

LEDYARD CHARTER SCHOOL

Financial Statements

June 30, 2022

and

Independent Auditor's Report

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ROWLEY & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

46 NORTH STATE STREET
CONCORD, NEW HAMPSHIRE 03301
TELEPHONE (603) 228-5400
FAX # (603) 226-3532

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF THE PRIVATE
COMPANIES PRACTICE SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Ledyard Charter School
Manchester, New Hampshire

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ledyard Charter School, as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of Ledyard Charter School, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

Ledyard Charter School does not meet the criteria for definition of a government for accounting and financial reporting purposes under Generally Accepted Accounting Principles (GAAP). The State of New Hampshire Department of Education (NHDOE) has mandated that Management provide them with financial reporting in accordance with Governmental Accounting Standards as promulgated by the Governmental Accounting Standards Board (GASB). Accordingly, these financial statements do not conform to GAAP with regard to application of Governmental Accounting Standards. Conformity with GAAP requires the organization to present these financial statements in accordance with standards as promulgated by the Financial Accounting Standards Board. In our opinion, this departure does not affect the reported amounts of assets, liabilities, net position, revenues and expenses.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

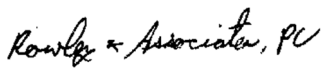
In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.



Rowley & Associates, P.C.
Concord, New Hampshire
January 17, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

This section of Ledyard Charter School’s (the “School”) financial report represents our discussion and analysis of the financial performance of the School for the year ended June 30, 2022. This information should be read in conjunction with the audited financial statements included in this report.

FINANCIAL HIGHLIGHTS

- The School’s total combined net position decreased between June 30, 2021 and 2022 by \$69,924 to \$254,030.
- At June 30, 2022, the School had \$1,183,138 of long-term obligations outstanding.
- The School’s total revenues were \$665,301 while total expenses were \$735,225, resulting in a decrease in net position of \$69,924.
- 59% of the School’s total revenues came from state operating aid.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the School’s basic financial statements. The School’s basic financial statements are comprised of five components: (1) basic government-wide financial statements, (2) basic fund financial statements, (3) notes to basic financial statements, (4) required supplementary information, and (5) notes to the required supplementary information.

Government-Wide Financial Statements

The government-wide financial 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 of the School’s assets and liabilities. All of the current year’s revenue 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, deferred outflows of resources and liabilities – 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 indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the School, the reader needs to consider additional non-financial factors such as changes in the property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, all of the School’s activities are reported as governmental activities. Most of the School’s basic services are included here. A state adequacy grant finances most of these activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School solely employs the use of governmental funds.

Governmental Funds:

Governmental funds generally focus on (a) how cash and other financial assets that can readily be converted to cash flow in and out and (b) the balances left at year-end that are available for spending. Consequently, the governmental funds financial statements provide a detailed short-term view that 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.

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 statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Basic Financial Statements

The notes provide disclosures and additional information that are essential to a full understanding of the financial information presented in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. The supplementary information is accompanied by notes to the supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as useful indicators of a government's financial position. Tables 1 and 2 below focus on the net position and changes in net position, respectively, of the School's governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS**LEDYARD CHARTER SCHOOL****YEAR ENDED JUNE 30, 2022****GOVERNMENT-WIDE FINANCIALY ANALYSIS, (Continued)****Table 1 - Net Position**

	Governmental Activities		
	2022	2021	Change
Current and other assets:			
Other assets	\$ 69,873	\$ 74,327	\$ (4,454)
Capital assets, net	1,419,297	1,373,603	45,694
Total Assets	<u>1,489,170</u>	<u>1,447,930</u>	<u>41,240</u>
Long-Term and other liabilities	<u>1,235,140</u>	<u>1,123,976</u>	<u>111,164</u>
Net Position:			
Net investment in capital assets	1,419,297	1,373,603	45,694
Restricted	26,009	25,000	1,009
Unrestricted	<u>(1,191,276)</u>	<u>(1,074,649)</u>	<u>(116,627)</u>
Total Net Position	<u>\$ 254,030</u>	<u>\$ 323,954</u>	<u>\$ (70,933)</u>

