

COLLEGIATE CHARTER SCHOOL OF LOWELL

FINANCIAL STATEMENTS

for the years ended June 30, 2021 and 2020

COLLEGIATE CHARTER SCHOOL OF LOWELL

for the years ended June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Collegiate Charter School of Lowell

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Collegiate Charter School of Lowell, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, 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 audits. We conducted our audits 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 business-type activities of Collegiate Charter School of Lowell, as of June 30, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 on pages 4 through 7 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 audits 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 Collegiate Charter School of Lowell's 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Requirement by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021, on our consideration of Collegiate Charter School of Lowell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Collegiate Charter School of Lowell'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 Collegiate Charter School of Lowell's internal control over financial reporting and compliance.

MP P.C.

Springfield, Massachusetts
October 26, 2021

COLLEGIATE CHARTER SCHOOL OF LOWELL

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

The following discussion and analysis of Collegiate Charter School of Lowell's (the School) financial performance provides an overview of the School's financial services for the fiscal years ended June 30, 2021 and 2020. Please read it in conjunction with the School's financial statements, which begin on page 8.

The School as a Whole

The School received its initial charter on May 9, 2012 to operate as a public charter school in the Commonwealth of Massachusetts. The School's charter was most recently renewed in 2018 and expires June 30, 2023. The charter is awarded in five year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts' Board of Elementary and Secondary Education. During the fiscal year 2021, the School operated kindergarten through grade 10 and the enrollment was comprised of approximately 1,019. During the fiscal year 2020, the School operated kindergarten through grade 9 and the enrollment was comprised of approximately 931 students.

Using This Annual Report

This annual report consists of a series of financial statements. In accordance with Governmental Accounting Standards Board Statement No. 34 - *Basic Financial Statement - Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34), the School is considered a special purpose government entity that engages in only business type activities. All of the financial activity of the School is recorded in an enterprise fund within the proprietary fund group. In accordance with GASB No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the School issues a *Statement of Net Position*, a *Statement of Revenues, Expenses and Changes in Net Position* and a *Statement of Cash Flows*. These statements provide information about the financial activities of the School, as a whole. This annual report also contains notes to the financial statements and other information which provides additional information that is essential to a full understanding of the information provided in the basic financial statements and the schedule of federal expenditures, which identifies all of the School's federal funding.

Financial Statements

The *Statement of Net Position* presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the School, as of the end of the fiscal year. The *Statement of Net Position* is a point-in-time financial statement. The purpose of the *Statement of Net Position* is to present a fiscal snapshot of the School to the readers of the financial statements. Assets are resources with present service capacity that the School presently controls. Liabilities are present obligations to sacrifice resources that the School has little or no discretion to avoid. A deferred outflow of resources is a consumption of net assets by the School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net assets by the School that is applicable to a future reporting period. Net position represents the difference between all other elements in a statement of financial position and is displayed in three components – *net investment in capital assets*, *restricted* (distinguishing between major categories or restrictions), and *unrestricted*.

COLLEGIATE CHARTER SCHOOL OF LOWELL

MANAGEMENT'S DISCUSSION AND ANALYSIS, continued

June 30, 2021 and 2020

Financial Statements – continued

The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

The *unrestricted* component of net position is net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Over time, readers of the financial statements will be able to evaluate the School's fiscal health (liquidity and solvency) or financial position by analyzing the increases and decreases in net position to determine if the School's financial health is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions and new or amended charter school legislation when evaluating the overall financial health of the School. This statement is also a good source for readers to determine how much the School owes to vendors and creditors and the available assets that can be used to satisfy those liabilities.

The *Statement of Revenues, Expenses and Changes in Net Position* reports the financial activities (revenue and expenses) of the School and divides it into two categories: Operating activities and Non-operating activities. Operating activities include all financial activities associated with the operation of the School and its related programs. Consequently, all non-operating activities include all financial activities not related to the operation of a charter school. Changes in total net position as presented on the *Statement of Net Position* are based on the activity presented in this statement. This statement helps to determine whether the School had sufficient revenues to cover expenses during the year and its net increase or decrease in net position based on current year operations.

The *Statement of Cash Flows* provides information about the School's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from *operations, investing, and capital and noncapital financing activities* and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in the cash balance during the reporting period?" This statement also is an important tool in helping users assess the School's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its needs for external financing.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the information provided in the School's financial statements.

