BADEN ACADEMY CHARTER SCHOOL

Financial Statements

June 30, 2024

DELUZIO & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

BADEN ACADEMY CHARTER SCHOOL

Table of Contents

	Page(s)
Independent Auditor's Report	1 - 4
Management's Discussion and Analysis	5 - 12
Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet – Governmental Fund	15
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund	17
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	18
Statement of Net Position – Proprietary Fund	19
Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Fund	20
Statement of Cash Flows – Proprietary Fund	21
Statement of Net Position – Fiduciary Fund	22
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	23
Notes to the Financial Statements	24 - 45
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual – General Fund	46
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios	47
Schedule of Required Pension Contributions	48
Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios	49
Schedule of Required OPEB Contributions	50

(continued)

BADEN ACADEMY CHARTER SCHOOL

Table of Contents

(continued)

	Page(s)
Single Audit Reports Section	
Schedule of Expenditures of Federal Awards	51 - 53
Notes to the Schedule of Expenditures of Federal Awards	54
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*	55 - 56
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	57 - 59
Schedule of Findings and Questioned Costs	60
Schedule of Prior Audit Findings	61

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Independent Auditor's Report

The Board of Directors
Baden Academy Charter School

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and fiduciary fund of Baden Academy Charter School, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Baden Academy Charter School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the fiduciary fund of Baden Academy Charter School, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Baden Academy 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

Baden Academy Charter School's 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

(continued)

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Independent Auditor's Report

(continued)

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Baden Academy 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 Responsibility 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Baden Academy 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 Baden Academy 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.

(continued)

Independent Auditor's Report

(continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, other post-employment benefits and the pension information on pages 5 - 12 and 46 - 50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Baden Academy Charter School's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

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Independent Auditor's Report

(continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025 on our consideration of Baden Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Baden Academy Charter School's internal control over financial reporting and compliance.

Deluzio & Company, LLP

Greensburg, Pennsylvania
March 20, 2025

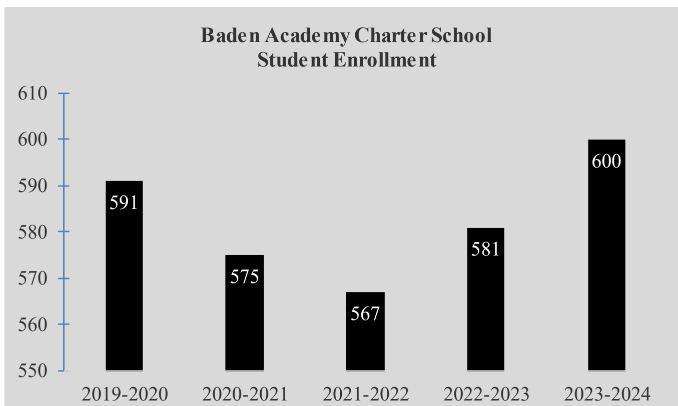
BADEN ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Required Supplementary Information
June 30, 2024

Our discussion and analysis of the Baden Academy Charter School's (School) financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2024. Please review this information in conjunction with the School's financial statements that begin on page 13.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Baden Academy Charter School had an increase in enrollment during the fiscal year ended June 30, 2024.



The School's governmental activities net position was $9,107,780 as of June 30, 2024, and consisted of the following:

Net investment in capital assets	$ 4,619,109
Restricted for line of credit	$ 259,744
Unrestricted net position	$ 4,228,927

The School's governmental fund balance was $10,413,611 as of June 30, 2024, and consisted of the following:

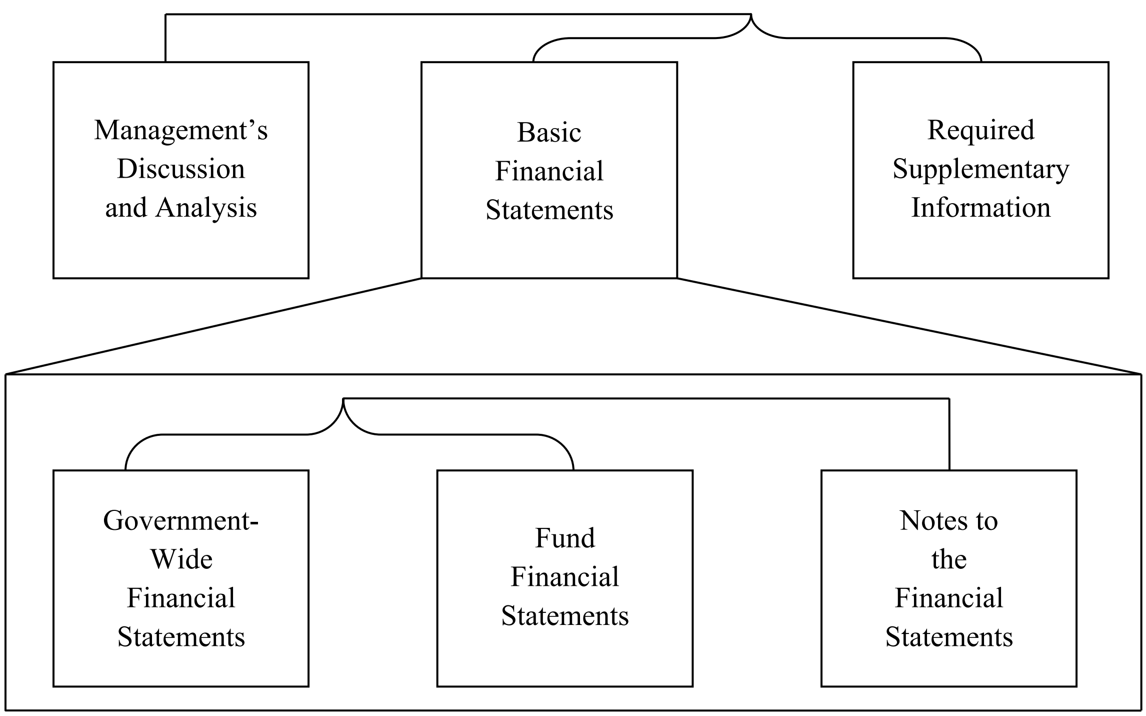
Nonspendable – prepaid expenses	$ 150,978
Restricted – investments	$ 259,744
Assigned	$ 2,000,000
Unassigned	$ 8,002,889

USING THE BASIC FINANCIAL STATEMENT REPORT

This Basic Financial Statement Report consists of the Management's Discussion and Analysis and a series of financial statements and notes to those statements. The Statement of Net Position and Statement of Activities on pages 13 and 14 provide information about the activities of the School as a whole and present a longer-term view of the School's financial position. Fund Financial Statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The Fund Financial Statements look at the School's most significant funds. For the School, the General Fund is the main operating governmental fund, and the Cafeteria Fund is the main operating proprietary fund. Lastly, the financial statements include notes that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the Financial Statement Report are arranged and relate to one another.

Figure A-1
Required components of Baden Academy Charter School's
Financial Statement Report



REPORTING THE SCHOOL AS A WHOLE

Statement of Net Position and the Statement of Activities

While this document contains the funds used by the School to provide programs and activities, the view of the School as a whole looks at all financial transactions and asks the question, "How did we do financially during the Fiscal Year Ended June 30, 2024?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and changes in net position. This change in net position is important because it tells the reader, for the School as a whole, whether the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the current charter school laws in Pennsylvania concerning funding, availability of facilities, required educational programs, mandated services and other factors.

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Statements

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all the School's assets and liabilities. All the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how it has changed. Net position, the difference between the School's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the School's financial health or position.

Over time, increases or decreases in the School's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the School, you need to consider additional non-financial factors, such as the School's enrollment and the academic achievement of the students.