Table 2 - Changes in Net Position

	Governmental Activities		
	2022	2021	Change
General Revenues:			
State of New Hampshire sources	\$ 356,145	\$ 284,810	\$ 71,335
State of New Hampshire grant	39,049	100,472	(61,423)
Local sources	270,097	392,089	(121,992)
Investment income	10	486	(476)
Total Revenues	<u>665,301</u>	<u>777,857</u>	<u>(112,556)</u>
Expenses:			
Instruction	407,225	253,682	153,543
Support services	139,634	269,609	(129,975)
Operation and maintenance	145,626	95,000	50,626
Unallocated depreciation	42,740	23,416	19,324
Total Expenses	<u>735,225</u>	<u>641,707</u>	<u>93,518</u>
Change in Net Position	(69,924)	136,150	(206,074)
Net Position - Beginning of Year	<u>323,954</u>	<u>187,804</u>	<u>136,150</u>
Net Position - End of Year	<u>\$ 254,030</u>	<u>\$ 323,954</u>	<u>\$ (69,924)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the School had invested \$1,419,297 in buildings, equipment and furniture. Assets are depreciated using the straight-line method over the course of their estimated useful life.

More detailed information about the School's capital assets is presented in the notes to the basic financial statements.

Debt Administration

At June 30, 2022, the School had \$1,183,138 of long-term obligations outstanding.

More detailed information about the School's debt is presented in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

School management and the Board of Trustees considered many factors when preparing the fiscal year 2021-2022 budget.

Ledyard's budget process consists of estimating the number of students that will attend the school, the costs of teachers, educational material and related operating expenditures required to provide for the estimated enrollment. The estimated enrollment also provides for the estimate of revenues which consist principally of a statutorily defined amount of NH Adequacy Aid as modified for student attendance and graduate degree achievement.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact future financial performance. The potential impact of these uncertainties is unknown and cannot be estimated at the present time.

STUDENT ENROLLMENT

Approximately 43 students, ages 14-18, were enrolled in the School during the year ended June 30, 2022.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ledyard Charter School, 39 Hanover Street, Lebanon, NH 03766. Or contact the business office by phone (603-727-4772).

LEDYARD CHARTER SCHOOL
STATEMENT OF NET POSITION
June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 62,873
Accounts receivable	7,000
Capital assets, net	<u>1,419,297</u>
Total assets	<u>1,489,170</u>
LIABILITIES	
Current Liabilities	
Accounts payable	6,162
Line of credit	25,000
Current portion of long term debt	<u>20,840</u>
Total Current Liabilities	<u>52,002</u>
Long-Term Liabilities	
Long term debt	<u>1,183,138</u>
Total Long-Term Liabilities	<u>1,183,138</u>
Total Liabilities	<u>1,235,140</u>
NET POSITION	
Net investment in capital assets	1,419,297
Restricted	26,009
Unrestricted	<u>(1,191,276)</u>
Total net position	<u>\$ 254,030</u>

See accompanying notes to the basic financial statements

**LEDYARD CHARTER SCHOOL
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Revenue and Changes</u>
		<u>Services</u>	<u>and Contributions</u>	<u>in Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental activities:				
Regular Instruction	\$ (407,225)	\$ -	\$ -	\$ (407,225)
Supporting services				
Instructional staff	(1,799)	-	-	(1,799)
School administration	(132,836)	-	-	(132,836)
Business services	(4,999)	-	-	(4,999)
Operation and Maintenance	(145,626)	-	-	(145,626)
Depreciation (unallocated)	<u>(42,740)</u>	<u>-</u>	<u>-</u>	<u>(42,740)</u>
Total governmental activities	<u>(735,225)</u>	<u>-</u>	<u>-</u>	<u>(735,225)</u>
General revenues:				
Grants and contributions not restricted to specific purposes:				
State of New Hampshire sources				356,145
State of New Hampshire grant				39,049
Local sources				270,097
Investment income				<u>10</u>
Total general revenues				<u>665,301</u>
Change in net position				(69,924)
Net position - beginning				<u>323,954</u>
Net position - ending				<u>\$ 254,030</u>