COLLEGIATE CHARTER SCHOOL OF LOWELL

MANAGEMENT'S DISCUSSION AND ANALYSIS, continued

June 30, 2021 and 2020

Supplemental Information

The *Schedule of Expenditures of Federal Awards* is presented for the purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Schedule of Expenditures of Federal Awards can be found on page 21 of this report.

Financial Highlights

The following financial highlights are for the fiscal years ended June 30, 2021 and 2020:

The School held total assets of \$57,794,042 and \$55,658,971 at June 30, 2021 and 2020, respectively, of which \$50,691,420 and \$38,378,497 were net capital assets, respectively, and the majority of the remaining assets consisted of cash, receivables, and prepaid expenses.

The School held total liabilities of \$52,622,646 and \$52,541,607 at June 30, 2021 and 2020. There were current and long term liabilities. Current liabilities were \$1,388,082 at June 30, 2021 and \$588,595 at June 30, 2020, which consisted of payables and accrued expenses. Long term liabilities were \$51,234,564 at June 30, 2021 and \$51,953,012 at June 30, 2020.

Total net position for the School was \$5,171,396 and \$3,117,364 at June 30, 2021 and 2020, respectively, of which \$1,676,728 and \$3,324,777 was unrestricted and \$3,494,668 and \$(207,413) was investment in capital assets, respectively.

The School earned total operating revenues of \$15,358,890 and \$12,878,745, (excluding on-behalf pension and in-kind transportation), for the years ended June 30, 2021 and 2020, respectively.

The School had total operating expenses of \$11,038,696 and \$10,505,492, (excluding on-behalf pension and in-kind transportation), for the years ended June 30, 2021 and 2020, respectively.

The School incurred net income of \$2,054,032 and \$158,394 for the years ended June 30, 2021 and 2020, respectively.

Budgetary Highlights

For the fiscal year ended June 30, 2021, the School incurred \$11,038,696 in actual expenditures (excluding on-behalf pension and in-kind transportation), compared to budgeted expenditures of \$10,698,752. The variance of \$339,394 was due to incurring additional COVID relief grant expenditures. These expenditures were covered by additional grant revenues that were posted in fiscal year 2020-21 versus 2021-22 due to timing of purchase. All COVID relief grants have been approved by Board of Trustees and Department of Education.

The School budgeted tuition revenue of \$13,750,600 compared to actual of \$13,806,643. The School takes a conservative approach to budgeting tuition based on the previous years received amounts.

COLLEGIATE CHARTER SCHOOL OF LOWELL

MANAGEMENT'S DISCUSSION AND ANALYSIS, continued

June 30, 2021 and 2020

School's Financial Activities

The majority of the School's funding is received from the Commonwealth of Massachusetts Department of Elementary and Secondary Education and is based on a standard rate per pupil. The School received \$13,593 in per pupil funding in fiscal year 2021, versus \$12,852 in per pupil funding in fiscal year 2020. This represents 90% and 93% of the School's revenue for each of the years ended June 30, 2021 and 2020, respectively. In addition, the School received various federal and Commonwealth of Massachusetts grants, which totaled \$1,188,506 and \$825,328 in fiscal years June 30, 2021 and 2020, respectively.

Other Financial Factors

The School had a lease agreement with Commons Wealth, LLC to rent the building at 1857 Middlesex Street, Lowell, MA. This lease ended in December 2019. Rent expense for the fiscal year ended June 30, 2020 was \$775,000.

Contacting the School's Financial Management

This financial report is designed to provide the reader with a general overview of the School's finances and to show the accountability for the funds received. If you have questions about this report or need additional financial information, contact the Business Office of the School.

COLLEGIATE CHARTER SCHOOL OF LOWELL

STATEMENTS OF NET POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents.....	\$ 3,742,534	\$ 4,511,617
Restricted cash, cost of issuance.....	18,236	20,235
Restricted cash, debt service.....	101,017	30,971
Restricted cash, project fund.....	53,344	9,550,914
Federal and state receivables.....	63,789	39,809
Prepaid rent.....	<u>62,702</u>	<u>65,678</u>
Total current assets.....	4,041,622	14,219,224
Capital assets, net.....	50,691,420	38,378,497
Debt service reserve fund.....	<u>3,061,000</u>	<u>3,061,250</u>
TOTAL ASSETS.....	<u>\$ 57,794,042</u>	<u>\$ 55,658,971</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accrued expenses.....	\$ 506,447	\$ 417,030
Accounts payable.....	251,635	171,565
Bonds payable, current portion.....	<u>630,000</u>	<u> </u>
Total current liabilities.....	1,388,082	588,595
Bonds payable, net of current portion.....	<u>51,234,564</u>	<u>51,953,012</u>
Total liabilities.....	<u>52,622,646</u>	<u>52,541,607</u>
Net position		
Net investment in capital assets, net of related debt.....	3,494,668	(207,413)
Unrestricted.....	<u>1,676,728</u>	<u>3,324,777</u>
Total net position.....	<u>5,171,396</u>	<u>3,117,364</u>
TOTAL LIABILITIES AND NET POSITION.....	<u>\$ 57,794,042</u>	<u>\$ 55,658,971</u>

See notes to financial statements.

