

MANAGEMENT LETTER

OF

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

As of June 30, 2022



DUMAIS, FERLAND & FULLER

CERTIFIED PUBLIC ACCOUNTANTS, LLC
472 HIGH STREET • SOMERSWORTH, NH 03878
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THOMAS G. DUMAIS, CPA
KEVIN J. FERLAND, CPA
ROBERT S. FULLER, CPA

Board of Trustees
Virtual Learning Academy Charter School
Exeter, New Hampshire

Board Members:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Virtual Learning Academy Charter School as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Virtual Learning Academy Charter School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Virtual Learning Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Virtual Learning 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, the Board of Trustees and Department of Education, and others within the Virtual Learning Academy Charter School, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


DUMAIS, FERLAND & FULLER
Certified Public Accountants, LLC

Dated: January 6, 2023

ANNUAL FINANCIAL REPORT

OF

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

For the Year Ended June 30, 2022

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Annual Financial Report

For the Year Ended June 30, 2022

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KEVIN J. FERLAND, CPA
ROBERT S. FULLER, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Virtual Learning Academy Charter School
Exeter, NH 03833

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Virtual Learning Academy Charter School, Exeter, New Hampshire, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information, proportionate share of the net pension liability and schedule of contributions on pages i - vi and 23-26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Virtual Learning Academy Charter School, Exeter, New Hampshire's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2023, on our consideration of the Virtual Learning Academy Charter School, Exeter, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Virtual Learning Academy Charter School, Exeter, New Hampshire's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Virtual Learning Academy Charter School, Exeter, New Hampshire's internal control over financial reporting and compliance.

Very truly yours,

DUMAIS, FERLAND & FULLER CPAs
DUMAIS, FERLAND & FULLER
Certified Public Accountants, LLC

Dated: January 6, 2023

**VIRTUAL LEARNING ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

OVERVIEW

The intent of this discussion and analysis is to look at the VIRTUAL LEARNING ACADEMY CHARTER SCHOOL financial performance as a whole for the fiscal year ending June 30, 2022. Readers should also review the basic financial statements and notes in the accompanying report to enhance their understanding of the Charter School's financial performance.

The Charter School Administration is responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Charter School are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Additionally, management strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are attained. The concept of reasonable assurance recognizes that: (1) the cost of any control should not exceed the benefit likely to be derived; and (2) the valuation of cost and benefits requires judgments by management.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 are as follows:

As in past years, an accounting rule requires the school to include in its financial statement future potential liabilities numbers from the NH State Retirement System. Included in the VLACS financial statements is a potential future liability of \$6,064,851 creating a deficit net position on the balance sheet at June 30, 2022 of \$670,048. However, the Charter School closed the year with cash and cash equivalents of \$2,395,709 and this accounting change is not expected to have any impact on the school's ability to meet its current obligations or continue to expand the number of students it will be able to serve.

Total Charter School expenses for the 2021-2022 school year were below the \$13,287,611 in the 2021-2022 budget approved by the Board of Trustees. Of these expenses, \$11,750,066 was offset by state and federal aid tuition, \$2,651 was offset by investment earnings, and \$245,176 was offset by other tuition and miscellaneous revenue.

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Charter School basic financial statements. The Charter School basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The *statement of net position*, Table 1 below, presents information on all of the Charter School assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Charter School is improving or deteriorating.

Net Position

The table on the next page provides a summary of the Charter School net position for the year ended June 30, 2022, compared with the previous year.

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Two-Year Comparison
Statement of Net Position
Governmental Activities

ASSETS	2022	2021	% change
Cash and cash equivalents	2,395,709	\$3,223,976	-26%
Receivables amount	2,885	11,559	-75%
Due from other governments	1,493,901	2,173,818	-31%
Prepaid Expenses	1,140,762	864,208	32%
Capital Assets: Other Capital assets, depreciable-net	111,458	<u>85,075</u>	31%
Total Assets	<u>5,144,715</u>	<u>6,358,636</u>	-19%
<u>Deferred Outflow of Resources</u>			
Deferred Pension Differences	<u>2,679,546</u>	<u>2,391,464</u>	12%
LIABILITIES			
Accounts Payable & accrued expenses	108,315	83,106	30%
Accrued payroll & payroll deductions	515,632	1,184,378	-56%
Unearned Revenue	45,786	130,115	-65%
Due to other Government	0	0	0%
Noncurrent liabilities:			
Net Pension liability	<u>6,064,851</u>	<u>6,958,130</u>	-13%
Total liabilities	<u>6,734,584</u>	<u>8,355,729</u>	-19%
<u>Deferred Inflow of Resources</u>			
Deferred Inflow of Resources	<u>1,759,695</u>	<u>74,710</u>	2255%
<u>Net Position <Deficit></u>			
Invested in capital assets	111,458	85,075	31%
Unrestricted <Deficit>	<u>(781,506)</u>	<u>234,586</u>	-433%
Total Net Position <Deficit>	<u>(670,048)</u>	<u>\$319,661</u>	-309.6%