See accompanying notes to the basic financial statements

**LEDYARD CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 62,873
Accounts receivable	<u>7,000</u>
Total assets	<u>69,873</u>

LIABILITIES	
Current Liabilities:	
Accounts payable	6,162
Line of credit	25,000
Current portion of long term debt	<u>20,840</u>
Total Current Liabilities	<u>52,002</u>
Long-Term Liabilities	
Long term debt	<u>1,183,138</u>
Total Long-Term Liabilities	<u>1,183,138</u>
Total Liabilities	<u>1,235,140</u>

FUND BALANCES	
Restricted	\$ 26,009
Unrestricted	<u>(1,191,276)</u>
Total Fund Balances	<u>(1,165,267)</u>

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

Capital assets used in governemtnal activities are not financial resources and, therefore, are not reported in the funds	<u>1,419,297</u>
Net Position of Governmental Activities	<u>\$ 254,030</u>

See accompanying notes to the basic financial statements

**LEDYARD CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	<u>General Fund</u>
REVENUES	
State of New Hampshire sources	\$ 356,145
State of New Hampshire grant	39,049
Local sources	270,097
Investment earnings	10
Total revenues	<u>665,301</u>
EXPENDITURES	
Instruction	495,659
Supporting services	139,634
Operation and maintenance	145,626
Total expenditures	<u>780,919</u>
Excess (deficiency) of revenues over expenditures	(115,618)
Fund balances - beginning of year	<u>(1,049,649)</u>
Fund balances - end of year	\$ <u><u>(1,165,267)</u></u>

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

Total Net Change in Fund Balances - Governmental Funds \$ (115,618)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	88,434	
Depreciation expense	<u>(42,740)</u>	
		<u>45,694</u>
Change in Net Position of Governmental Activities	\$	<u><u>(69,924)</u></u>

See accompanying notes to the basic financial statements

MANAGEMENT’S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ledyard Charter School does not meet the criteria for definition of a government for accounting and financial reporting purposes under Generally Accepted Accounting Principles (GAAP). The State of New Hampshire Department of Education (NHDOE) has mandated that Management provide to them financial reporting in accordance with Governmental Accounting Standards as promulgated by the Governmental Accounting Standards Board (GASB). Accordingly, these financial statements do not conform to GAAP with regard to application of Governmental Accounting Standards. Conformity with GAAP requires the organization to present these financial statements in accordance with standards as promulgated by the Financial Accounting Standards Board. In our opinion, this departure does not affect the reported amounts of assets, liabilities, net position, revenues and expenses.

The financial statements of the Ledyard Charter School (the “School”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The School’s primary source of revenue is State tuition funding. The significant accounting policies are discussed below:

A. REPORTING ENTITY

The School is a New Hampshire Chartered Public School governed by a Board of Trustees. As required by GAAP, these financial statements are required to present the School and its component units (if any).

New Hampshire RSA 194-B provides for the enabling statutory authority that establishes, as a fully independent public school, Chartered Public Schools, including the granting of the Charter status by the State Board of Education. The School has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The School is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The most significant tax positions of the School are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and recognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

MANAGEMENT'S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

B. GOVERNMENT-WIDE STATEMENTS AND FUND FINANCIAL STATEMENTS

The government-wide financial statements consist of a statement of net position and a statement of activities to report information about the School as a whole. The statement of net position reports all financial and capital resources. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Gains on the sale of capital assets are reported as general revenues, losses on the sale of capital assets are reported as function/program expenses. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund financial statements report detailed information about the School. 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. All remaining governmental funds are aggregated and presented in a single column as non-major funds. The School reports the following major governmental funds:

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-wide, Proprietary and Fiduciary Fund Financial Statements.