COLLEGIATE CHARTER SCHOOL OF LOWELL

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

for the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Student tuition.....	\$ 13,806,643	\$ 11,971,747
Federal and state grants.....	1,188,506	525,271
School lunch program.....	339,535	300,057
Student services and other.....	24,206	81,670
On-behalf pension.....	1,481,174	1,157,478
In-kind transportation.....	<u>181,920</u>	<u>181,920</u>
Total operating revenues.....	<u>17,021,984</u>	<u>14,218,143</u>
Operating expenses		
Salaries.....	4,529,290	4,077,951
Payroll taxes.....	233,512	170,519
Fringe benefits.....	604,682	543,636
Management license fee.....	1,931,880	1,676,045
Grant programs.....	1,176,006	525,272
Classroom and other supplies.....	518,667	588,259
School lunch program.....	266,719	309,181
Depreciation.....	1,063,638	712,043
Repairs, maintenance and supplies.....	155,048	190,144
Building repairs and maintenance.....	45,304	53,468
Occupancy costs.....		1,058,557
Office supplies, postage and expense.....	19,526	12,635
Computer expense.....	55,065	28,692
Professional services.....	68,716	181,858
Insurance expense.....	3,580	25,846
Payroll service charge.....	30,227	31,856
Extended day expenses.....	50	64,344
Staff development.....	4,243	15,417
Board of trustees expense.....	12,304	9,381
Advertising.....	33,282	21,682
Telephone.....	2,071	3,032
Utilities.....	258,991	185,078
Miscellaneous.....	25,895	20,596
On-behalf pension.....	1,481,174	1,157,478
In-kind transportation.....	<u>181,920</u>	<u>181,920</u>
Total operating expenses.....	<u>12,701,790</u>	<u>11,844,890</u>
Operating income.....	<u>4,320,194</u>	<u>2,373,253</u>
Nonoperating revenue (expense)		
Interest income.....	165,688	124,819
Bond issue costs.....		(1,043,758)
Interest expense.....	<u>(2,431,850)</u>	<u>(1,295,920)</u>
Total nonoperating expense.....	<u>(2,266,162)</u>	<u>(2,214,859)</u>
Change in net position.....	2,054,032	158,394
Net position, beginning of year.....	<u>3,117,364</u>	<u>2,958,970</u>
Net position, end of year.....	<u>\$ 5,171,396</u>	<u>\$ 3,117,364</u>

See notes to financial statements.

COLLEGIATE CHARTER SCHOOL OF LOWELL

STATEMENTS OF CASH FLOWS

for the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Receipts from student tuition.....	\$ 13,806,643	\$ 12,800,635
Receipts from federal and state grants.....	1,203,072	573,314
Receipts from lunch program.....	300,989	319,752
Receipts from other income.....	24,206	81,670
Payments to employees.....	(4,471,740)	(4,052,928)
Payments to vendors and suppliers.....	<u>(5,419,303)</u>	<u>(5,645,348)</u>
Net cash provided by operating activities.....	<u>5,443,867</u>	<u>4,077,095</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets.....	(13,376,561)	(1,267,077)
Proceeds from bonds.....		11,690,000
Interest paid on capital debt.....	(2,431,850)	(1,295,920)
Bond premium.....		2,963,012
Bond issue costs.....		<u>(1,043,758)</u>
Net cash (used in) provided by capital and related financing activities.....	<u>(15,808,411)</u>	<u>11,046,257</u>
Cash flows from investing activities:		
Investment income.....	<u>165,688</u>	<u>124,819</u>
Net cash provided by investing activities.....	<u>165,688</u>	<u>124,819</u>
(Decrease) increase in cash and cash equivalents.....	(10,198,856)	15,248,171
Cash and cash equivalents, beginning of year.....	<u>17,174,987</u>	<u>1,926,816</u>
Cash and cash equivalents, end of year.....	<u>\$ 6,976,131</u>	<u>\$ 17,174,987</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Adjustments to reconcile the income from operations to net cash provided by operating activities:		
Income from operations.....	\$ 4,320,194	\$ 2,373,253
Depreciation.....	1,063,638	712,043
Bond premium.....	(88,448)	
(Increase) decrease in operating assets		
Grants receivable.....	(23,980)	896,626
Prepaid rent.....	2,976	268,737
Increase (decrease) in operating liabilities		
Accounts payable	80,070	(25,737)
Accrued expenses.....	<u>89,417</u>	<u>(147,827)</u>
Net cash provided by operating activities.....	<u>\$ 5,443,867</u>	<u>\$ 4,077,095</u>
Reconciliation of total cash and cash equivalents:		
Cash and cash equivalents.....	\$ 3,742,534	\$ 4,511,617
Restricted cash.....	<u>3,233,597</u>	<u>12,663,370</u>
Total cash, cash equivalents and restricted cash.....	<u>\$ 6,976,131</u>	<u>\$ 17,174,987</u>