Table 1: Condensed Statement of Net Position

The Charter School combined net position decreased by \$989,709, which represents a change of greater than 100%.

**VIRTUAL LEARNING ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

Statement of Activities

The statement of activities, Table 2 below, presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Two-Year Comparison

Statement of Activities

Functional Programs	Expenses	Expenses	
<u>Primary Government</u>	<u>2022</u>	<u>2021</u>	
Instruction	6,137,491	\$6,959,051	-12%
Student Support Services	2,198,302	1,874,366	17%
Technology	1,197,779	1,034,956	16%
General Administration	692,907	696,717	-1%
School Administration	610,450	488,513	25%
Operation & Maintenance	65,651	57,436	14%
Human Resources	<u>2,422,595</u>	<u>2,823,374</u>	-14%
Total Primary Government	<u>13,327,197</u>	<u>\$13,934,413</u>	-4%
General Revenues:			
State Aid - Tuition (unrestricted)	9,465,663	\$9,581,629	-1%
State Aid - Tuition (restricted - CARES)	2,343,429	5,350,626	-56
Investment earnings	2,651	2,230	19%
Unrestricted grants & contributions	83,109	<u>86,931</u>	-4%
Total General Revenues	<u>11,894,852</u>	<u>15,021,416</u>	-21%
Change in Net Position	<u>(1,430,323)</u>	<u>1,087,003</u>	-232%
Net Position <deficit>, beginning of year	<u>760,275</u>	<u>(767,342)</u>	-199%
Net Position <deficit>, end of year	<u>(670,048)</u>	<u>\$319,661</u>	-310%

Table 2: Statement of Activities

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Capital Assets

Changes in capital assets are presented in the following table:

	<u>6/30/2022</u>	<u>6/30/2021</u>
Governmental Activities:		
Capital Assets being depreciated:		
Furniture & equipment	\$333,191	\$281,721
Leasehold improvements	<u>18,122</u>	<u>18,122</u>
Total Capital Assets being Depreciated	<u>351,333</u>	<u>299,843</u>
Less Accumulated Depreciation for:		
Furniture & equipment	222,396	198,170
Leasehold improvements	<u>17,459</u>	<u>16,598</u>
Total Accumulated Depreciation	<u>239,855</u>	<u>214,768</u>
Total Capital Assets being depreciated - net	<u>\$111,458</u>	<u>\$85,075</u>

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

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

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

The Charter School maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The Charter School adopts an annual appropriated budget for one of its major funds, the general fund.

The basic governmental fund financial statements can be found in "Annual Financial Report of Virtual Learning Academy Charter School, for the year ended June 30, 2022."

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in "Annual Financial Report of Virtual Learning Academy Charter School, for the year ended June 30, 2022."

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* consisting of the budgetary comparison schedules, proportionate share of the net pension liability and schedule of contributions. Required supplemental information can be found in the "Annual Financial Report of Virtual Learning Academy Charter School, for the year ended June 30, 2022."

CONTACT INFORMATION

This report is designed to provide a general overview of the Charter School finances to demonstrate the Charter School accountability for the money it receives. It is the intention of the administration that this document be as accurate as possible and that it be readily accessible by the public. If you have questions about this report or need additional financial information, please contact:

Virtual Learning Academy Charter School
Tuck Learning Campus
PO Box 1050
30 Linden Street, B
Exeter, NH 03833
603-778-2500