The government-wide financial statements use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, generally, all revenues, expenses, gains, losses, assets, and liabilities should be recognized when the economic exchange takes place. The government-wide financial statements report all of the assets, liabilities, revenues, expenses, and gains and losses of the entire government. These financial statements do not report fund information. Instead, they focus on two specific types of activities performed by the government, "governmental activities" and, when applicable, "business type activities". Governmental and proprietary fund types are included in the governmental and, when applicable, business type activities reported in the government-wide financial statements and therefore utilize the measurement focus and basis of accounting applicable to these statements. Fiduciary funds, if applicable, are not reported in the government-wide financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Governmental Fund Financial Statements.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and assets are recognized when they susceptible to accrual; i.e., both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally within sixty days after year-end. Expenditures and liabilities are recognized in the accounting period in which the fund liability is incurred and due, with certain modifications. Debt service and capital lease payments are recognized when the payment is due and compensated absences, claims and judgments, and special termination benefits are recognized to the extent that the liabilities are "normally expected to be liquidated with expendable available financial resources". Fiduciary fund financial statements, if applicable, use the economic resources measurement focus and the full accrual basis of accounting.

D. ASSETS, LIABILITIES AND NET POSITION OR FUND EQUITY

Cash and Cash Equivalents

The School has defined cash and cash equivalents to include cash on hand, demand deposits as well as short-term investments with a maturity date of within three months of the date acquired by the School. Investments are stated at fair value (quoted market price or the best available estimate).

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to at market or near market rates, are treated as revenues and expenditures / expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Compensated Absences

The School may accrue accumulated unpaid vacation and sick leave and associated employee-related costs, if any, when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. The School had no accrued vacation or sick leave earned, but unpaid as of June 30, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

D. ASSETS, LIABILITIES AND NET POSITION OR FUND EQUITY (Continued)

Capital Assets

For government-wide financial statements, capital assets purchased or acquired, in accordance with the School's capitalization policy, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the assets estimated useful lives.

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	40
Equipment & furniture	5-7

For fund financial statements, capital assets purchased for governmental operations are accounted for as capital expenditures of the governmental fund at the time of purchase.

Long-term Obligations

All long-term debt, if any, is reported as liabilities in the government-wide financial statements. Long-term debt generally consists of bonds payable, capital leases and accrued compensated absences and special termination benefits. Governmental funds reported in the fund financial statements are concerned with current financial resources only and do not report long-term debt. Instead, debt proceeds are reported as other financing sources when received and payments of principal and interest are reported as expenditures when due.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures. Accordingly, actual results could differ from those estimates.

Budgetary Data

The School's budget represents functional appropriations as authorized by the Board of Trustees. The Board of Trustees may transfer funds between operating categories as they deem necessary.

MANAGEMENT'S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

D. ASSETS, LIABILITIES AND NET POSITION OR FUND EQUITY (Continued)

Governmental Fund Equity

For governmental funds the classification and reporting requirements for fund balances are as follows:

Nonspendable – Are fund balances that cannot be spent because they are either; not in spendable form, such as inventories or prepaid amounts, or are legally or contractually required to be maintained intact, such as the principal of a permanent fund.

Restricted – Are amounts that can only be used for specific purposes because of enabling legislation or externally imposed constraints, such as grant requirements or laws or regulations.

Committed – Are amounts that can be used for specific purposes because of a formal action by the entities highest level of decision-making authority. This would include contractual obligations if existing resources have been committed. Formal action to establish constraints should be taken before year-end, even if the amount might not be determined until the subsequent period.

Assigned – Are amounts intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, or by and official whom authority has been given. This is the residual fund balance classification of all governmental funds except the general fund. Assigned fund balances should not be reported in the general fund if doing so causes the government to report a negative "unassigned" general fund balance.