See notes to financial statements.

COLLEGIATE CHARTER SCHOOL OF LOWELL

NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization

Collegiate Charter School of Lowell (the “School”) (formerly known as Lowell Collegiate Charter School) was established on May 9, 2012 after receiving their charter from the Commonwealth of Massachusetts under Chapter 71 Section 89 of the General Laws of Massachusetts. The School’s charter is awarded in five year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts Department of Elementary and Secondary Education (DESE). The School’s charter was most recently renewed in 2018 and expires June 30, 2023.

The School has one location in Lowell, Massachusetts and offers children in the city of Lowell in kindergarten through grade 10, a public supported academic education. During fiscal year 2021, the School served 1,019 in kindergarten through grade 10 (2020 – kindergarten through grade 9 and 931 students).

The mission of the School is to be a provider of top-quality education to a highly diverse student body. The School will prepare all students for success, equip them with the ability and desire for lifelong learning, and strengthen their civic, ethical, and moral values. The School will maintain high standards of efficiency and accountability throughout its operation.

2. Summary of Significant Accounting Policies

The accounting policies of the School conform to accounting principles generally accepted in the United States as applicable to governmental units. The following is a summary of the School’s significant accounting policies:

Financial Statement Presentation

The School, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement - and Management’s Discussion and Analysis - for State and Local Governments*, is considered a special purpose governmental entity that engages in only business type activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared using the accrual basis of accounting and all of the activity is recorded in the enterprise fund. The School’s financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

Basis of Accounting

The accrual basis of accounting is used for all governmental entities that operate as business type entities. Accordingly, revenue is recognized when earned and capital assets and expenditures are recorded when received and incurred, respectively.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the School has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

COLLEGIATE CHARTER SCHOOL OF LOWELL

NOTES TO FINANCIAL STATEMENTS, continued

Cash and Cash Equivalents

For the purposes of the Statements of Net Position and the Statements of Cash Flows, the School considers all short term investments with an original maturity of three months or less to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realized losses on balances outstanding at year-end will be immaterial.

Capital Assets

Furniture and equipment are recorded at cost, if purchased or at fair market value at the date of donation. Capital assets purchased with a cost or value greater than \$1,000 are capitalized. Depreciation will be computed on the straight-line basis using estimated useful lives of 40 years for buildings, 10-20 years for building/leasehold improvements, 5 years for computers, and 7 years for furniture, fixtures and equipment. Depreciation expense of \$1,063,638 and \$712,043 was recorded for each of the years ended June 30, 2021 and 2020, respectively.

Construction in Progress

Construction in progress includes costs associated with the addition of the high school building to the exiting elementary school building. These costs are capitalized when incurred.

Operating Revenue and Expenses

Operating revenue and expenses generally result from providing educational and instructional services in connection with the School's principal ongoing operations. The principal operating revenues include tuition and Federal and Commonwealth of Massachusetts grants. Operating expenses include educational costs and administrative expenses and depreciation on capital assets.

Bonds and Related Premiums and Debt Issuance Costs

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium. Pursuant to GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, debt issuance costs are expensed when incurred. During fiscal year 2020, the School incurred \$1,043,758 of debt issuance costs which were included in the *Statement of Revenues, Expenses and Changes in Net Position*.