EXHIBIT A

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Statement of Net Position

As of June 30, 2022

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$2,395,709
Receivables	2,855
Due from other governments	1,493,901
Prepaid expenses	1,140,762
Capital assets being depreciated	
Net of accumulated depreciation	<u>111,458</u>
 Total Assets	 <u>5,144,685</u>
 <u>Deferred Outflow of Resources</u>	
Deferred Amount Related to Pension	<u>2,679,546</u>
 <u>Liabilities</u>	
Accounts payable and accrued expenses	108,315
Accrued payroll and payroll taxes	515,632
Unearned revenue	45,786
Noncurrent liabilities:	
Net pension liability	<u>6,064,851</u>
 Total Liabilities	 <u>6,734,584</u>
 <u>Deferred Inflow of Resources</u>	
Deferred Pension Differences	<u>1,759,695</u>
 <u>Net Position</u>	
Net Investment in capital assets	111,458
Unrestricted <Deficit>	<u><781,506></u>
 Total Net Position <Deficit>	 <u>\$ <670,048></u>

EXHIBIT B

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Statement of Activities

For the Year Ended June 30, 2022

<u>Functional Programs</u>	<u>Program Revenues</u>			<u>Net <Expense> Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Primary Gov. Governmental Activities</u>
Primary Government				
Governmental activities:				
Instruction	\$ 6,198,775	\$ 61,284	\$	\$ <6,137,491>
Support services:				
Student	2,241,200	42,898		<2,198,302>
Technology	1,229,779		32,000	<1,197,779>
General administration	692,907			<692,907>
School administration	628,835	18,385		<610,450>
Operation and maintenance	65,651			<65,651>
Human resources	<u>2,422,595</u>			<u><2,422,595></u>
Total Primary Government	<u>\$13,479,742</u>	<u>\$ 122,567</u>	<u>\$ 32,000</u>	<u><13,325,175></u>
<u>General Revenues:</u>				
Unrestricted - State aid				9,465,663
Restricted - State aid (Cares)				2,343,429
Investment earnings - unrestricted				2,651
Unrestricted - Grants and Contributions				<u>83,109</u>
Total General Revenues				<u>11,894,852</u>
Change in Net Position				<u><1,430,323></u>
Net Position - Beginning of year - Restated				<u>760,275</u>
Net Position <Deficit> - End of year				<u>\$ <670,048></u>

EXHIBIT C

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Balance Sheet

Governmental Fund

As of June 30, 2022

	<u>Major Funds</u>		<u>Total</u>
	<u>General</u>	<u>Grant</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Program</u>	<u>Funds</u>
<u>Assets</u>			
Cash and cash equivalent	\$2,349,923		\$2,349,923
Accounts receivable	2,855		2,855
Due from other governments	<u>1,493,901</u>		<u>1,493,901</u>
Total Assets	<u>\$3,846,679</u>	<u>\$</u>	<u>\$3,846,679</u>
 <u>Liabilities and Fund Balances</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 108,315	\$	\$ 108,315
Accrued wages payable	<u>401,862</u>		<u>401,862</u>
Total Liabilities	<u>510,177</u>		<u>510,177</u>
 <u>Fund Balances:</u>			
Unassigned	<u>3,336,502</u>		<u>3,336,502</u>
Total Liabilities and Fund Balances	<u>\$3,846,679</u>	<u>\$</u>	<u>\$3,846,679</u>

EXHIBIT D

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

As of June 30, 2022

<u>Total Fund Balance - Governmental Fund</u>	\$ 3,336,502
Expenditures reported on the governmental fund financial statements were recorded as prepaid items on the governmental-wide financial statements.	1,140,762
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental fund financial statements.	351,313
Accumulated depreciation has not been included in the governmental fund financial statements.	<239,855>
Compensated absence is accrued in the government-wide financial statements, whereas in the governmental fund financial statements, the expenditure is reported when paid.	<88,085>
Certain accrued expenses are not due and payable in the current period and are not reported in the governmental fund.	<25,685>
Other postemployment benefits, retirement is accrued in the government- wide financial statements, whereas in the governmental fund financial statements, the expenditure is reported when paid.	<u><5,145,000></u>
Net Position of Governmental Activities	<u>\$ <670,048></u>

EXHIBIT E

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Statement of Revenues, Expenditures and Changes in Fund Balances -