Unassigned - Are the residual classification for the general fund. The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result to overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Revenues

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the period in which the resources are measurable and available. Revenue resulting from non-exchange transactions, in which the School receives value without directly giving equal value in return, generally includes grants and donations and is recognized when applicable grantor requirements, including purpose, eligibility, timing, and matching have been met.

General revenues on the Statement of Activities include the School Adequacy Aid, by formula.

MANAGEMENT'S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

NOTE 2 - RISK MANAGEMENT

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains *Workers' Compensation* and Property & Liability policies covering these exposures.

NOTE 3 - DEPOSITS

Deposits as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and cash equivalents	<u>\$ 62,873</u>
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Deposits at June 30, 2022 consist of the following:

Deposits with financial institution	<u>\$ 62,873</u>
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Credit Risk - Deposits

The School is allowed to maintain deposits in accordance with RSA 197:23-a which states that the treasurer shall deposit the moneys in participation units in the public deposit investment pool established pursuant to RSA 383:22, or in solvent banks in the state, except that funds may be deposited in banks outside the state if such banks pledge and deliver to a third party custodial bank or the regional federal reserve bank collateral security for such deposits United States government obligations, United States government agency obligations, or obligations of the state of New Hampshire in value at least equal to the amount of the deposit in each case.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a formal policy for custodial credit risk on deposits. As of June 30, 2022, \$62,873 of the School's bank balance was covered by deposit insurance and \$0 was exposed to custodial credit risk because it was uninsured and the collateral for the amounts was held by the depository's agent but not in the School's name.

NOTE 4 – INTERGOVERNMENTAL RECEIVABLES

These receivables resulted from state aid not received until after year-end and are reported in the general fund. Intergovernmental receivables at June 30, 2020 were \$0.

NOTE 5 – ACCOUNTS RECEIVABLE

These receivables resulted from donation contributions not received until after year-end and are reported in the general fund. All receivables are current and therefore due within one year. Accounts receivable at June 30, 2022 were \$7,000.

MANAGEMENT’S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

NOTE 6 – CAPITAL ASSETS

Capital asset activity of the governmental activities for the School for the year ended June 30, 2022 was as follows:

Capital Assets	Beginning Balance	Additions	Disposals	Ending Balance
Buildings	\$ 1,366,725	\$ 80,378	\$ -	\$ 1,447,103
Equipment & furniture	86,442	1,635	-	88,077
Improvements	-	6,421	-	6,421
Less accumulated depreciation	<u>(79,564)</u>	<u>(42,740)</u>	<u>-</u>	<u>(122,304)</u>
Capital Assets, net	<u>\$ 1,373,603</u>	<u>\$ 45,694</u>	<u>\$ -</u>	<u>\$ 1,419,297</u>

Depreciation expense for the year ended June 30, 2022 was: \$42,740.

NOTE 7 – LONG-TERM NOTE PAYABLE

Details of the School’s obligations as of June 30, 2022 are as follows:

Note payable to Millennium Trust Company LLC, dated September 2020, with interest at 7% and interest only due in monthly installments of \$1,167 due September 2025. \$ 150,000

Note payable to the USDA dated August 2021 and payable in monthly installments of \$3,695, including interest fixed for thirty five years at a rate of 2.25%. 1,053,978

Total School Obligation 1,203,978

Less current maturities 20,840

\$1,183,138

Maturities of long-term debt require the following principal reductions for the years ended June 30:

2023	\$ 20,840
2024	21,313
2025	21,798
2026	22,293
2027	22,800
Thereafter	<u>1,094,934</u>
	<u><u>\$1,203,978</u></u>

MANAGEMENT’S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

NOTE 7 – LONG-TERM NOTE PAYABLE (Continued)

Interest Included as Direct Expense

Interest expense of \$45,516 on long-term debt has been included in the direct expenses of individual functions on the statement of activities. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the program for which borrowing is related.