COLLEGIATE CHARTER SCHOOL OF LOWELL

NOTES TO FINANCIAL STATEMENTS, continued

Classification of Net Position

The following are the net position classifications:

- Net Investment in Capital Assets – book value of capital assets net of any related debt.
- Restricted – amounts that can be spent only for specific purposes because of externally imposed restrictions by grantors and contributors.
- Unrestricted – portion of funds to support operations.

The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fair Value

In accordance with GASB Statement No. 72, *Fair value Measurement and Application*; the School's investments are measured at fair value on a recurring basis. The School categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Tax Status

The School was established under a Charter granted by the Commonwealth of Massachusetts Department of Education and operates as part of the Commonwealth of Massachusetts and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Use of Estimates

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

COLLEGIATE CHARTER SCHOOL OF LOWELL

NOTES TO FINANCIAL STATEMENTS, continued

3. Deposits with Financial Institution

The School maintains its cash balances in two financial institutions. The balances at times may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit per financial institution. Management acknowledges the possibility of risk in this arrangement; however, the size and longevity of the depository institution minimizes such risk. In addition, one of the financial institutions is a Massachusetts Chartered Savings Bank that maintains additional insurance through the Depositors Insurance Fund (DIF), a private industry sponsored insurance company.

As required by GASB No. 40, Deposits and Investment Risk Disclosures, the following represents a summary of deposits as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
FDIC insured deposits	\$ 250,000	\$ 250,000
DIF insured deposits	3,535,688	4,309,350
Uncollateralized	<u>3,233,597</u>	<u>12,663,370</u>
	<u>\$ 7,019,285</u>	<u>\$ 17,222,720</u>

4. Fair Value Measurements

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*; the School's investments are measured at fair value on a recurring basis. The School categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 – Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to fair value measurements.

COLLEGIATE CHARTER SCHOOL OF LOWELL

NOTES TO FINANCIAL STATEMENTS, continued

Fair Value Measurement - continued

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at June 30, 2021 and 2020. The following are descriptions of the valuation methodologies used for assets measured at fair value.

Restricted cash, cost of issuance and debt service – Invested in US Treasury money market funds which are valued at amortized cost.

Debt service reserve fund – Invested in US Treasury money market funds which are valued at amortized cost. Also invested in a guaranteed investment contract, which invests in real estate.

Project fund - Invested in US Treasury money market funds which are valued at amortized cost. Also invested in a guaranteed investment contract, which invests in real estate.

The following table sets forth by level, within the fair value hierarchy, the school’s assets at fair value as of June 30, 2021 and 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total 6/30/2021</u>
Restricted Cash	\$ 119,253			\$ 119,253
Debt service reserve fund		\$ 3,061,000		3,061,000
Project fund	<u>53,344</u>			<u>53,344</u>
	<u>\$ 172,597</u>	<u>\$ 3,061,000</u>	<u>\$</u>	<u>\$ 3,233,597</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total 6/30/2020</u>
Restricted Cash	\$ 51,206			\$ 51,206
Debt service reserve fund	250	\$ 3,061,000		3,061,250
Project fund	<u>7,715,811</u>	<u>1,835,103</u>		<u>9,550,914</u>
	<u>\$ 7,767,267</u>	<u>\$ 4,896,103</u>	<u>\$</u>	<u>\$ 12,663,370</u>

COLLEGIATE CHARTER SCHOOL OF LOWELL

NOTES TO FINANCIAL STATEMENTS, continued

5. Capital Assets

Changes in capital assets during fiscal years 2021 and 2020 are as follows:

	<u>Balance</u> <u>6/30/2020</u>	<u>Additions</u>	<u>Disposals/</u> <u>Transfers</u>	<u>Balance</u> <u>6/30/2021</u>
Land	\$ 1,083,300			\$ 1,083,300
Equipment	141,232			141,232
Computer equipment	247,010			247,010
Furniture and fixtures	364,550	\$ 33,846		398,396
Buildings Lower School	36,216,700			36,216,700
Construction in Process	1,138,634	13,342,715		14,481,349
Leasehold improvements	<u>415,439</u>			<u>415,439</u>
Total capital assets	39,606,865	13,376,561		52,983,426
Less accumulated depreciation	<u>1,228,368</u>	<u>1,063,638</u>		<u>2,292,006</u>
Net capital assets	<u>\$ 38,378,497</u>	<u>\$ 12,312,923</u>	<u>\$</u>	<u>\$ 50,691,420</u>
	<u>Balance</u> <u>6/30/2019</u>	<u>Additions</u>	<u>Disposals/</u> <u>Transfers</u>	<u>Balance</u> <u>6/30/2020</u>
Land		\$ 1,083,300		\$ 1,083,300
Equipment	\$ 141,232			141,232
Computer equipment	148,882	98,128		247,010
Furniture and fixtures	334,235	30,315		364,550
Buildings Lower School		36,216,700		36,216,700
Construction in Process		1,138,634		1,138,634
Leasehold Improvements	<u>415,439</u>			<u>415,439</u>
Total capital assets	1,039,788	38,567,077		39,606,865
Less accumulated depreciation	<u>516,325</u>	<u>712,043</u>		<u>1,228,368</u>
Net capital assets	<u>\$ 523,463</u>	<u>\$ 37,855,034</u>	<u>\$</u>	<u>\$ 38,378,497</u>