Governmental Fund

For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Grant Program Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>			
State of New Hampshire	\$11,750,066	\$	\$11,750,066
Grant revenue		32,000	32,000
Investment earnings	2,651		2,651
Miscellaneous	<u>245,176</u>		<u>245,176</u>
 Total Revenues	 <u>11,997,893</u>	 <u>32,000</u>	 <u>12,029,893</u>
 <u>Expenditures</u>			
Current:			
Instruction	6,146,667		6,146,667
Support services			
Student	2,226,267		2,226,267
Technology	1,307,571	32,000	1,339,571
General administration	693,513		693,513
School administration	630,435		630,435
Operation and maintenance	95,241		95,241
Human resources	<u>2,142,409</u>		<u>2,142,409</u>
 Total Expenditures	 <u>13,242,103</u>	 <u>32,000</u>	 <u>13,274,103</u>
 <u>Net Change in Fund Balances</u>	 <u><1,244,210></u>		 <u><1,244,210></u>
 <u>Fund Balances</u>			
Beginning of Year	<u>4,580,712</u>		<u>4,580,712</u>
 End of Year	 <u>\$ 3,336,502</u>	 <u>\$</u>	 <u>\$ 3,336,502</u>

EXHIBIT F

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund to the Statement of Activities

For the Year Ended June 30, 2022

<u>Total Net Change in Fund Balance - Governmental Fund</u>	<u>\$<1,244,210></u>
Prepaid items is an expenditure in the fund financial statement when paid, but is shown as prepaid items on the government-wide financial statements.	345,094
Other postemployment benefits costs are not expenditures in the fund financial statement.	<503,624>
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.	<25,087>
Current year compensated absences are not expenditures in the fund financial statements until they are paid, but are shown as an expenditure in the government-wide financial statements.	<u><2,496></u>
 Changes in Net Position of Governmental Activities	 <u><u>\$<1,430,323></u></u>

EXHIBIT G

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Statement of Fiduciary Net Position

As of June 30, 2022

Assets

Equity in pooled cash	\$ <u>45,787</u>
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Net Position

Held in trust for scholarships	\$ <u>45,787</u>
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EXHIBIT H

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2022

	<u>Scholarship Fund</u>
<u>Additions</u>	
Transfers From Other Funds	<u>\$ 2,230</u>
<u>Deductions</u>	
Scholarship Awarded	<u>4,000</u>
Change in Net Position	<1,770>
Net Position - July 1, 2021	<u>47,557</u>
Net Position - June 30, 2022	<u>\$ 45,787</u>

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Charter School is a non-profit organization that qualifies for tax-exempt status organized under Internal Revenue Code (IRC) 501(c)(3) and, therefore, has no provision for federal income taxes. The school started in September 2007 and provides free tuition to students who reside in New Hampshire. The Charter School will be using new and emerging distance learning technologies to provide any time, any where access to a rigorous personalized education that helps students learn today, graduate tomorrow, and prepare for the future.

Funding is received from the State of New Hampshire under RSA 194-B:11,1(b).

The Board of Trustees has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. As required by accounting principles generally accepted in the United States of America, these financial statements present the Charter School (the primary government) and there is no component unit for which the Charter School is considered to be financially accountable.

B. Basis of Presentation

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and statement of activities, present information about the Charter School as a whole. These statements do not include the fiduciary financial activity of the primary government. Governmental activities are normally supported by taxes and inter-governmental revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expense and program revenues for each function or program of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expenses are allocated to functions/programs of the primary government. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function draws from the general revenues of the Charter School.

Fund Financial Statements - Fund financial statements report detailed information about the Charter School in the governmental fund. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

B. Basis of Presentation (Cont'd.)

Governmental Funds - Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they are to be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter School's major governmental funds:

General Fund - to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Grant Program Funds - to account for funds from the State, Federal Government or private sector which are restricted for specific programs.

Fiduciary Fund

The Board reports the following fiduciary fund:

Scholarship Fund - The Scholarship Fund is used to account for scholarship money under the control of the Board for the benefit of the students.

C. Management Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements, which include the general, special revenue, debt service, and capital projects funds, are prepared using the current financial resource measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are unmatured principal and interest on general long-term debt and accumulated sick and vacation pay, which are recorded when payments are due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Revenues can be classified into two kinds of transactions: (a) exchange and exchange-like transactions, in which each party receives and gives up essentially equal value and (b) non-exchange transactions, in which a government gives (or receives) value without directly receiving (or giving) equal value in exchange. Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place.

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

C. Management Focus and Basis of Accounting (Cont'd.)

Revenues resulting from non-exchange transactions are further classified into (a) derived tax revenues, (b) imposed non-exchange revenues, (c) government-mandated non-exchange transactions, and (d) voluntary non-exchange transactions. Government-mandated and voluntary non-exchange transactions, (e.g., Federal mandates, grants and donations) are recorded when all eligibility requirements have been met.