NOTE 8 – RESTRICTED NET POSITION

At June 30, 2022 the government-wide statement of net position reports the following restricted net position:

	<u>2022</u>
Couch Family Foundation	<u>\$26,009</u>
	<u>\$26,009</u>

NOTE 9 – LINE OF CREDIT

The School has a \$75,000 line of credit with an area bank with an interest rate of 4%. Interest payments are required monthly. The line of credit was renewed for one year expiring July 2022. The balance was \$25,000 as of June 30, 2022.

NOTE 10 – SUBSEQUENT EVENTS

Management has considered subsequent events through January 17, 2023, the date on which the financial statements were available to be issued, to determine if any are of such significance to require disclosure.

On December 6, 2022 the School received a letter from the State of New Hampshire Department of Education (NHDOE) regarding the Federal funds remote monitoring. The NHDOE is requiring a review of practices and procedures relating to Federal fiscal monitoring. The NHDOE report identifies recommendations and required corrective actions. Recommendations are being reviewed and corrective action plans have been completed.

There were no other events matching this criterion during this period.

**LEDYARD CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET and ACTUAL (Budgetary Basis) - GENERAL FUND
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State of New Hampshire sources	\$ 321,233	\$ 321,233	356,145	\$ 34,912
State of New Hampshire grant	124,900	124,900	39,049	(85,851)
Local sources	187,200	187,200	270,097	82,897
Interest income	-	-	10	10
Total Revenues	<u>633,333</u>	<u>633,333</u>	<u>665,301</u>	<u>31,968</u>
Expenditures:				
Regular instruction	344,080	344,080	495,659	151,579
Instructional staff	4,200	4,200	1,799	(2,401)
School administration	94,670	94,670	132,836	38,166
Business services	4,000	4,000	4,999	999
Operation and maintenance	90,500	90,500	145,626	55,126
Total Expenditures	<u>537,450</u>	<u>537,450</u>	<u>780,919</u>	<u>243,469</u>
Net change in fund balance	95,883	95,883	(115,618)	(211,501)
Fund Balance at beginning of year				
-Budgetary Basis	-	-	(1,049,649)	(1,049,649)
Fund Balance at end of year				
-Budgetary Basis	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$ (1,165,267)</u>	<u>\$ (1,261,150)</u>

See the accompanying notes to the required supplementary information

MANAGEMENT'S DISCUSSION AND ANALYSIS
LEDYARD CHARTER SCHOOL
YEAR ENDED JUNE 30, 2022

NOTE 1- BUDGETARY INFORMATION

A. Original Budget

Governmental budgetary appropriations and estimated revenues are accounted for on a fund basis in accordance with state statutes, administrative rules and local laws, policies or procedures. The budgetary process results in a formally adopted School budget by the Board of Trustees. Subsequent regulatory reviews by departments of the State of New Hampshire are made of the budgetary process, adopted budget and the estimated revenues of the School. After approval of final estimated revenues, a balanced School budget is achieved (the "original" budget). The original budget is the first complete, legally appropriated budget adjusted for appropriate changes occurring before the beginning of the year.

B. Budgetary Changes, Transfers, Encumbrances and Continuing Appropriations Transfers

The Board of Trustees may authorize budgetary transfers between allowable appropriations (programs, functions or categories); however, total expenditures may not exceed the total allowable appropriations budgeted (which consists of the original budget plus encumbrances carried forward from the prior year and continuing appropriations, if any).

Encumbrances and Continuing Appropriations

All annual appropriations lapse at year-end unless encumbered. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances are not expenditures and are reported as a reservation of fund balances in governmental funds and are carried forward to supplement appropriations of the subsequent year.

Certain appropriations that are not "annual appropriations" do not lapse at year-end. These continuing appropriations include those from special or unanticipated revenues, capital projects and specific items that are not required to have been completed at year-end. Continuing appropriations are reported as a reservation of fund balances in governmental funds and are carried forward to supplement appropriations of the subsequent year.

C. Final Budget

The final budget consists of the original budget adjusted for appropriate legal changes applicable to the year, including those occurring during and after the end of the year. The original and final fund balance budgetary amounts were the same.