COLLEGIATE CHARTER SCHOOL OF LOWELL

NOTES TO FINANCIAL STATEMENTS, continued

6. Related Parties

The School has a management contract with a related party, Springfield Education Management LLC (SEM), to manage the teaching, accounting, and business administration functions of the School. The management agreement provides for the payment of an annual management fee to SEM. The agreement states that the School shall pay SEM a license fee of 8% of total per pupil tuition and a management fee of 6% of total per pupil tuition, which will be payable upon each receipt of per pupil tuition from the Commonwealth of Massachusetts. This agreement ends June 30, 2023, and may be renewed for an additional five years, by agreement of both parties. The fees amounted to \$1,931,880 and \$1,676,045 for the years ended June 30, 2021 and 2020, respectively. The School owed SEM \$176,541 and \$131,507 at June 30, 2021 and 2020, respectively, which is included in accounts payable in the Statement of Net Position.

The School purchases a majority of their text books and miscellaneous items from SABIS Educational Systems (SES), a related party to SEM. The School owed SES \$5,833 and \$14 at June 30, 2021 and 2020, respectively, which was included in accounts payable in the Statement of Net Position.

The School paid SEM and SES the following during fiscal years:

	<u>2021</u>	<u>2020</u>
License Fee	\$ 1,103,931	\$ 957,740
Management Fee	827,949	718,305
Text books and other	<u>415,643</u>	<u>408,735</u>
	<u>\$ 2,347,523</u>	<u>\$ 2,084,780</u>

7. Concentration of Revenue

DESE provided 98% and 97% of the funding to the School for the years ended June 30, 2021 and 2020, respectively, through a per pupil reimbursement and Federal and Commonwealth of Massachusetts grants.

COLLEGIATE CHARTER SCHOOL OF LOWELL

NOTES TO FINANCIAL STATEMENTS, continued

8. Operating Leases

The School had a lease agreement with Commons Wealth, LLC to rent the building at 1857 Middlesex Street, Lowell, MA. This lease ended in December 2019. Rent expense under this lease amounted to \$775,000 in 2020, respectively.

The School has a lease agreement with Northern Business Machines, Inc. to rent office equipment. Rent is payable on a month-to-month basis in the amount of \$2,400 per month for 60 months. This lease expires in fiscal year 2024. Total rent expense for the years ended June 30, 2021 and 2020 was \$28,800 each year.

9. Bonds Payable

Collegiate Charter School of Lowell Revenue Bonds, Series 2019 were issued on December 3, 2019, in the original principal amount of \$48,990,000. The bond is payable in annual principal installments and interest payments are due semi-annually. The first principal payment is due on June 15, 2022, and interest payments began June 15, 2020. The bond bears interest at 4% through 2024 and 5% through 2054. The School is required to maintain a historical debt service coverage ratio of at least 1.10 measured for each fiscal year and maintain an unrestricted cash balance as of the end of each fiscal year equal to at least 45 days of operating expenses for the prior fiscal year. The School was in compliance with these covenants at June 30, 2021. At June 30, 2021 and 2020, the outstanding bond balance was \$48,990,000. Interest costs totaled \$2,431,850 for the fiscal year ended June 30, 2021 and \$1,295,920 for the fiscal year ended June 30, 2020.

These bonds were issued at a premium. The premium is amortized on a straight-line basis over the life of the loan and recorded as interest income in the statement of revenue, expenses and changes in net position. At June 30, 2021 and 2020, the bond premium was \$3,007,236 and accumulated amortization was \$132,672 and \$44,224. Interest income at June 30, 2021 and 2020 was \$88,448 and \$44,224.

