

CERTIFICATION VERIFICATION FORM

PDE-414

Esperanza Cyber Charter School 2019-2020

Complete the following information for all professional staff members.

Staff No.	Name of employee (List all names in alphabetical order)	PA Certified Yes/No	Areas of Certification Type of Certificate	Grades Teaching or Serving	All Areas of Assignment Subject Areas Teaching or Services Provided	Number of Hours Worked in Assignmnt	Percentage of Time in Certified Position	Percentage of Time in Areas Not Certified
1	Allen, Synae	No	Charter School Teacher Designation, Emergency General Science, Biology	9	HS Science	990	100%	0%
2	Atwater, Ronda	Yes	ELA 7-12, Music PK-12	7-12	Creative Writing 1 & 2, AP Literature	990	100%	0%
3	Baker, Morgan	No	4-8 All, 4-8 Science, Emergency Biology, Chemistry, General Science	9-12	Biology Systems, General Biology, Chemistry	990	100%	0%
4	Broom, Thomas	Yes	Social Studies 7-12	7-12	SS 9, 10, 11, 12	990	100%	0%
5	Cote, Daniel	Yes	Sped K-12	K-12	Sped Coordinator, Sped teacher	990	100%	0%
6	Devlin, Zachary	No	ESL K-12, Emergency Certificate Principal	K-12	ESL Coordinator/ Coordinator of Instruction K-5	990	100%	0%
7	Dinsmore, Andrew	Yes	ELA 7-12		ELA 7/8	990	100%	0%
8	Faulkner-Beitzel, Carolyn RESIGNED	Yes	Superintendent PK-12, Principal PK-12	K-12	Director Academic Programs	990	100%	0%
9	Fausnacht, Todd	Yes	Math 7-12, Math 4-8	7-12	Math 7,8	990	100%	0%
10	Garcia, Elsie	Yes	Math 7-12	7-12	Geometry, Pre-Calculus, Consumer Math	990	100%	0%
11	Gomez, Ydaliza	Yes	Ed Spec Counselor PK-12	K-12	K-8 Counselor	990	100%	0%
12	Gross, Christine	Yes	SS 7-12, Science 6-9 K6, English 6-9	6	6th Grade Teacher	990	100%	0%
13	High-Kennedy, Heather	Yes	ELA 7-12	7-12	Postcolonial Literature, Digital Journalism	885.5	100%	0%
14	Hopkins, Michael	No	Charter School Teacher Designation, Masters TESOL, Emergency ESL K-12, Math7-12, ELA 7-12, SS 7-12	7-12	ESL Math Teacher	962.5	100%	0%
15	Huber, Abigail	Yes	Social Studies 7-12	7-12	Economics Teacher	990	100%	0%
16	Karkov-Loune, Maria RESIGNED	Yes	Special Education K-5	K-5	Elementary Special Ed Teacher	218	100%	0%
17	Kenney, John	Yes	SS 7-12, ELA 7-12, Emergency Certificate ESL Specialist, Gen Sci.	7-12	ELD Social Studies Teacher	990	100%	0%
18	Killbride, Nathan	Yes	Science 4-8, ELA 4-8	4-8	ES/MS Reading Intervention Teacher	990	100%	0%
19	Klucinec, Tricia RESIGNED	Yes	Special Education K-12	K-5	Elementary Special Ed Teacher	528	100%	0%
20	Koletas, Alexa	Yes	N-3, K-6	K-5	3rd Grade Lead Teacher	990	100%	0%
21	Koliba, Alison RESIGNED	No	Sped K-8, PK-4 Exception Sped 7-12	K-8	Special Education MS and HS ELA Lead Teacher	990	100%	0%
22	Krelove, Kelly	Yes	General Science 7-12	7-12	Science teacher 7,8,10,11,12	990	100%	0%
23	Lamk, Claudia	Yes	Spanish 9-12	9-12	Spanish Teacher 9,10,11,12	990	100%	0%
24	Lind, Kaela	Yes	ELA 7-12,	7-12	Cultural Perspectives	990	100%	0%
25	Loughran, John	Yes	English 7-12 & Social Studies 7-12		HS & MS Social Studies	396	100%	0%
26	Madden, John	Yes	Principal, Supervisor, Sped, Supervisor CI	K-12	Student Support Coordinator (ELD,Sped, RTI)	990	100%	0%
27	Marsh, Jon	Yes	Principal,Superintendent	K-12	CEO	990	100%	0%
28	Mosley, John	Yes	K-6, ESL	6-12	6th ELA/SS , ESL Support Grades 3-8	990	100%	0%
29	Muniz, Eudariz RESIGNED	No	Charter School Teacher Designation, BA Social Work; enrolled in teaching program, Emergency PK4, ELA 7-12, ESL	K-4	ES Specials, MS ELD ELA	990	100%	0%