In the Statement of Net Position and the Statement of Activities, the School shows the following types of activities:

- *Governmental activities* – most of the School's basic services are included here, such as instruction, support services, operation and maintenance of plant, and administrative services. Tuition, state and federal subsidies and grants finance most of these activities.

- *Business-type activities* – the School's cafeteria services are included here.

REPORTING THE CHARTER SCHOOL'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the most significant funds, not the School as a whole. Some funds are required by state law.

Governmental funds – Most of the School's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reflected in reconciliations on pages 16 and 18.

Proprietary funds – Proprietary funds provide the same type of information as the government-wide financial statements, in more detail. The proprietary fund financial statements provide information on the Cafeteria Fund. The proprietary fund financial statements can be found on pages 19 - 21.

Fiduciary funds – Fiduciary funds are used to account for assets held in a trustee capacity. The School maintains one fiduciary fund, the Student Activities Fund. Fiduciary funds are reported on the accrual basis of accounting, whereas revenues are recorded when earned and expenses are recorded when a liability is incurred. The fiduciary fund financial statement can be found on pages 22 - 23 of this report.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The School's total net position was $9,371,004 and $7,425,007 as of June 30, 2024 and 2023, respectively. Below is a Condensed Statement of Net Position as of June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
Current assets	$ 10,854,756	$ 10,213,366
Restricted assets	259,744	257,792
Capital assets	6,678,095	6,289,517
Total Assets	17,792,595	16,760,675
Deferred Outflows of Resources	955,846	870,501
Current liabilities	982,653	1,011,499
Long-term liabilities	7,625,784	8,242,670
Total Liabilities	8,608,437	9,254,169
Deferred Inflows of Resources	769,000	952,000
Net investment in capital assets	4,646,459	3,929,868
Restricted for line of credit	259,744	257,792
Unrestricted net position	4,464,801	3,237,347
Total Net Position	$ 9,371,004	$ 7,425,007

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (continued)

Most of the School's assets are included in cash and cash equivalents and intergovernmental receivables (tuition due from local educational agencies for enrolled students and Federal funds receivable). Total current assets increased by $641k, while total assets increased by $1.03MM from the prior year. The increase in current and total assets relates primarily to increased cash, offset by a decline in receivables. In addition, total liabilities decreased by $646k, while total net position increased by $1.95MM. The decrease in total liabilities primarily relates to the decrease in the School's outstanding debt. The deferred outflows of resources and deferred inflows of resources are also recorded in accordance with GASB Statements No. 68 and No. 75. For more information on this, see the notes to the financial statements.

The results of the School's twelfth year of operations as a whole are reported in the Statement of Activities on page 14. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are presented to determine the final amount of the School's activities that are supported by general revenues. The largest general revenue is tuition charged to local educational agencies for enrolled students residing in those educational agencies.

The table below summarizes the information from the Statement of Activities, rearranges it slightly, so you can see total revenues for the year. Prior year information is also provided for a comparative analysis of government-wide data.

	Governmental Activities		Business-Type Activities		Totals	
	06/30/24	06/30/23	06/30/24	06/30/23	06/30/24	06/30/23
Revenues						
Program Revenues:						
Operating grants and contributions	$ 1,433,767	$ 645,616	$ 387,588	$ 379,780	$ 1,821,355	$ 1,025,396
Capital grants and contributions	-	-	-	-	-	-
Charges for services	5,740	6,440	27,391	27,054	33,131	33,494
General Revenues:						
Payments from local educational agencies	11,199,992	9,844,808	-	-	11,199,992	9,844,808
Grants subsidies and contributions, not restricted	4,348	61,047	-	-	4,348	61,047
Investment earnings	76,975	68,799	-	-	76,975	68,799
Miscellaneous income	2,918	1,946	-	-	2,918	1,946
Interfund transfers	(8,721)	-	8,721	-	-	-
Total Revenues	12,715,019	10,628,656	423,700	406,834	13,138,719	11,035,490
Expenses						
Instruction	6,328,394	5,243,453	-	-	6,328,394	5,243,453
Support services	4,079,866	3,555,102	-	-	4,079,866	3,555,102
Food services	-	-	378,322	385,862	378,322	385,862
Non-instructional services	406,140	393,946	-	-	406,140	393,946
Total Expenses	10,814,400	9,192,501	378,322	385,862	11,192,722	9,578,363
Change in Net Position	1,900,619	1,436,155	45,378	20,972	1,945,997	1,457,127
Net Position, Beginning	7,207,161	5,771,006	217,846	196,874	7,425,007	5,967,880
Net Position, Ending	$ 9,107,780	$ 7,207,161	$ 263,224	$ 217,846	$ 9,371,004	$ 7,425,007

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (continued)

During the current fiscal year, overall program revenues increased by $796k from the prior year while general revenues increased by $1.3MM. In addition, total expenses increased by $1.6MM. Program revenues increased due to an increase in ESSER spending in the current year. General revenues increased primarily due to an increase in enrollment.

The table below shows the School's four largest functions for the general fund - instructional programs, support programs, non-instructional programs and unallocated depreciation as well as each program's net cost (total cost less revenues generated by the activities). This table shows the net costs to be offset by payments from local educational agencies, unrestricted grants, subsidies, contributions and other miscellaneous revenues.

	FY 23-24		FY 22-23
Function/Programs	Total Cost of Services	Net Cost of Services	Net Cost of Services
Instruction	$ 6,328,394	$ 4,965,038	$ 4,756,413
Support Services	4,079,866	4,003,715	3,390,086
Unallocated Depreciation	290,765	290,765	268,846
Non-Instructional Services	115,375	115,375	125,100
Total Governmental Activities	$ 10,814,400	9,374,893	8,540,445
Total Needs from General Revenues		$ 9,374,893	$ 8,540,445

The table below shows the School's business-type activities, cafeteria services, with its net cost (total cost less revenues generated by the activities). This table shows the net costs to be offset by unrestricted grants, subsidies and contributions and other miscellaneous revenues.

	FY 23-24		FY 22-23
Function/Programs	Total Cost of Services	Net Cost of Services	Net Cost of Services
Food Services	$ 378,322	$ (36,657)	$ (20,972)
Total Business-Type Activities	$ 378,322	(36,657)	(20,972)
Total Needs from General Revenues		$ (36,657)	$ (20,972)

THE SCHOOL'S FUNDS

The General Fund, which accounts for the School's general operations, had an unassigned fund balance of $8,002,889 as noted on page 15.

The Cafeteria Fund, which accounts for the School's cafeteria operations, had total net position of $263,224 as noted on page 19.

General Fund Budgeting Highlights

The School's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The only budgeted fund is the General Operating Fund.

For the General Operating Fund, budgeted revenue was $10,861,523. Actual revenues were more than this budget amount by approximately $1.9MM. This was mainly due to an increase in student count and federal grants. The expenditures were budgeted at $10,861,523. Actual expenditures were more than budgeted expenditures by approximately $1.4MM. The most significant variances from budget to actual related to costs associated with facilities maintenance and construction, due to several projects. A schedule showing the School's original and final budget amounts compared with amounts actually paid and received is provided on page 46.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the School's Governmental Activities had $4,619,109 invested in a broad range of capital assets, including the building, leasehold improvements, furniture and equipment, electronic data processing equipment and right-to-use assets. More detailed information regarding the School's capital assets are included in the Notes to the Financial Statements.

Debt Administration

As of June 30, 2024, the School had outstanding notes payable totaling $754,115.

The School had access to $150,000 on a line of credit as of June 30, 2024.

As of June 30, 2024, the School had $1,248,202 of lease obligations outstanding. As required by GASB 84, the School recorded the original lease obligations in the amount of $2,141,392.

