defined retirement benefits are based on a member’s highest average salary for any five consecutive years of allowable service, age and a formula multiplier based on years of credit at termination of service.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before **July 1, 1989** receive the greater of the Tier I or Tier II as described: **Tier I**:

Tier I:	Step Rate Formula	Percentage
Basic	First ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	First ten years if service years are prior to July 1, 2006	1.2 percent per year
	First ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if service years are prior to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent per year

With these provisions:

1. Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

2. Three percent per year early retirement reduction factors for all years under normal retirement age.

3. Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II: For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated members and 2.7 percent per year for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after **June 30, 1989** receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans, that have survivorship features. Vested members may also leave their contributions in the TRA fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

3. Contribution Rate

Minnesota statutes, chapter 354 sets the rates for the employee and employer contributions. Rates for each fiscal year were:

	Ending June 30, 2020		Ending June 30, 2021		Ending June 30, 2022	
Plan	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.92%	11.00%	12.13%	11.00%	12.34%
Coordinated	7.50%	7.92%	7.50%	8.13%	7.50%	8.34%

The Charter School's contributions to TRA for the years ending June 30, 2022, 2021 and 2020 were $195,802, $177,544 and $156,210, respectively. The Charter School's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

The following is a reconciliation of employer contributions in TRA's "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer Contributions Reported in TRA's Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	$	448,829,000
Add Employer Contributions not Related to Future Contribution Efforts		379,000
Deduct TRA's Contributions not Included in Allocation		(538,000)
Total Employer Contributions		448,670,000
Total Non-employer Contributions		37,840,000
Total contributions reported in schedule of employer and non-employer pension allocations	$	486,510,000

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

4. Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2021
Experience Study	June 30, 2021
	June 5, 2019 (demographic assumptions)
	November 6, 2017 (economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% thereafter
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.5% to 9.25% thereafter
Cost of Living Adjustment	1% for January 2020 through January 2023 then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP - 2014 white collar employee table, male rates set back six years and female rates set back seven years. Generational projection uses the MP - 2015 scale.
Post-retirement	RP - 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP - 2015 scale.
Post-disability	RP - 2014 disabled retiree mortality table, without adjustments.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	35.50 %	5.10 %
International Equity	17.50	5.30
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
Unallocated Cash	2.00	-
Total	100.00 %	

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is 6.00 years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions" and "Changes in Proportion" use the amortization period of 6.00 years in the schedule presented. The amortization period for "Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments" is 5.00 years as required by GASB 68.

Changes in actuarial assumptions since the 2020 valuation:

- The investment return assumption was changed from 7.5 percent to 7.00 percent

5. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The discount rate used to measure the TPL at the Prior Measurement Date was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2021 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

6. Net Pension Liability

On June 30, 2022, the Charter School reported a liability of $1,597,349 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net pension liability was based on the Charter School's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The Charter School's proportionate share was 0.0365 percent at the end of the measurement period which was an increase of 0.0339 percent from its proportion measured as of June 30, 2020.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the Charter School as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the Charter School were as follows:

Charter's Proportionate Share of Net Pension Liability	$	1,597,349
State's Proportionate Share of Net Pension Liability Associated with the Charter School		259,373

For the year ended June 30, 2022, the Charter School recognized pension expense of $575,747. It also recognized $19,206 as an increase to pension expense for the support provided by direct aid.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

On June 30, 2022, the Charter School had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 41,566	$ 39,901
Net Difference between Projected and Actual Earnings on Plan Investments	-	1,341,495
Changes in Assumptions	685,124	1,085,314
Changes in Proportion	322,813	-
Contributions to TRA Subsequent to the Measurement Date	195,802	-
Total	$ 1,245,305	$ 2,466,710

Deferred outflows of resources totaling $195,802 related to pensions resulting from Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

2023	$ (506,776)
2024	(524,157)
2025	(92,533)
2026	(188,642)
2027	(199,064)
Thereafter	93,965

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate.

Charter's Proportionate Share of NPL		
1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
$ 6,214,757	$ 1,597,349	$ 502,949

The Charter School's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis and Minneapolis School District.

8. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling (651) 296-2409 or (800) 657-3669.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

B. Public Employees Retirement Association (PERA)

1. Plan Description

The Charter School participates in the following defined benefit pension plans administered by the Public Employees Retirement Association (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota statutes*, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

General Employees Plan (GERP)

All full-time and certain part-time employees of the Charter School, other than teachers, are covered by the General Employees Plan (GERP). General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated-Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

3. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the Charter School was required to contribute 7.50 percent for Coordinated Plan members. The Charter School’s contributions to the General Employees Fund for the year ended June 30, 2022, 2021 and 2020 were $84,926, $85,475 and $73,609, respectively. The Charter School’s contributions were equal to the required contributions for each year as set by state statute.