The loan balance and related activity for the fiscal year ended June 30, 2021 and 2020 is as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Amounts Due</u> <u>Within One Year</u>
Bonds Payable	\$ 48,990,000			\$ 48,990,000	\$ 630,000
Plus: Bond Premium	2,963,012		\$ 88,448	2,874,564	
Bonds Payable, net	<u>\$ 51,953,012</u>	<u>\$</u>	<u>\$ 88,448</u>	<u>\$ 51,864,564</u>	<u>\$ 630,000</u>
	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Amounts Due</u> <u>Within One Year</u>
Bonds Payable		\$ 48,990,000		\$ 48,990,000	\$
Plus: Bond Premium		3,007,236	\$ 44,224	2,963,012	
Bonds Payable, net	<u>\$</u>	<u>\$ 51,997,236</u>	<u>\$ 44,224</u>	<u>\$ 51,953,012</u>	<u>\$</u>

COLLEGIATE CHARTER SCHOOL OF LOWELL

NOTES TO FINANCIAL STATEMENTS, continued

Bonds Payable - continued

The following debt service requirements to maturity, including principal and interest, are as follows:

Years ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 630,000	\$ 2,429,850	\$ 3,059,850
2023	655,000	2,404,650	3,059,650
2024	680,000	2,378,450	3,058,450
2025	710,000	2,351,250	3,061,250
2026	745,000	2,315,750	3,060,750
2027-2031	4,315,000	10,982,250	15,297,250
2032-2036	5,505,000	9,790,250	15,295,250
2037-2041	7,020,000	8,269,750	15,289,750
2042-2046	8,965,000	6,329,750	15,294,750
2047-2051	11,435,000	3,853,250	15,288,250
2052-2054	<u>8,330,000</u>	<u>846,750</u>	<u>9,176,750</u>
Total	<u>\$ 48,990,000</u>	<u>\$ 51,951,950</u>	<u>\$ 100,941,950</u>

The School has a Debt Service Reserve Fund being held by the Trustee. Any earnings from the fund will be used to reduce future principal and interest payments.

10. Donated Transportation

The School received \$181,920 in donated transportation from the City of Lowell School District for the years ended June 30, 2021 and 2020, each year.

COLLEGIATE CHARTER SCHOOL OF LOWELL

NOTES TO FINANCIAL STATEMENTS, continued

11. Retirement Plan

The School's teaching staff and certain administrators participate individually in the Massachusetts Teachers' Retirement System (MTRS). All qualified teachers and administrators are covered by and must participate in MTRS. All qualified teachers and administrators who qualify for the plan, along with the School are exempt from federal social security taxes for these employees. Benefits vest fully after 10 years of qualified employment and an employee may receive retirement benefits after 20 years of service or having reached the age of 55 if the participant (1) has a record of 10 years of creditable service, (2) was first employed by the school after January 1, 1978, (3) voluntarily left school employment on or after that date, and (4) left an accumulated annuity deduction in the fund. This retirement plan requires an employee contribution of eight to eleven percent (depending on the plan and the employment date) of their compensation.

The MTRS retirement plan, under GASB Statement No.68, *Accounting and Financial Reporting for Pensions*, is required by statute to determine the net pension liability for all participants. The net pension liability for the retirement plan at the June 30, 2020 measurement date was determined by an actuarial valuation prepared as of January 1, 2020 rolled forward to June 30, 2020. The school's share of MTRS net pension liability is \$11,991,922.

12. On-behalf Payments

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the School is required to recognize its proportional share of pension revenue and expenses, as reported by MTRS, as on-behalf payments in their financial statements. As of June 30, 2021, the School recognized \$1,481,174 of on-behalf revenues and expenses (2020 - \$1,157,478).

13. Subsequent Events

The School has evaluated subsequent events through October 26, 2021, the date the financial statements were available to be issued.

COLLEGIATE CHARTER SCHOOL OF LOWELL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2021