ECONOMIC FACTORS AND BUDGETS

Though the charter school concept is now widely accepted, the way in which charter schools are funded will likely remain an issue of debate for the foreseeable future. Nevertheless, the demand for the type and quality of educational services provided by the School continues to grow. In particular, the School's emphasis on creating an arts-infused atmosphere (in which the creative and performing arts are used to provide engaging instruction in the core academic curriculum) has made Baden Academy a particularly attractive option for parents and students alike. Baden Academy Charter School is attracting students from 12 school districts in its home county, as well as from 8 additional school districts outside the county.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT DEPARTMENT

Our financial report is designed to provide citizens, taxpayers, parents, students, and creditors with a general overview of the School's finances and to show the School Board of Directors accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Michelle Lennon, Chief Executive Officer, at Baden Academy Charter School, 1016 State Street, Baden, Pennsylvania 15005.

BADEN ACADEMY CHARTER SCHOOL
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS			
Current Assets			
Cash and cash equivalents	$ 8,925,763	$ 242,756	$ 9,168,519
Intergovernmental receivables	1,564,654	5,719	1,570,373
Prepaid expenses	115,864	-	115,864
Total Current Assets	10,606,281	248,475	10,854,756
Restricted Assets			
Investments	259,744	-	259,744
Total Restricted Assets	259,744	-	259,744
Capital Assets			
Right-to-use asset, net of amortization	1,152,580	-	1,152,580
Building, furniture, equipment and leasehold improvements, net of depreciation	5,498,165	27,350	5,525,515
Total Capital Assets	6,650,745	27,350	6,678,095
Total Assets	17,516,770	275,825	17,792,595
Deferred Outflows of Resources	955,846	-	955,846
LIABILITIES			
Current Liabilities			
Accounts payable	203,248	12,601	215,849
Retirement payable	133,956	-	133,956
Accrued salaries and benefits	131,399	-	131,399
Current portion of notes payable	145,178	-	145,178
Unearned revenue	3,853	-	3,853
Current portion of lease obligation	343,141	-	343,141
Due to student activity fund	9,277	-	9,277
Total Current Liabilities	970,052	12,601	982,653
Long-Term Liabilities			
Notes payable, net of current portion	608,937	-	608,937
Lease obligation, net of current portion	905,061	-	905,061
Compensated absences	141,462	-	141,462
Net OPEB liability	231,581	-	231,581
Net pension liability	5,738,743	-	5,738,743
Total Long-Term Liabilities	7,625,784	-	7,625,784
Total Liabilities	8,595,836	12,601	8,608,437
Deferred Inflows of Resources	769,000	-	769,000
NET POSITION			
Net investment in capital assets	4,619,109	27,350	4,646,459
Restricted for line of credit	259,744	-	259,744
Unrestricted net position	4,228,927	235,874	4,464,801
Total Net Position	$ 9,107,780	$ 263,224	$ 9,371,004

See accompanying notes to the financial statements.

BADEN ACADEMY CHARTER SCHOOL
Statement of Activities
Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Grants and Contributions: Operating	Program Revenues: Grants and Contributions: Capital	Net (Expense) Revenues and Changes in Net Position: Governmental Activities	Net (Expense) Revenues and Changes in Net Position: Business-Type Activities	Net (Expense) Revenues and Changes in Net Position: Total Primary Government
Governmental Activities							
Instructional Services							
Regular instruction	$ 4,294,385	$ -	$ 1,237,880	$ -	$ (3,056,505)	$ -	$ (3,056,505)
Special instruction	2,033,745	-	111,752	-	(1,921,993)	-	(1,921,993)
Other instructional programs	264	-	13,724	-	13,460	-	13,460
Total Instructional Services	6,328,394	-	1,363,356	-	(4,965,038)	-	(4,965,038)
Support Services							
Pupil personnel	358,351	-	-	-	(358,351)	-	(358,351)
Instructional staff	358,803	-	-	-	(358,803)	-	(358,803)
Administration	847,898	-	-	-	(847,898)	-	(847,898)
Pupil health	94,624	-	11,236	-	(83,388)	-	(83,388)
Business services	431,207	-	-	-	(431,207)	-	(431,207)
Operation and maintenance of plant services	1,666,196	5,740	59,175	-	(1,601,281)	-	(1,601,281)
Student transportation services	128,538	-	-	-	(128,538)	-	(128,538)
Support services - central	194,249	-	-	-	(194,249)	-	(194,249)
Total Support Services	4,079,866	5,740	70,411	-	(4,003,715)	-	(4,003,715)
Non-Instructional Services							
Community services	2,217	-	-	-	(2,217)	-	(2,217)
Student activities	1,274	-	-	-	(1,274)	-	(1,274)
Interest on long-term debt	111,884	-	-	-	(111,884)	-	(111,884)
Unallocated depreciation expense	290,765	-	-	-	(290,765)	-	(290,765)
Total Non-Instructional Services	406,140	-	-	-	(406,140)	-	(406,140)
Total Governmental Activities	10,814,400	5,740	1,433,767	-	(9,374,893)	-	(9,374,893)
Business-Type Activities							
Food Service Fund	378,322	27,391	387,588	-	-	36,657	36,657
Total Business-Type Activities	378,322	27,391	387,588	-	-	36,657	36,657
Total Primary Government	$ 11,192,722	$ 33,131	$ 1,821,355	$ -	(9,374,893)	36,657	(9,338,236)
General Revenues:							
Payments from local educational agencies					11,199,992	-	11,199,992
Grants, subsidies and contributions not restricted					4,348	-	4,348
Investment earnings					76,975	-	76,975
Miscellaneous income					2,918	-	2,918
Interfund Transfers					(8,721)	8,721	-
Total General Revenues					11,275,512	8,721	11,284,233
Change in Net Position					1,900,619	45,378	1,945,997
Net Position - July 1, 2023					7,207,161	217,846	7,425,007
Net Position - June 30, 2024					$ 9,107,780	$ 263,224	$ 9,371,004

See accompanying notes to the financial statements.

BADEN ACADEMY CHARTER SCHOOL
Balance Sheet – Governmental Fund
June 30, 2024

		General Fund
ASSETS		
Cash and cash equivalents	$	8,925,763
Intergovernmental receivables		1,564,654
Prepaid expenses		150,978
Investments		259,744
Total Assets		10,901,139
LIABILITIES		
Accounts payable		203,248
Accrued interest		5,795
Retirement payable		133,956
Accrued salaries and benefits		131,399
Due to student activity fund		9,277
Total Liabilities		483,675
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue		3,853
FUND BALANCE		
Nonspendable - prepaid expenses		150,978
Restricted - investments		259,744
Spendable		
Assigned		2,000,000
Unassigned		8,002,889
Total Fund Balance		10,413,611
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$	10,901,139

See accompanying notes to the financial statements.

BADEN ACADEMY CHARTER SCHOOL
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2024

TOTAL FUND BALANCE – GOVERNMENTAL FUND	$	10,413,611
Amounts reported for ***governmental activities*** in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Capital Assets		9,560,316
Less Accumulated Depreciation and Amortization		(2,909,571)
Certain liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds.		
Notes Payable		(754,115)
Lease Obligation		(1,277,521)
Compensated Absences		(141,462)
Net OPEB Liability		(231,581)
Net Pension Liability		(5,738,743)
Deferred outflows of resources related to net pension liability.		919,871
Deferred outflows of resources related to OPEB liabilities.		35,975
Deferred inflows of resources related to net pension liability.		(674,000)
Deferred inflows of resources related to OPEB liabilities.		(95,000)
TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES	$	9,107,780

See accompanying notes to the financial statements.