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2022, the Charter School reported a liability of $674,731 for its proportionate share of the General Employees Fund’s net pension liability. The Charter School’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the State’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the Charter School totaled $20,627. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School’s proportionate share of the net pension liability was based on the Charter School’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA’s participating employers. The Charter School’s proportion was 0.0158 percent which was an increase of 0.0020 percent from its proportion measured as of June 30, 2020.

Charter's Proportionate Share of Net Pension Liability	$	674,731
State's Proportionate Share of Net Pension Liability Associated with the Charter School		20,627
Total	$	695,358

For the year ended June 30, 2022, the Charter School recognized pension expense of $252,249 for its proportionate share of the General Employees Plan’s pension expense. In addition, the Charter School recognized $1,664 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of $16 million to the General Employees Fund.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At June 30, 2022, the Charter School reported its proportionate share of GERP's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 3,331	$ 20,346
Changes in Actuarial Assumptions	411,976	12,707
Net Difference Between Projected and Actual Earnings on Plan Investments	-	544,054
Changes in Proportion	61,036	-
Contributions to PERA Subsequent to the Measurement Date	84,926	-
Total	$ 561,269	$ 577,107

The $84,926 reported as deferred outflows of resources related to pensions resulting from Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	$ 12,766
2024	4,553
2025	(8,152)
2026	(159,382)
Thereafter	49,451

5. Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation. The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

The following changes in actuarial assumptions and plan provisions occurred in 2022:

<u>General Employees Fund</u>

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10 %
Alternative Assets (Private Markets)	25.00	5.90
Bonds (Fixed Income)	25.00	0.75
International Equity	16.50	5.30
Total	100.00 %	

6. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund were 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.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

7. Pension Liability Sensitivity

The following presents the Charter School's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Charter's Proportionate Share of NPL		
1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
$ 1,376,106	$ 674,731	$ 99,209

8. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Note 5: Other Information

A. Risk Management

The Charter 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 for which the Charter School carries commercial insurance. Settled claims have not exceeded this commercial coverage in fiscal year 2021.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The Charter School's management is not aware of any incurred but not reported claims.

B. Income Taxes

The Charter School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Charter School also qualifies as a tax-exempt organization under applicable statutes of the State of Minnesota.

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. As of June 30, 2021, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

The Charter School files informational returns in the U.S. federal jurisdiction, and in the Minnesota state jurisdiction. U.S. federal returns and Minnesota returns for the prior three fiscal years are closed. No returns are currently under examination in any tax jurisdiction.

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REQUIRED SUPPLEMENTARY INFORMATION

NORTHEAST COLLEGE PREP
CHARTER SCHOOL NO. 4219
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2022

Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2022

Schedule of Employer's Share of Teachers Retirement Association Net Pension Liability

Fiscal Year End	Charter School's Proportion of the Net Pension Liability	Charter School's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2021	0.0365 %	$ 1,597,349	$ 259,373	$ 1,856,722	$ 2,183,817	73.1 %	86.6 %
6/30/2020	0.0339	2,504,577	209,657	2,714,234	1,972,344	127.0	75.5
6/30/2019	0.0300	1,912,206	169,458	2,081,664	1,743,525	109.7	78.2
6/30/2018	0.0275	1,726,363	162,369	1,888,732	1,518,560	113.7	78.1
6/30/2017	0.0229	4,571,255	441,648	5,012,903	1,286,453	355.3	51.6
6/30/2016	0.0178	4,245,725	426,450	4,672,175	927,733	457.6	44.9
6/30/2015	0.0124	767,063	93,946	861,009	675,080	113.6	76.8
6/30/2014	0.0013	59,903	4,240	64,143	66,414	90.2	81.1

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's Teachers Retirement Association Contributions

Fiscal Year End	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2022	$ 195,802	$ 195,802	$ -	$ 2,347,746	8.34 %
6/30/2021	177,544	177,544	-	2,183,817	8.13
6/30/2020	156,210	156,210	-	1,972,344	7.92
6/30/2019	134,426	134,426	-	1,743,525	7.71
6/30/2018	113,008	113,008	-	1,506,773	7.50
6/30/2017	96,484	96,484	-	1,286,453	7.50
6/30/2016	69,580	69,580	-	927,733	7.50
6/30/2015	47,133	47,133	-	628,440	6.98

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - Teachers Retirement Association

Changes in Actuarial Assumptions

2021 - The investment return assumption was changed from 7.50 percent to 7.00 percent

2020 - Assumed termination rates were changed to more closely reflect actual experience. The pre-retirement mortality assumption was changed to RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 - No changes noted.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The cost of living adjustment was not assumed to increase to 2.5 percent but remain at 2.0 percent for all future years. The investment return assumption was changed from 8.25 percent to 8.00 percent.