When applying the susceptible to accrual concept under the modified accrual basis, resources also should be available in order to be accrued. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

D. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

For purposes of the financial statements, the Charter School considers all highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements and expensed as the items are used.

Capital Assets

Expenditures for capital assets acquired for Charter School purposes are reported in the governmental fund. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the Charter School as those costing more than \$5,000 for tangible personal property. Such assets are recorded at historical cost.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description

Improvements Other than Buildings	5 - 15 years
Furniture, Fixtures, and Equipment	6 - 10 years

Current-year information relative to changes in capital assets is described in a subsequent note.

Federal, State and Private Grants

The Charter School receives Federal, State, and private awards for the enhancement of various educational programs. These awards are generally received based on applications submitted to, and approved by, various granting agencies. For awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

D. Assets, Liabilities, and Net Position or Equity (Cont'd.)

Compensated Absences

Compensated absences are payments to employees for accumulated vacation time. These amounts also include the related employer's share of applicable taxes and retirement contributions. Non-teachers of the charter school may accumulate unused vacation with the consent of the executive director. The vacation days need to be used within the month of July following the year end.

An expenditure is recognized in the governmental fund as payments come due each period. For example, as a result of vacation days used. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Unearned Revenue/Advances from Grantors

Unearned revenue at the government-side level arises only when the charter school receives funding for federal, state and private grants before the funding has been expended. Governmental funds report advances from grantors in connection with resources that have been received, but not yet earned.

Deferred Outflow/Inflow of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflow of resources and/or deferred inflow of resources. These separate financial statement elements, deferred outflow of resources and deferred inflow of resources, represent a consumption of net position that applies to a future period and so will not be recognized as outflow/inflow of resources (expenses/expenditures or income/revenue) until then. Currently, the Charter School has only one item that qualifies for reporting in these categories, deferred pension cost.

Net Position

In the financial statements, the net positions are classified and displayed in following three components:

1. Net Investment in capital assets - This amount consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.
2. Restricted net position - This amount is restricted by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position - This amount is the net position that does not meet the definition of "invested in capital assets," or "restricted net position."

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

D. Assets, Liabilities, and Net Position or Equity (Cont'd.)

Fund Balances

In the fund financial statements, governmental fund balances are classified as follows:

1. Nonspendable Fund Balance - consists of amounts that are not in a spendable form or are required to be maintained intact.
2. Restricted Fund Balance - consists of amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. The Restricted Programs balances reflect amounts restricted for specific state programs as mandated by respective state grant or funding agreements.
3. Committed Fund Balance - consists of amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision-making authority (the Board of Trustees) and do not lapse at year end. The committed fund balance consists of general board reserves.
4. Assigned Fund Balance - consists of amounts intended for a specific purpose by the Board of Trustees. This fund balance classification reflects funds assigned for capital projects.
5. Unassigned Fund Balance - consists of any remaining fund balance that has not been reported in any other classification.

2. CASH AND INVESTMENTS

The Charter School's funds are invested with a local financial institution.

At June 30, 2022, the carrying amount of the Charter School's deposits (cash and certificates of deposit) was \$2,395,709. Up to \$250,000 is covered by Federal Depositors Insurance. Per an agreement with the bank, amounts over and above the \$250,000 insured value are fully collateralized.

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

3. CHANGES IN CAPITAL ASSETS

Changes in Capital Assets are presented in the table below:

	<u>Balance</u> <u>7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2022</u>
<u>Governmental Activities:</u>				
Capital Assets being depreciated:				
Furniture & equipment	\$ 281,721	\$ 41,470	\$	\$ 323,191
Leasehold improvements	<u>18,122</u>			<u>18,122</u>
Total Capital Assets being Depreciated	<u>299,843</u>	<u>41,470</u>		<u>341,313</u>
Less Accumulated Depreciation for:				
Furniture & equipment	198,170	24,025		222,195
Leasehold improvements	<u>16,598</u>	<u>1,062</u>		<u>17,660</u>
Total Accumulated Depreciation	<u>214,768</u>	<u>25,087</u>		<u>239,855</u>
Deposits on Capital Assets		<u>10,000</u>		<u>10,000</u>
Depreciation Capital Assets				
Total Capital Assets being				
Depreciated - Net	<u>\$ 85,075</u>	<u>\$ 26,383</u>	<u>\$</u>	<u>\$ 111,458</u>

4. NOTE PAYABLE

Line of Credit - The Charter School had a zero balance under a line of credit with a local bank. The line of credit increased to \$500,000 will be drawn down as needed with an interest rate based on the Wall Street Journal prime floating with a minimum floor rate of 4.0%; collateral is all business assets.