BADEN ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Fund
Fiscal Year Ended June 30, 2024

		General Fund
REVENUES		
Local sources	$	11,398,826
State sources		83,925
Federal sources		1,240,989
Total Revenues		12,723,740
EXPENDITURES		
Instruction		6,739,197
Support services		4,555,877
Non-instructional services		3,490
Facilities acquisition and construction		749,429
Debt service:		
Principal		214,651
Interest		40,066
Total Expenditures		12,302,710
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)		421,030
OTHER FINANCING SOURCES (USES)		
Issuance of leases and subscriptions		214,802
Transfers out to cafeteria fund		(8,721)
Net Other Financing Sources (Uses)		206,081
Net Change in Fund Balance		627,111
Fund Balance - July 1, 2023		9,786,500
Fund Balance - June 30, 2024	$	10,413,611

See accompanying notes to the financial statements.

BADEN ACADEMY CHARTER SCHOOL
Reconciliation of the Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Fiscal Year Ended June 30, 2024

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND		$ 627,111
Amounts reported for ***governmental activities*** in the statement of activities are different because:		
The issuance of debt provides current financial resources to governmental funds, while repayment of the principal of debt and lease obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. This amount is the net effect of these differences in the treatment of debt and related items:		
Lease obligation incurred	(214,802)	
Lease interest	(71,818)	
Principal payments on note payable and lease obligation	614,633	328,013
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Add: Capital outlays including right to use assets, net of disposals	1,048,600	
Less: Depreciation and amortization expense	(654,738)	393,862
In the statement of activities, certain operating expenses such as compensated absences are measured by the amounts earned or accrued during the year and reported as liabilities in the statement of net position. However, in the governmental fund, expenditures for compensated absences are measured by the amount of financial resources used. Compensated absences are not reported as liabilities on the governmental fund balance sheet.		51,320
OPEB expense is reported in governmental funds as an expenditure when payments are made or are due and payable. However in the Statement of Activities, OPEB expense is recorded based on changes in the net OPEB liability.		17,238
Pension expense is reported in governmental funds as an expenditure when payments are made or are due and payable. However in the Statement of Activities, pension expense is recorded based on changes in the net pension liability.		483,075
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,900,619

See accompanying notes to the financial statements.

BADEN ACADEMY CHARTER SCHOOL
Statement of Net Position – Proprietary Fund
June 30, 2024

		Cafeteria Fund
ASSETS		
Current Assets		
Cash and cash equivalents	$	242,756
Intergovernmental receivables		5,719
Total Current Assets		248,475
Capital Assets		
Equipment		52,842
Less: Accumulated depreciation		(25,492)
Total Capital Assets, Net of Depreciation		27,350
Total Assets		275,825
LIABILITIES		
Accounts payable		12,601
Total Liabilities		12,601
NET POSITION		
Net investment in capital assets		27,350
Unrestricted		235,874
Total Net Position	$	263,224

See accompanying notes to the financial statements.

BADEN ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Fund
Fiscal Year Ended June 30, 2024

	Cafeteria Fund
OPERATING REVENUES	
Charges for services, net of refunds	$ 27,391
Total Operating Revenues	27,391
OPERATING EXPENSES	
Purchased services	365,120
Supplies	1,790
Purchased professional and technical services	6,018
Dues and fees	110
Depreciation	5,284
Total Operating Expenses	378,322
Operating Loss	(350,931)
NON-OPERATING REVENUES	
Federal revenues	348,153
State revenues	39,435
Total Non-Operating Revenues	387,588
Income before Transfers	36,657
TRANSFERS	
Transfers in	8,721
Change in Net Position	45,378
Net Position - July 1, 2023	217,846
Net Position - June 30, 2024	$ 263,224

See accompanying notes to the financial statements.

BADEN ACADEMY CHARTER SCHOOL
Statement of Cash Flows – Proprietary Fund
Fiscal Year Ended June 30, 2024

	Cafeteria Fund
Cash Flows from Operating Activities	
Charges to customers	$ 27,391
Payments to vendors	(376,029)
Net Cash Used in Operating Activities	(348,638)
Cash Flows from Noncapital Financing Activities	
Federal revenues	385,002
State revenues	45,442
Transfers from the General Fund	8,721
Net Cash Provided by Noncapital Financing Activities	439,165
Net Increase in Cash and Cash Equivalents	90,527
Cash and Cash Equivalents - July 1, 2023	152,229
Cash and Cash Equivalents - June 30, 2024	$ 242,756
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	$ (350,931)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	5,284
Changes in operating assets and liabilities	
Increase (Decrease) in:	
Accounts payable	(2,991)
Net Cash Used in Operating Activities	$ (348,638)

See accompanying notes to the financial statements.

BADEN ACADEMY CHARTER SCHOOL
Statement of Net Position – Fiduciary Fund
June 30, 2024

		Student Activities
ASSETS		
Due from General Fund	$	9,277
Total Assets		9,277
NET POSITION		
Restricted		9,277
Total Net Position	$	9,277

See accompanying notes to the financial statements.

BADEN ACADEMY CHARTER SCHOOL
Statement of Changes in Fiduciary Net Position – Fiduciary Fund
June 30, 2024

		Student Activities
ADDITIONS		
Student activities	$	357
DEDUCTIONS		
Student activities		1,168
Change in Net Position		(811)
Net Position - July 1, 2023		10,088
Net Position - June 30, 2024	$	9,277

See accompanying notes to the financial statements.

NOTE 1 – REPORTING ENTITY

The Baden Academy Charter School (School) was formed under the laws of the state of Pennsylvania to provide elementary education to students which integrates the arts and sciences in a highly interactive, hands-on environment resulting in outstanding academic and personal achievement.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School. For the School, this includes general operations, cafeteria operations and student related activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the budget or the issuance of debt. The School does not have any component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the School are described below.

A. Basis of Presentation

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

Government-wide financial statements - The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between these activities of the School that are governmental and those that are considered business-type activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation **(continued)**

The statement of net position presents the financial condition of the governmental and business-type activities of the School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental activities and business. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program.

Revenues which are not classified as program revenues are presented as general revenues of the School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund financial statements – During the year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if any, are aggregated and presented in a single column. The fiduciary funds, if any, are reported by type.

Proprietary fund financial statements – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School reports the cafeteria fund as a proprietary fund. The fund accounts for all revenues, purchases, costs and expenses for the food services program, and is operated similarly to private business.

B. Measurement Focus/Basis of Accounting

The government-wide and proprietary fund 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus/Basis of Accounting **(continued)**

The School uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Charges to local educational agencies are revenues when services are provided. 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 are recorded only when payment is due. The School reports the following major governmental fund:

General Fund – the operating fund of the School used to account for all financial resources except those required to be accounted for in another fund.

Proprietary fund financial statements are used to account for the School's business-type activities. The focus on proprietary fund measurement is the determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School reports the following proprietary fund:

Cafeteria Fund – the fund used to account for the revenues and expenses of the School's cafeteria program.

Fiduciary fund financial statements are used to account for assets held by the School in a trustee capacity. The accrual basis of accounting and the flow of economic resources are used to prepare the School's fiduciary fund financial statements. Under this measurement focus, resources are recognized when they are required to be provided to the governmental entity and reductions to resources are recorded when an event has occurred that compels the School to disburse the fiduciary resources. The School reports the following fiduciary fund types:

Custodial Fund – Student Activities Fund – the Student Activities fund is used to account for funds collected by student groups, held by the School in a trustee capacity.

C. Budgetary Process

The School is required by state law to adopt an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The School passed an appropriated budget for the fiscal year ending June 30, 2024 with revenues totaling $10,861,523 and expenditures and other financing sources (uses) totaling $10,861,523.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process **(continued)**

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. The School prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. The School adopts a proposed budget, after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted via resolution of the School.
4. The Budget for the general fund must be filed with the Office of Public Instruction within fifteen (15) days after the adoption of the budget.