2014 - The cost of living adjustment was assumed to increase from 2.0 percent annually to 2.5 percent annually on July 1, 2034.

Notes to the Required Supplementary Information - Teachers Retirement Association (Continued)

Changes in Plan Provisions

2021 - No changes noted.

2020 - No changes noted.

2019 - No changes noted.

2018 - The 2018 Omnibus Pension Bill contained a number of changes:

- The COLA was reduced from 2.0 percent each January 1 to 1.0 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1 percent each year until reaching the ultimate rate of 1.5 percent in January 1, 2028.

- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.

- The COLA trigger provision, which would have increased the COLA to 2.5 percent if the funded ratio was at least 90 percent for two consecutive years, was eliminated.

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.

- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0 percent to 3.0 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5 percent to 7.5 percent, effective July 1, 2018.

- The employer contribution rate is increased each July 1 over the next 6 years (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 - No changes noted.

2016 - No changes noted.

2015 - On June 30, 2015, the Duluth Teachers Retirement Fund Association was merged into TRA. This also resulted in a state-provided contribution stream of $14.377 million until the plan becomes fully funded.

2014 - The increase in the post-retirement benefit adjustment (COLA) will be made once the plan is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2022

Schedule of Employer’s Share of Public Employees Retirement Association Net Pension Liability

Year	Charter School's Proportion of the Net Pension Liability	Charter School's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the School (b)	Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2021	0.0158 %	$ 674,731	$ 20,627	$ 1,139,661	59.2 %	87.0 %
6/30/2020	0.0138	827,373	25,467	981,455	84.3	79.0
6/30/2019	0.0127	702,155	21,832	895,727	78.4	80.2
6/30/2018	0.0113	626,878	20,614	759,978	82.5	79.5
6/30/2017	0.0073	466,027	5,860	478,600	97.4	75.9
6/30/2016	0.0038	308,541	3,978	249,440	123.7	68.9
6/30/2015	0.0015	77,738	-	92,987	83.6	78.2
6/30/2014	0.0002	9,395	-	8,787	106.9	78.7

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer’s Public Employees Retirement Association Contributions

Fiscal Year End	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2022	$ 84,926	$ 84,926	$ -	$ 1,132,352	7.5 %
6/30/2021	85,475	85,475	-	1,139,661	7.5
6/30/2020	73,609	73,609	-	981,455	7.5
6/30/2019	67,180	67,180	-	895,727	7.5
6/30/2018	56,998	56,998	-	759,978	7.5
6/30/2017	35,894	35,894	-	478,600	7.5
6/30/2016	18,708	18,708	-	249,440	7.5
6/30/2015	6,974	6,974	-	92,987	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - Public Employees Retirement Association

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Notes to the Required Supplementary Information - Public Employees Retirement Association (Continued)

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals $16,000,000 in 2017 and 2018, and $6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The state's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

2016 - No changes noted.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

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INDIVIDUAL FUND SCHEDULE AND TABLE

NORTHEAST COLLEGE PREP
CHARTER SCHOOL NO. 4219
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2022

Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued on the Following Page)
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022				2021
	Budgeted Amounts		Actual	Variance With	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Other local and county revenue	$ 229,984	$ 231,792	$ 320,771	$ 88,979	$ 336,327
Interest earned on investments	-	-	220	220	607
Revenue from state sources	6,178,792	5,908,577	5,815,779	(92,798)	5,959,019
Revenue from federal sources	908,161	1,360,033	1,415,594	55,561	417,776
Total Revenues	7,316,937	7,500,402	7,552,364	51,962	6,713,729
Expenditures					
Current					
Administration					
Salaries	422,202	411,385	298,731	112,654	181,555
Fringe benefits	67,548	33,503	59,501	(25,998)	54,805
Purchased services	450	1,200	38,500	(37,300)	11,777
Other	36,480	36,480	36,877	(397)	26,268
Total administration	526,680	482,568	433,609	48,959	274,405
District support services					
Salaries	198,916	220,819	263,828	(43,009)	171,235
Fringe benefits	107,810	157,740	118,658	39,082	85,858
Purchased services	184,088	277,289	270,878	6,411	231,453
Supplies and materials	66,400	59,203	90,061	(30,858)	75,878
Other	1,920	1,920	5,629	(3,709)	23,831
Total district support services	559,134	716,971	749,054	(32,083)	588,255
Elementary and secondary regular instruction					
Salaries	1,509,164	1,740,720	1,717,756	22,964	1,646,219
Fringe benefits	382,353	414,980	516,986	(102,006)	477,984
Purchased services	27,897	24,334	55,901	(31,567)	19,899
Supplies and materials	100,719	177,750	223,448	(45,698)	239,193
Other	9,600	9,600	9,940	(340)	92
Total elementary and secondary regular instruction	2,029,733	2,367,384	2,524,031	(156,647)	2,383,387
Special education instruction					
Salaries	1,236,507	1,179,978	1,039,429	140,549	1,126,659
Fringe benefits	347,578	362,932	343,889	19,043	347,113
Purchased services	323,177	269,500	248,793	20,707	288,898
Supplies and materials	70,473	20,894	25,330	(4,436)	16,398
Other	-	-	233	(233)	-
Total special education instruction	1,977,735	1,833,304	1,657,674	175,630	1,779,068