5. RETIREMENT SYSTEM

In fiscal year 2015, VLACS implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, with respect to the State of New Hampshire Retirement System (NHRS).

A. Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State of New Hampshire are eligible and required to participate in the system.

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

5. RETIREMENT SYSTEM (Cont'd.)

A. Plan Description (Cont'd.)

Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

B. Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earned compensation and/or service.

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers, 11.55% for police and 11.80% for fire. VLACS makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.17% to 30.09% of covered compensation. VLACS contribution to NHRS for the year ended June 30, 2022 was \$628,701, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

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 NHRS and additions to/deductions from NHRS' fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

5. RETIREMENT SYSTEM (Cont'd.)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022 VLACS reported a liability of \$6,064,851 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. VLACS proportion of the net pension liability was based on a projection of VLACS' long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019 the District's proportion was .10878620 percent.

At the most recent measurement date of June 30, 2021, VLACS proportion was .13684479 percent, which was an increase of .02805859 percent from its previous year proportion.

For the year ended June 30, 2022, VLACS recognized a pension expense of \$1,132,324. In addition, the District 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 earnings on pension plan investments	\$169,825	\$1,696,200
Changes in proportion and differences between contributions and proportionate share of contributions	\$1,876,282	\$-0-
Differences between Expected and Actual Experience	\$633,439	\$63,495
Contributions subsequent to the measurement date	\$-0-	\$-0-
Total	\$2,679,546	\$1,759,695

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

5. RETIREMENT SYSTEM (Cont'd.)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd.)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 482,535
2023	444,348
2024	282,246
2025	<u><289,278></u>
Total	<u>\$ 919,851</u>

Actuarial assumptions: The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0 percent per year
Salary increases	5.6 percent average, including inflation
Wage inflation	2.75% per year (2.25 percent per year for teachers)
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group and projected fully generational mortality improvements using scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 - June 30, 2019.

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

5. RETIREMENT SYSTEM (Cont'd.)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd.)

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset class	Target allocation	Weighted average long-term
		2020
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50	1.14
Total domestic equity	30.00	
Int'l Equities (unhedged)	14.00	5.53
Emerging Int'l Equities	6.00	2.37
Total international equity	20.00	
Core US Fixed Income	25.00	3.60
Total fixed income	25.00	
Private equity	10.00	8.85
Private debt	5.00	7.25
Total alternative	15.00	
Real estate	10.00	6.60
Total	100.00%	

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

5. RETIREMENT SYSTEM (Cont'd.)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd.)

Discount Rate: The discount rate used to measure the total pension liability was reduced to 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

Fiscal Year Ended	1% Decrease	Current Discount Rate	1% Increase	Single Discount Rate Assumption
June 30, 2014	\$2,362,856	\$1,793,898	\$1,313,897	7.75%
June 30, 2015	\$3,417,708	\$2,596,312	\$1,896,068	7.75%
June 30, 2016	\$4,692,317	\$3,651,802	\$2,788,860	7.25%
June 30, 2017	\$4,778,306	\$3,626,936	\$2,683,434	7.25%
June 30, 2018	\$5,073,202	\$3,812,981	\$2,756,877	7.25%
June 30, 2019	\$6,115,560	\$4,567,119	\$3,287,344	7.25%
June 30, 2020	\$9,007,946	\$6,958,130	\$5,283,158	6.75%
June 30, 2021	\$8,673,430	\$6,064,851	\$3,888,869	6.75%

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS financial report.

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Financial Statements

June 30, 2022

6. LEASE OF OFFICE SPACE

The Charter School is leasing office space from the Cooperative School District. The lease expired on June 30, 2010, and the Charter School is a tenant at will. The total rent paid for the fiscal year ended June 30, 2022 was \$21,852.

7. ECONOMIC DEPENDENCE

Under RSA 194-B:11,1(b), the State is providing funding for charter schools; the amount received by the Virtual Learning Academy Charter School for 2022 totaled \$9,465,663. Cares funding received from the State was \$2,343,429.