Final Budget: The final budget for each year must be adopted (via Board vote) by June 30 of the preceding school fiscal year.

Once the budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the School Board. Amendments are presented to the Board at their regular meetings.

D. Cash and Cash Equivalents

The 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.

E. Restricted Investments

The restricted investment is a certificate of deposit held at a bank that the School is legally obligated to maintain as collateral for their Line of Credit, which includes a letter of credit. The certificate of deposit is restricted by external creditors. The certificate of deposit totaling $259,744 is valued based on the cost of the investment plus accrued interest. See Note 3 regarding custodial credit risk of this investment.

F. Interfund Balances

On fund financial statements, receivables and payables resulting from interfund loans are classified as "interfund receivables/payables." These amounts are offset against each other as "internal balances" in the governmental activities column of the statement of net position, except for amounts due to/from other funds which are not presented in the statement of net position.

G. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expended as incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***G. Capital Assets* (continued)**

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets or lease agreement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Building	40 years
Building and Leasehold Improvements	5-25 years
Furniture and Equipment	3-15 years
Electronic Data Processing Equipment	3 years

The School has recorded right-to-use lease assets in accordance with GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

H. Compensated Absences

The School has a liability for unused compensated absences totaling $141,462 as of June 30, 2024.

I. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, notes payable, lease obligations and contractually required pension and OPEB contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year.

J. Pensions

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***J. Pensions* (continued)**

General Information about the Pension Plan

Plan description

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

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited services. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service. Benefits are generally between 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited services. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***J. Pensions* (continued)**

Benefits provided (continued)

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

Contributions

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	**Continuous Employments Since**	**Defined Benefit (DB) Contribution**	**DC Contribution Rate**	**Total Contribution Rate**
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% 6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***J. Pensions* (continued)**

Contributions (continued)

Shared Risk Program Summary				
Membership Class	**Defined Benefit (DB) Base Rate**	**Shared Risk Increment**	**Minimum**	**Maximum**
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions:

The School's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions payable to the pension plan from the School were $670,871 for the fiscal year ended June 30, 2024.

K. Other Postemployment Benefits (OPEB)

PSERS OPEB Plan

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

General Information about the Health Insurance Premium Assistance Program:

PSERS provides Premium Assistance, which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001 participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Other Postemployment Benefits (OPEB) (continued)

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they have 24 ½ or more years of service, are a disability retiree, or have 15 or more years of service and retired after reaching superannuation age, and participate in the HOP or employer-sponsored health insurance program. Class DC Members may participate if they attain Medicare eligibility within 24 ½ or more eligibility points, or have 15 or more eligibility points, terminated after age 67, and have received all or part of their distributions.

Employer Contributions

The School's contractually required contribution rate for fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School were $12,975 for the fiscal year ended June 30, 2024.

L. Fund Balance Classifications

GASB Cod Sec 1800 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories.

In addition to the nonspendable fund balance, GASB has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

Restricted - Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed - Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.

Assigned - Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The School Board has delegated the Chief Executive Officer the authority to assign fund balance for specific purposes. As of June 30, 2024, the School assigned $2,000,000 to upcoming construction projects.

Unassigned - Fund balance of the general fund that is not constrained for any particular purpose.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prioritization of Fund Balance Use

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, it shall be the policy of the School to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the School that committed amounts would be reduced first, followed by any assigned amounts and then unassigned amounts.

M. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount is also adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. All other net position is reported as unrestricted.

N. Use of Estimates

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

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Under Section 440.1 of the Public School Code for 1949, as amended, the School is permitted to invest funds consistent with sound business practices in the following types of investments:

> Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
>
> Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The deposit and investment policy of the School adheres to state statutes and prudent business practices. Deposits of the governmental and proprietary funds are either maintained in demand deposits or savings accounts, certificates of deposit, or cash equivalents. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School.

The following is a description of the School's deposit and investment risks:

Custodial Credit Risk - The risk that in the event of a bank failure, the School's deposits may not be returned. The School does not have a formal deposit policy for custodial credit risk. As of June 30, 2024, $9,262,419 of the School's bank balance (including the certificate of deposit) of $9,512,419 was exposed to custodial credit risk, however this balance is collateralized in accordance with Act 72 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have a carrying amount of $9,428,263 as of June 30, 2024.

Investments consist of a certificate of deposit. The School categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 School has the following recurring fair value measurements as of June 30, 2024:

- Certificates of deposit are valued based on the cost of the investment plus interest receivable at the stated interest rate (Level 2 inputs).

NOTE 4 – INTERFUND TRANSACTIONS

The total of all balances agrees with the sum of interfund balances presented in the Statement of Net Position for governmental funds and for agency funds. Due from/due to amounts between governmental funds and fiduciary funds are reported as due from/due to amounts between funds in the fund financial statements and are reclassified as payables to fiduciary funds as if they were external transactions on the government-wide financial statements. All interfund balances are expected to be repaid within one year. The composition of interfund balances as of June 30, 2024 is as follows:

	Due from	Due to
General Fund	$ 9,277	$ -
Student Activities Fund	-	9,277
	$ 9,277	$ 9,277

	Transfers from	Transfers to
General Fund	$ 8,721	$ -
Cafeteria Fund	-	8,721
	$ 8,721	$ 8,721

NOTE 5 – CAPITAL ASSETS

A summary of capital assets recorded as of June 30, 2024 is as follows:

Governmental Activities:	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Capital assets, being depreciated:				
Building	$ 5,125,273	$ 516,177	$ -	$ 5,641,450
Building and Leasehold Improvements	282,376	119,477	-	401,853
Furniture and Equipment	549,552	151,270	-	700,822
Electronic Data Processing Equipment	627,924	46,874	-	674,798
Total capital assets, being depreciated	6,585,125	833,798	-	7,418,923
Accumulated depreciation for:				
Building	(556,398)	(200,846)	-	(757,244)
Building and Leasehold Improvements	(168,223)	(19,931)	-	(188,154)
Furniture and Equipment	(368,332)	(29,950)	-	(398,282)
Electronic Data Processing Equipment	(537,040)	(40,038)	-	(577,078)
Total accumulated depreciation	(1,629,993)	(290,765)	-	(1,920,758)
Total capital assets, being depreciated - net	4,955,132	543,033	-	5,498,165
Right-to-use assets				
Building	1,926,591	214,802	-	2,141,393
Total right-to-use assets	1,926,591	214,802	-	2,141,393
Accumulated amortization for:				
Building	(624,840)	(363,973)	-	(988,813)
Total accumulated amortization	(624,840)	(363,973)	-	(988,813)
Total right-to-use assets, net	1,301,751	(149,171)	-	1,152,580
Governmental activities capital assets, net:	$ 6,256,883	$ 393,862	$ -	$ 6,650,745

Depreciation expense of $290,765 for governmental activities for the fiscal year ended June 30, 2024 was not allocated to the various functions because the capital assets serve all functions of the School.

Amortization expense of $363,973 related to the right-to-use asset was allocated to the operation and maintenance of plant services function.

NOTE 5 – CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Furniture and Equipment	$ 52,842	$ -	$ -	$ 52,842
Total capital assets, being depreciated	52,842	-	-	52,842
Accumulated depreciation for:				
Furniture and Equipment	(20,208)	(5,284)	-	(25,492)
Total accumulated depreciation	(20,208)	(5,284)	-	(25,492)
Total capital assets, being depreciated, net:	$ 32,634	$ (5,284)	$ -	$ 27,350

NOTE 6 – INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments represent receivables earned by the School. As of June 30, 2024, the following amounts were receivable from other governmental units.