Northeast College Prep
Charter School No. 4219
Minneapolis, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022				2021
	Budgeted Amounts		Actual	Variance With	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Instructional support services					
Salaries	$ 45,000	$ 85,850	$ 133,855	$ (48,005)	$ 187,558
Fringe benefits	111,075	74,804	41,105	33,699	57,066
Purchased services	64,153	57,960	67,114	(9,154)	74,543
Supplies and materials	60,456	43,750	31,463	12,287	140,868
Other	-	-	75	(75)	-
Total instructional support services	280,684	262,364	273,612	(11,248)	460,035
Pupil support services					
Salaries	8,314	6,363	4,407	1,956	51
Fringe benefits	2,860	4,185	2,821	1,364	8
Purchased services	802,395	861,865	922,092	(60,227)	553,076
Supplies and materials	17,300	8,895	32,164	(23,269)	1,728
Total pupil support services	830,869	881,308	961,484	(80,176)	554,863
Sites and buildings					
Salaries	35,060	45,297	38,047	7,250	36,335
Fringe benefits	25,281	43,075	21,841	21,234	19,649
Purchased services	189,454	147,765	156,844	(9,079)	655,858
Supplies and materials	35,950	9,861	18,281	(8,420)	15,033
Total sites and buildings	285,745	245,998	235,013	10,985	726,875
Fiscal and other fixed cost programs					
Purchased services	20,997	20,997	17,687	3,310	16,300
Debt service	21,236	21,236	21,236	-	21,235
Total fiscal and other fixed cost programs	42,233	42,233	38,923	3,310	37,535
Total current	6,532,813	6,832,130	6,873,400	(41,270)	6,804,423
Capital outlay					
District support services	-	-	1,716	(1,716)	3,754
Elementary and secondary regular instruction	-	-	1,578	(1,578)	39,765
Instructional support services	115,000	57,661	145,447	(87,786)	213,124
Sites and buildings	535,964	510,964	574,646	(63,682)	62,342
Fiscal and other fixed cost programs	-	2,835	-	2,835	-
Total capital outlay	650,964	571,460	723,387	(151,927)	318,985
Total Expenditures	7,183,777	7,403,590	7,596,787	(193,197)	7,123,408
Excess (Deficiency) of Revenues Over (Under) Expenditures	133,160	96,812	(44,423)	(141,235)	(409,679)
Other Financing Sources (Uses)					
Loan issued	-	-	-	-	666,000
Transfers out	-	(28,210)	(63,771)	(35,561)	(61,798)
Total Other Financing Sources (Uses)	-	(28,210)	(63,771)	(35,561)	604,202
Net Change in Fund Balances	133,160	68,602	(108,194)	(176,796)	194,523
Fund Balances, July 1	1,121,605	1,121,605	1,121,605	-	927,082
Fund Balances, June 30	$ 1,254,765	$ 1,190,207	$ 1,013,411	$ (176,796)	$ 1,121,605

Fiscal Compliance Report - 6/30/2022
District: NORTHEAST COLLEGE PREP (4219-7) Back Print

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	$7,552,364	$7,552,364	$0
Total Expenditures	$7,596,787	$7,596,790	($3)
Non Spendable:			
4.60 Non Spendable Fund Balance	$158,989	$158,989	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$0	$0	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe School Crime - Crime Levy	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$0	$0	$0
4.72 Medical Assistance	$264	$264	$0
4.73 PPP Loan	$0	$0	$0
4.74 EIDL Loan	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$0	$0	$0
Unassigned:			
4.22 Unassigned Fund Balance	$854,158	$854,156	$2
02 FOOD SERVICES			
Total Revenue	$335,599	$335,599	$0
Total Expenditures	$399,370	$399,370	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.74 EIDL Loan	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0
04 COMMUNITY SERVICE			
Total Revenue			