Federal Grantor/Pass-through Grantor Program Title	Assistance Listing #	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education:			
Pass-through from Massachusetts Department of Education:			
Title I - Grants to Local Educational Agencies.....	84.010	305-400694-2021-3503	\$ 170,488
	84.010	305-304458-2020-3503	<u>36,505</u>
			<u>206,993</u>
Special Education - Grants to States.....	84.027	240-400696-2021-3503	214,148
	84.027	274-489802-2021-3503	7,159
	84.027	240-304457-2020-3503	<u>51,627</u>
			<u>272,934</u>
Title IIA -Supporting Effective Instruction State Grants.....	84.367	140-400702-2021-3503	13,636
Title III - English Language Acquisition State Grants.....	84.365	180-400695-2021-3503	40,488
	84.365	180-304456-2020-3503	<u>5,748</u>
			<u>46,236</u>
Title IV - Student Support and Academic Enrichment Program.....	84.424	309-400697-2021-3503	1,988
	84.424	309-304458-2020-3503	<u>9,726</u>
			<u>11,714</u>
Covid 19 - Charter School Program Grant Covid 19 Relief.....	84.282	534-489800-2021-3503	100,000
Covid 19 - Elementary and Secondary School Emergency Relief Fund.....	84.425D	113-379912-2021-3503	<u>266,118</u>
Total U.S. Department of Education.....			<u>917,631</u>
U.S. Department of Agriculture:			
Pass-through from Massachusetts Department of Education:			
Child Nutrition Cluster			
National School Lunch Program.....	10.555	09-160-CS-59	232,799
School Breakfast Program.....	10.553	09-160-CS-59	<u>106,736</u>
Total Child Nutrition Cluster.....			<u>339,535</u>
Total U.S. Department of Agriculture.....			<u>339,535</u>
U.S. Department of Treasury:			
Pass-through from Massachusetts Department of Education:			
Covid 19 - Coronavirus Relief Fund.....	21.019	102-400693-2021-3503	<u>209,700</u>
Total U.S. Department of Treasury.....			<u>209,700</u>
Total Expenditures of Federal Awards.....			<u>\$ 1,466,866</u>

See notes to schedule of expenditures of federal awards.

COLLEGIATE CHARTER SCHOOL OF LOWELL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2021

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Collegiate Charter School of Lowell 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 the Collegiate Charter School of Lowell, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Collegiate Charter School of Lowell.

2. **Summary of Significant Accounting Policies**

Expenditures

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.

3. **Indirect Cost Rate**

Collegiate Charter School of Lowell has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.



**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 Trustees of
Collegiate Charter School of Lowell

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Collegiate Charter School of Lowell, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Collegiate Charter School of Lowell's basic financial statements, and have issued our report thereon dated October 26, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Collegiate Charter School of Lowell'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MP P.C.

Springfield, Massachusetts
October 26, 2021



**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 Trustees of
Collegiate Charter School of Lowell

Report on Compliance for Each Major Federal Program

We have audited Collegiate Charter School of Lowell'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 Collegiate Charter School of Lowell's major federal programs for the year ended June 30, 2021. Collegiate Charter School of Lowell's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Collegiate Charter School of Lowell'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 Collegiate Charter School of Lowell'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 Collegiate Charter School of Lowell's compliance.

Opinion on Each Major Federal Program

In our opinion, Collegiate Charter School of Lowell 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, 2021.

Report on Internal Control over Compliance

Management of Collegiate Charter School of Lowell 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 Collegiate Charter School of Lowell'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 Collegiate Charter School of Lowell'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 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. However, material weaknesses 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.

MP.P.C.

Springfield, Massachusetts
October 26, 2021

COLLEGIATE CHARTER SCHOOL OF LOWELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2021

SUMMARY OF AUDITORS' RESULTS

1. The Auditors' report expresses an unmodified opinion on whether the financial statements of Collegiate Charter School of Lowell were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Collegiate Charter School of Lowell, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance. No material weaknesses are reported.
5. The Auditors' report on compliance for major federal award programs for Collegiate Charter School of Lowell expresses an unmodified opinion on the major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as the major programs were Charter School Program Grant Covid-19 Relief 84.282 and Elementary and Secondary School Emergency Relief Fund 84.425D2021.
8. The threshold used for distinguishing between Types A and B programs was \$750,000.
9. Collegiate Charter School of Lowell was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

COLLEGIATE CHARTER SCHOOL OF LOWELL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
for the year ended June 30, 2021

There were no audit findings reported in the prior year's audit for the year ended June 30, 2020.



ACCEPTANCE OF THE BOARD OF TRUSTEES

We, the Board of Trustees of Collegiate Charter School of Lowell or its designee, have voted to accept the representations of management and the expression of the opinions made by MP, P.C. as embodied in the financial statements and independent auditors' reports for the years ended June 30, 2021 and 2020.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and the Commonwealth of Massachusetts Charter School Audit Guide for the periods ended June 30, 2021 and 2020.

Alan A. Smith Treasurer

Board President or Treasurer or Other Designated Person

October 26, 2021

Date