	Governmental Fund	Proprietary Fund
Federal	$ 379,074	$ 5,217
State	-	502
Local educational agencies	1,185,020	-
Other receivables	560	-
Total	$ 1,564,654	$ 5,719

NOTE 7 – LONG-TERM LIABILITIES

The School has a $250,000 line of credit for short-term financing needs. The maximum borrowing amount of the credit line was $150,000 as of June 30, 2024, with an interest rate on this line of 8.50%. This line of credit includes a letter of credit of $100,000 required by the lessor of the main campus of the School. The credit line is secured by a $250,000 certificate of deposit. As of June 30, 2024, there was no outstanding obligation on the line of credit.

During fiscal year ended June 30, 2019, the School obtained a loan for ongoing construction projects. The amount borrowed under the construction loan was $1,200,000. Monthly payments of $12,535, including interest at 4.60%, are required through December 1, 2029. The principal balance remaining at June 30, 2024 was $728,401.

NOTE 7 – LONG-TERM LIABILITIES (continued)

During fiscal year ended June 30, 2022, the School financed the purchase of computer equipment at a cost of $311,290. The loan requires monthly payments of $8,609, which includes interest at $2.50%, through September 2024. The principal balance remaining as of June 30, 2024 was $25,714.

Fund Financial Statements:

Long-term liabilities are not reported in the governmental fund financial statements. Payments of principal and interest due annually on long-term debt are reported as expenditures when paid since they are paid from current fund assets. These payments are budgeted by the School.

Government-wide Financial Statements:

Long-term liabilities are presented in the statement of net position in the government-wide financial statements. Payments of principal on long-term liabilities are reported as a reduction of the liability and not an expenditure.

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions/ Adjustments	Reductions	Ending Balance
Notes Payable	$ 968,766	$ -	$ (214,651)	$ 754,115
Lease obligations	1,390,883	214,802	(357,483)	1,248,202
Compensated absences	192,782	51,980	(103,300)	141,462
Net OPEB Liability	244,823	738	(13,980)	231,581
Net Pension Liability	5,957,469	420,795	(639,521)	5,738,743
	$ 8,754,723	$ 688,315	$ (1,328,935)	$ 8,114,103

Future principal and interest payments for the notes payable were as follows as of June 30, 2024:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2025	$ 145,178	$ 31,061	$ 176,239
2026	125,078	25,336	150,414
2027	130,956	19,459	150,415
2028	137,110	13,305	150,415
2029	143,553	6,862	150,415
2030	72,240	921	73,161
Total	$ 754,115	$ 96,944	$ 851,059

NOTE 8 – NET PENSION LIABILITY

At June 30, 2024, the School reported a liability of $5,738,743 for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the School's proportion was 0.0129%, which was a decrease of 0.0005% from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2024, the School recognized pension expense of approximately $187,795. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 162,000	$ -
Differences between expected and actual experience	1,000	79,000
Change in assumptions	86,000	-
Change in proportion	-	595,000
Contributions subsequent to the measurement date	670,871	-
Total	$ 919,871	$ 674,000

The School reported $670,871 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability during the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30,	
2025	$ (243,000)
2026	(353,000)
2027	117,000
2028	54,000
Thereafter	-
	$ (425,000)

NOTE 8 – NET PENSION LIABILITY (continued)

Actuarial assumptions

The total pension liability as of the June 30, 2023 measurement date was determined by rolling forward the System's total pension liability as of the June 30, 2022 to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- The actuarial cost method is Entry Age Normal, Level Percent of Pay.
- The Investment Rate of Return is 7.00%, including inflation of 2.50%.
- Salary growth is an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.

Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:

- Salary growth rate – decreased from 5.00% to 4.50%.
- Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
- Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

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

NOTE 8 – NET PENSION LIABILITY (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Absolute return	4.0%	4.1%
MLPs/Infrastructure	10.0%	5.4%
Real estate	11.0%	5.7%
Cash	3.0%	1.2%
Leverage	-10.5%	1.2%
	100%	

The above was the PSERS' Board adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School's proportionate share of the net pension liability	$ 7,439,000	$ 5,738,743	$ 4,304,000

Pension plan fiduciary net position

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

NOTE 9 – NET OPEB LIABILITY

PSERS OPEB Plan

At June 30, 2024, the School reported a liability of $231,581 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023. The School’s proportion of the net OPEB liability was calculated using the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the School's proportion was 0.0128%, which was a decrease of 0.0005% from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2024, the School recognized a credit to the OPEB expense of approximately $4,262. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 1,000	$ -
Differences between expected and actual experience	2,000	2,000
Change in assumptions	20,000	44,000
Change in proportion	-	49,000
Contributions subsequent to the measurement date	12,975	-
Total	$ 35,975	$ 95,000

The School reported $12,975 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability during the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (credit) as follows:

Fiscal Year Ended June 30,	
2025	$ (20,000)
2026	(19,000)
2027	(16,000)
2028	(16,000)
2029	(1,000)
Thereafter	-
	$ (72,000)

NOTE 9 – NET OPEB LIABILITY (continued)

Actuarial assumptions

The total OPEB liability as of the June 30, 2023 measurement date was determined by rolling forward the System's total OPEB liability as of the June 30, 2022 to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- The actuarial cost method is Entry Age Normal, Level percent of pay.
- The investment return is 4.13%, the S&P 20 Year Municipal Bond Rate.
- Salary growth is expected to be 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at $1,200 per year.
- Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rates are assumed to be 50% for eligible retirees pre-age 65, and 70% for eligible retirees post age 65.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- The cost method was determined based on the amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method is Market Value.
- The participation rate is assumed to be 63% of eligible retirees electing premium assistance.
- Mortality rates were based on the Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

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

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

NOTE 9 – NET OPEB LIABILITY (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100%	1.2%
	100%	

The above was PSERS's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

Discount rate

The discount rate used to measure the total OPEB liability was 4.13%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13%, which represents the S&P 20-year municipal bond rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
School's proportionate share of the net OPEB liability	$ 262,000	$ 231,581	$ 206,000

NOTE 9 – NET OPEB LIABILITY (continued)

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2023, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability, calculated using current healthcare cost trends as well as what the net OPEB liability would be if health cost trends were 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School's proportionate share of the net OPEB liability	$ 231,000	$ 231,581	$ 232,000

OPEB plan fiduciary net position

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

NOTE 10 – LEASES

The School entered into a ten-year non-cancellable operating lease agreement for the rental of the school building beginning September 1, 2017. The lease is for an initial five-year term with an automatic extension of the lease for an additional five-year term, contingent on the School's charter being renewed. The leases generally require the School to pay real estate taxes, insurance, repairs, and various operating costs. During the fiscal year ended June 30, 2024, the School recognized $128,891 of expenditures for variable payments that were not previously included in the lease liability measurement.

The discount rate for leases is derived from the rate implicit in the lease or the School's incremental borrowing rate of 5.0%.

NOTE 10 – LEASES (continued)

The future principal and interest obligations under these leases as of June 30, 2024 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2025	$ 343,141	$ 50,135
2026	400,776	36,181
2027	430,222	15,474
2028	74,063	463
Total	$ 1,248,202	$ 102,253

The lease agreement includes an obligation of a Letter of Credit in the amount of $100,000 collateralized by $100,000 of the $250,000 certificate of deposit. If the School fails to pay gross rent or other charges due, the Landlord may draw upon the Letter of Credit for payment.