8. COMMITMENTS AND CONTINGENCIES

The Charter School received financial assistance from State agencies in the form of grants. The disbursement 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 effect on the overall financial position of the Charter School.

The Charter School signed an enrollment agreement with the State of New Hampshire, Department of Education to receive aid based on student enrollment for the next year. For 2022-2023, aid is fixed at \$6,091 per full time student or equivalent. Total anticipated revenue for the 2022-2023 school year is \$15,823,872.

9. ADJUSTMENTS TO FUND BALANCE AND NET POSITION

During fiscal year 2022, certain accounting changes and adjustments were made that required the restatement of the net position. Management has determined that the inclusion of sick days in compensated absences is misleading as the sick days are not payable upon an employee's separation from service and are non-vesting. This change impacts the government wide financials but not the government fund balance since it is a reconciling item. The effects of the adjustments are as follows:

Net Position 6/30/21	319,661
Effect of Change, Removal of	
Excess Accrued Compensated Absences	<u>440,614</u>
Net Position - Restated 7/1/21	<u>760,275</u>

10. SUBSEQUENT EVENTS EVALUATED

The date to which events occurring after June 30, 2022, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is January 7, 2022, which is the date on which the financial statements were available to be issued.

SCHEDULE 1

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive <Negative>
<u>Revenues</u>			
Intergovernmental			
State of New Hampshire	\$11,632,721	\$11,750,066	\$ 117,345
Investment earnings		2,651	2,651
Miscellaneous	<u>140,000</u>	<u>245,176</u>	<u>105,176</u>
Total Revenues	<u>11,772,721</u>	<u>11,997,893</u>	<u>225,172</u>
<u>Expenditures</u>			
Instruction	5,993,702	6,146,667	<152,965>
Student support services	2,209,222	2,226,267	<17,045>
Technology	1,270,828	1,307,571	<36,743>
General administration	779,681	693,513	86,168
School administration	603,576	630,435	<26,859>
Operation and maintenance	479,800	95,241	384,559
Human resources	<u>1,950,802</u>	<u>2,142,409</u>	<u><191,607></u>
 Total Expenditures	 <u>13,287,611</u>	 <u>13,242,103</u>	 <u>45,508</u>
 <u>Net Change in Fund Balance</u>	 <1,514,890>	 <1,244,210>	 270,680
 <u>Fund Balance - July 1, 2021</u>	 <u>4,580,712</u>	 <u>4,580,712</u>	 <u> </u>
 <u>Fund Balance - June 30, 2022</u>	 <u>\$3,065,822</u>	 <u>\$3,336,502</u>	 <u>\$ 270,680</u>

SCHEDULE 2

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability

For the Year Ended June 30, 2022

	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>	<u>6/30/13</u>
Proportion of the net pension liability for the most recent measurement date	.13684479	.10878620	.09491784	.0791863%	.07374830%	.06867394%	.06553817%	.04779159%	.03889132%
Proportionate share of the net pension liability for the most recent measurement date	\$6,064,851	\$6,958,130	\$4,567,119	\$3,812,981	\$3,626,936	\$3,651,802	\$2,596,312	\$1,793,898	\$1,673,798
Covered employee payroll for the most recent measurement date	\$9,003,978	\$9,301,842	\$6,824,314	\$6,364,613	\$5,636,295	\$4,404,493	\$4,177,950	\$4,343,866	\$3,626,515
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	67.36%	74.80%	66.92%	59.91%	64.35%	82.91%	62.14%	41.297%	46.154%
Plan fiduciary net position as a percentage of the total pension liability	72.22%	58.72%	65.59%	64.73%	62.66%	58.30%	65.47%	66.32%	59.81%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE 3

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Required Supplementary Information

Schedule of Contributions

For the Year Ended June 30, 2022

<u>FY Ending June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2013	96,705	96,705	0	3,626,515	2.67%
2014	155,047	155,047	0	4,343,866	3.57%
2015	219,873	219,873	0	4,177,950	5.26%
2016	245,907	245,907	0	4,404,493	5.58%
2017	270,172	270,172	0	5,636,295	4.79%
2018	334,687	334,687	0	6,364,613	5.26%
2019	413,065	413,065	0	6,824,314	6.05%
2020	483,274	483,274	0	9,301,842	5.20%
2021	628,701	628,701	0	9,003,978	6.98%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Required Supplementary Information

Year Ended June 30, 2022

BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the Charter School is prepared on the modified accrual basis of accounting.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Charter School budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified accrual basis of accounting.