	Audit	UFARS	Audit - UFARS
06 BUILDING CONSTRUCTION			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
07 DEBT SERVICE			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
08 TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
18 CUSTODIAL			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
20 INTERNAL SERVICE			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
25 OPEB REVOCABLE TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
45 OPEB IRREVOCABLE TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$0	$0	$0
4.32 E.C.F.E	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$0	$0	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.73 PPP Loan	$0	$0	$0
4.74 EIDL Loan	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

47 OPEB DEBT SERVICE

Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted:			
4.25 Bond Refundings	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

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OTHER REQUIRED REPORTS

NORTHEAST COLLEGE PREP
CHARTER SCHOOL NO. 4219
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Members of the Board of Education
Northeast College Prep, Charter School No. 4219
Minneapolis, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Northeast College Prep, Charter School No. 4219 (the Charter School), Minneapolis, Minnesota as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated December 13, 2022.

The *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minnesota statute § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools. In connection with our audit, nothing came to our attention that caused us to believe that the Charter School failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools.* However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Charter School's noncompliance with the above referenced provisions.

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

Abdo

Abdo
Minneapolis, Minnesota
December 13, 2022

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

Members of the Board of Education
Northeast College Prep, Charter School No. 4219
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, each major fund and the aggregate remaining fund information of the Northeast College Prep, Charter School No. 4219, (the Charter School), Minneapolis, Minnesota, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated December 13, 2022.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, 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 Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Charter 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 Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Minneapolis, Minnesota
December 13, 2022

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FEDERAL FINANCIAL AWARD PROGRAMS

NORTHEAST COLLEGE PREP
CHARTER SCHOOL NO. 4219
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the School Board
Northeast College Prep
Minneapolis, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northeast College Prep's (the Charter School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal programs for the year ended June 30, 2022. The Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.
In our opinion, the Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Charter 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 Charter School's compliance with the compliance requirements referred to above.

Management's Responsibility

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 Charter 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 Charter 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 generally accepted auditing standards, *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 Charter School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Charter 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 Charter 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 Charter 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.

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December 13, 2022

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Northeast College Prep
Minneapolis, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Funding Source/Program Name	Federal Domestic Assistance Number	Pass-Through Agency	Federal Program Clusters	Program Expenditures
United States Department of Agriculture				
Child Nutrition Cluster				
School Breakfast Program	10.553	MN Department of Education	$ 93,744	
National School Lunch Program	10.555	MN Department of Education	200,444	
National School Lunch Program	10.555C	MN Department of Education	32,010	
Summer Food Service Program for Children	10.559	MN Department of Education	63	
Total Child Nutrition Cluster				$ 326,261
Total United States Department of Agriculture				326,261
United States Department of Education				
Special Education Cluster				
Special Education Grants to States	84.027	MN Department of Education	61,513	
Special Education Preschool Grants	84.173	MN Department of Education	1,764	
Special Education Cluster				63,277
United States Department of Education				
Title I Grants to Local Educational Agencies	84.010	MN Department of Education		156,664
United States Department of Education				
English Language Acquisition State Grants	84.365	MN Department of Education		21,238
United States Department of Education				
Supporting Effective Instruction State Grants	84.367	MN Department of Education		23,305
United States Department of Education				
Student Support and Academic Enrichment Program	84.424	MN Department of Education		10,000
United States Department of Education				
COVID-19 -Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act	84.425U	MN Department of Education		476,872
COVID-19 -Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act	84.425D	MN Department of Education		598,874
Total United States Department of Education				1,350,230
United States Department of Health and Human Services				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	MN Department of Revenue		31,980
United States Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds	21.027	MN Department of Revenue		33,384
Total				$ 1,741,855

Northeast College Prep
Minneapolis, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Northeast College Prep , Minneapolis, Minnesota (the Charter School). The Charter School's reporting entity is defined in Note 1A to the Charter School's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). All federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit-Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Pass-Through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended June 30, 2022, the Charter School did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Northeast College Prep
Minneapolis, Minnesota
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - 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 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 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 the Uniform Guidance?	No

Identification of Major Programs/Projects	**CFDA No.**
Emergency Stablization Funds	84.425
Dollar threshold used to distinguish between Type A and Type B Programs	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

Other Issues

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal Single Audit Act.