NOTE 11 – DEFINED CONTRIBUTION RETIREMENT PLAN

Effective July 1, 2015, the School provides a defined contribution 403(b) retirement plan to all employees. Employees are required to contribute at least 5% of compensation, and the School provides a 5% matching contribution. Employees are eligible for the plan on the date of hire and are vested in employer contributions after one year of employment. The School contributed $126,171 to the plan for the fiscal year ended June 30, 2024.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2024. Additionally, as of June 30, 2024, the School has been operating under an expired charter. Current litigation with Ambridge Area School District to renew the charter is on-going.

Required Supplementary Information

BADEN ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual - General Fund
Fiscal Year Ended June 30, 2024

Required Supplementary Information

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Local Revenues *	$ 10,507,246	$ 10,507,246	$ 11,398,826	$ 891,580
State Program Revenues	84,654	84,654	83,925	(729)
Federal Program Revenues *	269,623	269,623	1,240,989	971,366
Total Revenues	10,861,523	10,861,523	12,723,740	1,862,217
EXPENDITURES				
Regular Programs	4,716,091	4,716,091	4,642,201	73,890
Special Programs *	2,083,617	2,083,617	2,096,731	(13,114)
Other Instructional Programs	1,000	1,000	265	735
Pupil Personnel Services	407,767	407,767	373,868	33,899
Instructional Staff Services	281,334	281,334	405,677	(124,343)
Administrative Services	863,855	863,855	961,944	(98,089)
Pupil Health	92,234	92,234	104,195	(11,961)
Business Services	309,527	309,527	431,207	(121,680)
Operation & Maintenance of Plant Services	1,524,083	1,524,083	1,956,199	(432,116)
Student Transportation Services	96,905	96,905	128,538	(31,633)
Central & Other Support Services	232,610	232,610	194,249	38,361
Student Activities	1,500	1,500	1,274	226
Community Services	-	-	2,216	(2,216)
Facilities Acquisition & Construction	-	-	749,429	(749,429)
Debt Service:				
Principal	200,000	200,000	214,651	(14,651)
Interest	51,000	51,000	40,066	10,934
Debt Issuance Costs	-	-	-	-
Total Expenditures	10,861,523	10,861,523	12,302,710	(1,441,187)
Excess (Deficiency) of Rvenues Over Expenditures	-	-	421,030	421,030
OTHER FINANCING SOURCES (USES)				
Issuance of leases and subscriptions	-	-	214,802	214,802
Transfers in (out)	-	-	(8,721)	(8,721)
Total Other Financing Uses	-	-	206,081	206,081
Net Change in Fund Balance	$ -	$ -	$ 627,111	$ 627,111

*See Management's Discussion and Analysis for additional information.

BADEN ACADEMY CHARTER SCHOOL
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
Last Ten Fiscal Years

Required Supplementary Information

	2024	2023	2022	2021	2020
School's proportion of the net pension liability	0.0129%	0.0134%	0.0150%	0.0155%	0.0156%
School's proportionate share of the net pension liability	$ 5,738,743	$ 5,957,469	$ 6,158,510	$ 7,632,047	$ 7,298,087
School's covered payroll for the measurement date	$ 1,955,824	$ 1,952,319	$ 2,121,278	$ 2,159,225	$ 2,155,969
School's proportionate share of the net pension liability as a percentage of its covered payroll	293.42%	305.15%	290.32%	353.46%	338.55%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%

	2019	2018	2017	2016	2015
School's proportion of the net pension liability	0.0168%	0.0176%	0.0156%	0.0147%	0.0090%
School's proportionate share of the net pension liability	$ 8,064,834	$ 8,692,235	$ 7,718,637	$ 6,380,303	$ 3,556,412
School's covered payroll for the measurement date	$ 2,255,738	$ 2,343,216	$ 2,017,173	$ 1,895,219	$ 1,146,584
School's proportionate share of the net pension liability as a percentage of its covered payroll	357.53%	370.95%	382.65%	336.65%	310.17%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	51.84%	50.14%	54.36%	57.24%

This information is based off the measurement date of the Net Pension Liability that is one year prior to the financial statement date. For example, the June 30, 2024 Net Pension Liability was measured as of June 30, 2023.

See independent auditor's report.

BADEN ACADEMY CHARTER SCHOOL
Schedule of Required Pension Contributions
Last Ten Fiscal Years

Required Supplementary Information

	2024	2023	2022	2021	2020
Contractually required contribution	$ 670,871	$ 639,521	$ 666,495	$ 714,659	$ 722,248
Contributions in relation to the contractually required contribution	(670,871)	(639,521)	(666,495)	(714,659)	(722,248)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,027,413	$ 1,955,824	$ 1,952,319	$ 2,121,278	$ 2,159,225
Contributions as a percentage of covered payroll	33.09%	34.31%	33.99%	33.51%	33.36%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 711,525	$ 715,971	$ 684,219	$ 521,238	$ 388,520
Contributions in relation to the contractually required contribution	(711,525)	(715,971)	(684,219)	(521,238)	(388,520)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,155,696	$ 2,255,738	$ 2,343,216	$ 2,017,173	$ 1,895,219
Contributions as a percentage of covered payroll	32.60%	31.74%	29.20%	25.00%	20.50%

See independent auditor's report.

BADEN ACADEMY CHARTER SCHOOL
Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Required Supplementary Information

	2024	2023	2022	2021	2020
School's proportion of the net OPEB liability	0.0128%	0.0133%	0.0150%	0.0154%	0.0156%
School's proportionate share of the net OPEB liability	$ 231,581	$ 244,823	$ 355,512	$ 332,747	$ 331,787
School's covered payroll for the measurement date	$ 1,955,824	$ 1,952,319	$ 2,121,278	$ 2,159,225	$ 2,155,696
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	11.84%	12.54%	16.76%	15.41%	15.39%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%

	2019	2018	2017
School's proportion of the net OPEB liability	0.0168%	0.0176%	0.0156%
School's proportionate share of the net OPEB liability	$ 349,244	$ 358,579	$ 336,000
School's covered payroll for the measurement date	$ 2,255,738	$ 2,343,216	$ 2,017,173
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	15.48%	15.30%	16.66%
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	5.73%	5.47%

This information is based off the measurement date of the Net OPEB Liability that is one year prior to the financial statement date. For example, the June 30, 2024 Net OPEB Liability was measured as of June 30, 2023.

*GASB 75 was implemented during the fiscal year ended June 30, 2018. Information will continue to be gathered until ten fiscal years are presented.

See independent auditor's report.

BADEN ACADEMY CHARTER SCHOOL
Schedule of Required OPEB Contributions
Last Ten Fiscal Years*

Required Supplementary Information

	2024	2023	2022	2021	2020
Contractually required contribution	$ 12,975	$ 13,980	$ 15,532	$ 17,773	$ 18,563
Contributions in relation to the contractually required contribution	(12,975)	(13,980)	(15,532)	(17,773)	(18,563)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,027,413	$ 1,955,824	$ 1,952,319	$ 2,121,278	$ 2,159,225
Contributions as a percentage of covered payroll	0.64%	0.75%	0.80%	0.82%	0.84%

	2019	2018	2017
Contractually required contribution	$ 18,606	$ 18,615	$ 19,449
Contributions in relation to the contractually required contribution	(18,606)	(18,615)	(19,449)
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered payroll	$ 2,155,696	$ 2,255,738	$ 2,343,216
Contributions as a percentage of covered payroll	0.83%	0.83%	0.83%

*GASB 75 was implemented during the fiscal year ended June 30, 2018. Information will continue to be gathered until ten fiscal years are presented.

See independent auditor's report.