The Trustees adopt the original budget by resolution prior to the beginning of the fiscal year of the Charter School. The Trustee resolution authorizing budgeted expenditures for each fund sets the level by which actual expenditures should not exceed budgeted expenditures. Total instruction, support services, and other expenditures for the fund are the levels of control established by the Trustees. However, the detailed budget document is required to contain more specific detailed information for the above mentioned expenditure categories, and management may transfer budgeted expenditures within all funds. Transfers between funds do require Trustee authorization.

Budgeted expenditures lapse at year-end and may not be carried over to subsequent years.



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THOMAS G. DUMAIS, CPA
KEVIN J. FERLAND, CPA
ROBERT S. FULLER, CPA

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

To The Board of Directors
Virtual Learning Academy Charter School
Exeter, New Hampshire 03833

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities, each major fund, and the aggregate remaining fund information of the Virtual Learning Academy Charter School, Exeter, New Hampshire, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Virtual Learning Academy Charter School, Exeter, New Hampshire's basic financial statements, and have issued our report thereon dated January 6, 2023.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Virtual Learning Academy Charter School, Exeter, New Hampshire's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

DUMAIS FERLAND & FULLER CPAs

DUMAIS, FERLAND & FULLER
Certified Public Accountants, LLC

Somersworth, NH

Dated: January 6, 2023



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

To The Board of Directors
Virtual Learning Academy Charter School
Exeter, New Hampshire

Report on Compliance for Each Major Federal Program

We have audited the Virtual Learning Academy Charter School, Exeter, New Hampshire's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Virtual Learning Academy Charter School, Exeter New Hampshire's major federal programs for the year ended June 30, 2022. Virtual Learning Academy Charter School, Exeter, New Hampshire's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Virtual Learning Academy Charter School, Exeter, New Hampshire's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Virtual Learning Academy Charter School, Exeter, New Hampshire's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Virtual Learning Academy Charter School, Exeter, New Hampshire's compliance.

Opinion on Each Major Federal Program

In our opinion, the Virtual Learning Academy Charter School, Exeter, New Hampshire complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Report on Internal Control Over Compliance

Management of the Virtual Learning Academy Charter School, Exeter, New Hampshire is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Virtual Learning Academy Charter School, Exeter, New Hampshire's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Virtual Learning Academy Charter School, Exeter, New Hampshire's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

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.



DUMAIS, FERLAND & FULLER
Certified Public Accountants, LLC

Somersworth, NH

Dated: January 6, 2023

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
US Department of Education			
Pass through from State of New Hampshire			
Department of Education			
Covid 19 - Education Stabilization Fund			
Governor's Emergency Education Relief Fund (GEER)	84.425C		\$1,117,034
Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D		1,082,392
Coronavirus Response and Relief Supplemental Appropriations Act of 2021 Emergency Assistance to Non-Public Schools (EANS)	84.425R		<u>144,003</u>
Total Education Stabilization Fund	84.425		<u>\$2,343,429</u>

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Virtual Learning Academy Charter School under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Virtual Learning Academy Charter School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Virtual Learning Academy Charter School.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Exhibit 1

VIRTUAL LEARNING ACADEMY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

Section I - Summary of Auditor's Results

1. The Auditor's report expresses an unmodified opinion on whether the financial statements of Virtual Learning Academy Charter School were prepared in accordance with GAAP.
2. No instances of noncompliance material to the financial statements of Virtual Learning Academy Charter School, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
3. No material weaknesses or significant deficiencies in internal control over major federal award programs are reported.
4. The Auditor's report on compliance for the major federal award programs for Virtual Learning Academy Charter School expresses an unmodified opinion on all major federal programs.
5. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
6. The programs tested as major programs were:
Education Stabilization Fund CFDA 84.425
7. The dollar threshold used for distinguishing between Type A and Type B programs was \$750,000.
8. Virtual Learning Academy Charter School was determined to be a high-risk auditee.

Section II - Major Federal Award Programs Audit

*Department of Education
Pass through from State of New Hampshire
Department of Education*

Education Stabilization Fund

CFDA Number
84.425

Grant Period
Year Ended June 30, 2022

There are no findings to be reported.