Single Audit Reports Section

BADEN ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2024

Federal Grantor/Project Title	Source Code	Federal CFDA Number		Pass Through Grantor's Number	Grant Period From-To	Program or Award Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2024
U.S. Department of Education											
Passed through the Pennsylvania Department of Education:											
Title I - Improving Basic Programs	I	84.010		013-23-1116	07/01/22 - 09/30/23	$ 231,830	$ 75,370	$ 16,992	$ 58,378	$ 58,378	$ -
Title I - Improving Basic Programs	I	84.010		013-24-1116	07/01/23 - 09/30/24	254,225	153,287	-	179,581	179,581	26,294
Total CFDA Number 84.010							228,657	16,992	237,959	237,959	26,294
Title II - Supporting Effective Instruction	I	84.367		020-23-1116	07/01/22 - 09/30/23	17,727	(1,492)	(3,737)	2,245	2,245	-
Title II - Supporting Effective Instruction	I	84.367		020-24-1116	07/01/23 - 09/30/24	24,642	5,415	-	3,079	3,079	(2,336)
Total CFDA Number 84.367							3,923	(3,737)	5,324	5,324	(2,336)
Title IV - Student Support and Academic Enrichment	I	84.424		144-23-1116	07/01/22 - 09/30/23	19,551	6,870	(1,187)	8,057	8,057	-
Title IV - Student Support and Academic Enrichment	I	84.424		144-24-1116	07/01/23 - 09/30/24	18,149	7,260	-	5,745	5,745	(1,515)
Total CFDA Number 84.424							14,130	(1,187)	13,802	13,802	(1,515)
COVID-19 ESSER ARP Fund	I	84.425U	*	223-21-1116	3/13/20 - 09/30/24	1,758,981	639,629	(11,940)	951,777	951,777	300,208
COVID-19 ESSER ARP Fund - Learning Loss	I	84.425U	*	225-21-1116	3/13/20 - 09/30/24	97,651	3,551	(7,108)	10,825	10,825	166
COVID-19 ESSER ARP Fund - Summer	I	84.425U	*	225-21-1116	3/13/20 - 09/30/24	19,530	710	(1,420)	9,097	9,097	6,967
COVID-19 ESSER ARP Fund - Afterschool	I	84.425U	*	225-21-1116	3/13/20 - 09/30/24	19,530	710	(1,420)	9,095	9,095	6,965
Total CFDA Number 84.425 (Education Stabilization Fund)							644,600	(21,888)	980,794	980,794	314,306

(continued)

See independent auditor’s report and accompanying notes to the schedule of expenditures of federal awards.

BADEN ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2024

(continued)

Federal Grantor/Project Title	Source Code	Federal CFDA Number		Pass Through Grantor's Number	Grant Period From-To	Program or Award Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2024
U.S. Department of Education											
Passed through the Beaver Valley Intermediate Unit (BVIU):											
IDEA	I	84.027	**	27	07/01/22 - 06/30/23	97,790	97,790	97,790	-	-	-
IDEA	I	84.027	**	27	07/01/23 - 06/30/24	108,854	73,285	-	108,854	108,854	35,569
Total CFDA Number 84.027							171,075	97,790	108,854	108,854	35,569
IDEA 619 B Pass Through	I	84.173	**	27	07/01/22 - 06/30/23	518	518	518	-	-	-
IDEA 619 B Pass Through	I	84.173	**	27	07/01/23 - 06/30/24	2,898	-	-	2,898	2,898	2,898
Total CFDA Number 84.173							518	518	2,898	2,898	2,898
			**	**Total Special Education Cluster (IDEA) 84.027 and 84.173**						$ 111,752	
U.S. Department of Agriculture											
Passed through the PA Department of Agriculture:											
National School Lunch Program Value of USDA Commodities	I	10.555	***	2-04-04-651	07/01/23 - 06/30/24		26,912	-	26,912	26,912	-
Passed through the Pennsylvania Department of Education:											
National School Lunch Program	I	10.555	***	N/A	07/01/21 - 06/30/23		27,047	27,047	-	-	-
Supply Chain Assistance	I	10.555	***	N/A	07/01/23 - 06/30/24	23,955	18,403	-	18,403	18,403	-
National School Lunch Program	I	10.555	***	N/A	07/01/23 - 06/30/24		189,174	-	192,604	192,604	3,430
Total CFDA Number 10.555							261,536	27,047	237,919	237,919	3,430
School Breakfast Program	I	10.553	***	N/A	07/01/21 - 06/30/23		15,018	15,018	-	-	-
School Breakfast Program	I	10.553	***	N/A	07/01/23 - 06/30/24		107,795	-	109,582	109,582	1,787
Total Child Nutrition Cluster			***	**Total Child Nutrition Cluster 10.553 and 10.555**						$ 347,501	

(continued)

See independent auditor's report and accompanying notes to the schedule of expenditures of federal awards.

BADEN ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2024

(continued)

Federal Grantor/Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period From-To	Program or Award Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2024
U.S. Department of Agriculture										
Passed through the PA Department of Agriculture:										
P-EBT Local Admin Funds	I	10.649	N/A	07/01/22 - 06/30/23		653	-	653	653	-
Total Federal Assistance						$ 1,447,905	$ 130,553	$ 1,697,785	$ 1,697,785	$ 380,433

Source Codes:

I=Indirect Funding; F=Federal Share; S=State Share

Footnotes:

* Major Program selected for testing
** Special Education Cluster
*** Child Nutrition Cluster

See independent auditor's report and accompanying notes to the schedule of expenditures of federal awards.

BADEN ACADEMY CHARTER SCHOOL
Notes to the Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Baden Academy Charter School (School) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in fund balance or cash flows of the School. The Schedule of Expenditures of Federal Awards is based upon information provided by the various funding sources to the School and other information available at the time this Schedule was prepared.

NOTE 2 – RECONCILIATION OF FEDERAL AWARDS

The following reconciles the federal awards revenue shown on the Schedule of Expenditures of Federal Awards to the federal revenue reported in the financial statements for the fiscal year ended June 30, 2024.

Federal revenue reported in financial statements:	
Governmental Funds	$ 1,240,989
Proprietary Funds	348,153
IDEA funding passed through BVIU	108,854
ACCESS funds	(211)
Federal Revenue Reported in the Schedule of Expenditures of Federal Awards	$ 1,697,785

NOTE 3 – INDIRECT COST RATE

The School has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Board of Directors
Baden Academy Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund and the fiduciary fund of Baden Academy Charter School as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Baden Academy Charter School's basic financial statements, and have issued our report thereon dated March 20, 2025.

Report on Internal Control Over Financial Reporting

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

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

(continued)

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

(continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baden Academy 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, compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Baden Academy Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deluzio & Company, LLP

Greensburg, Pennsylvania
March 20, 2025

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
Baden Academy Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Baden Academy Charter School's 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 Baden Academy Charter School's major federal programs for the fiscal year ended June 30, 2024. Baden Academy 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, Baden Academy Charter School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Baden Academy 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 Baden Academy Charter School's compliance with the compliance requirements referred to above.

(continued)

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

(continued)

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Baden Academy 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 Baden Academy 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Baden Academy Charter School's compliance with the requirements of each major federal program as a whole.

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

(continued)

DELUZIO & COMPANY, LLP

<u>**Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance**</u>

Independent Auditor's Report

(continued)

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.

Deluzio & Company, LLP

Greensburg, Pennsylvania
March 20, 2025

BADEN ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	__ Yes _X_ No
Significant deficiencies identified not considered to be material weaknesses?	__ Yes _X_ None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	__ Yes _X_ No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Numbers
COVID-19 Education Stabilization Fund	84.425U

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	_X_ Yes __ No

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

None

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings to be reported in 2 CFR 200 Section 516(a) of the Uniform Guidance (e.g., report significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program.

None

BADEN ACADEMY CHARTER SCHOOL
Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2024

Prior Year Findings

This section identifies the audit findings that were reported in the prior year by 2 CFR 200 Section 516(a) of the Uniform Guidance (e.g. report significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program.

None