Staff No.	Name of employee (List all names in alphabetical order)	PA Certified Yes/No	Areas of Certification Type of Certificate	Grades Teaching or Serving	All Areas of Assigjment Subject Areas Teaching or Services Provided	Number of Hours Worked in Assignmnt	Percentage of Time in Certified Position	Percentage of Time in Areas Not Certified
30	Osif, Shawn	Yes	Math 7-12, Math 4-8	6-12	Algebra 1A and 1B	990	100%	0%
31	Ostapchuck, Christopher	Yes	ELA 7-12	6-12	Genre Studies Teacher	990	100%	0%
32	Pedlow, Jessica	Yes	ELA 7-12	7-12	HS ELA Teacher	990	100%	0%
33	Peragallo, Michael	Yes	Music K-12	K-12	Music	990	100%	0%
34	Raiguel, Katherine	Yes	Math 7-12 (K6)	7-12	Algebra 1, Algrebra II, Algebra I Keystone Project	990	100%	0%
35	Rambo, Ryan RESIGNED	Yes	Social Studies 7-12, Emergency SPED 7-12	7-12	Special Education Social Studies	132	100%	0%
36	Santana, Elizabeth	Yes	PK-4	K-4	4th Grade Teacher	990	100%	0%
37	Schweizer, Brian	Yes	Science 7-12	12-Jul	HS Science Teacher	962.5	100%	0%
38	Scioli, Samantha RESIGNED	No	ELA 7-12	7-12	ELA 10, ELA 11	98	0%	100%
39	Servais, Lauren	No	Social Studies 7/8	7-12	7/8 Social Studies	990	100%	0%
40	Springer, Danielle	No	Math 7-12, Sped PK-8 & 7-12, Emergency Certificate	7-12	Special education teacher MS and HS Math	990	100%	0%
41	Tannenbaum, Ellen RESIGNED	Yes	Counselor K-12	K-12	Guidance	990	100%	0%
42	Wheeler, Jennifer	Yes	K-6	K-6	5th grade teacher		100%	0%
43	Zayas, Damaris	Yes	ELA 7-12, ESL	7-12	ELD ELA, ELD Lead Teacher	990	100%	0%

ESPERANZA CYBER CHARTER SCHOOL
Financial Statements
June 30, 2019
(With Summarized Comparative Financial Information for the Year Ended June 30, 2018)
With Independent Auditors' Reports

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
Esperanza Cyber Charter School:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activity and each major fund of Esperanza Cyber Charter School (the "School") as of and for the year ended June 30, 2019, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Esperanza Cyber Charter School as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Esperanza Cyber Charter School's June 30, 2018 financial statements and we have expressed an unmodified audit opinion on these financial statements in our audit report dated October 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of revenues, expenditures and changes in fund balances budget and actual – governmental funds, the schedules of proportionate share of PSERS net pension liability and contributions, and schedule of proportionate share of PSERS OPEB liability and contributions on pages 3 through 6 and pages 29 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated September XX, 2019 on our consideration of Esperanza Cyber Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Esperanza Cyber Charter School's internal control over financial reporting and compliance.

September XX, 2019

Esperanza Cyber Charter School
Management's Discussion and Analysis (Unaudited)
June 30, 2019

Management of Esperanza Cyber Charter School (the "School") offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

- During the year ended June 30, 2015, the School was required to adopt GASB 68 relative to its participation in the Commonwealth of Pennsylvania's Public School Employees' Retirement System ("PSERS") Pension Plan. Charter Schools are required to offer this retirement plan to their employees as a condition of their charter. The Commonwealth controls all aspects of the plan including assets and administration. The School makes contributions as defined by the Commonwealth. With the adoption of GASB 68, the School is required to record a liability for its proportionate share of the PSERS plan and expenses related to the performance of plan administration against its goals. The School also recorded \$136,400 in non-cash expense related to plan administrative performance in addition to the required cash contributions of \$199,853. PSERS is reporting a total net pension liability of \$48,004,965,000 as of June 30, 2018. All public schools in Pennsylvania are required to record a proportionate share of the liability in their financial statements. Management is of the opinion that it is highly unlikely the School will ever be required to pay this liability.
- During the year ended June 30, 2018, the School was required to adopt GASB 75 relative to its participation in the PSERS' Health Insurance Premium Assistance Program. The Commonwealth controls all aspects of the plan including assets and administration. The School makes contributions as defined by the Commonwealth. With the adoption of GASB 75, the School is required to record a liability for its proportionate share of the PSERS other postemployment benefit plan ("OPEB") and expenses related to the performance of plan administration against its goals. The School also recorded \$657 in non-cash expense related to plan administrative performance in addition to the required cash contributions of \$5,226. PSERS' Health Insurance Premium Assistance Program is reporting a total net OPEB liability of \$2,084,949,000 as of June 30, 2018. All public schools in Pennsylvania are required to record a proportionate share of the liability in their financial statements. Management is of the opinion that it is highly unlikely the School will ever be required to pay this liability.
- At the close of the current fiscal year, the School reported ending net position of \$572,597. There was an increase in net position of \$915,671 for the activities of the year ended June 30, 2019.
- The School experienced better than expected enrollment numbers for the year. There was an average of 319 regular education students and 77 special education students enrolled for the year against a plan of 231 regular education students and 54 special education students.
- The School's cash balance at June 30, 2019 was \$1,706,764, representing an increase of \$878,681 from June 30, 2018.

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 as presented comprise four components: management's discussion and analysis (this section), the basic financial statements, required supplementary schedules and report required under *Government Auditing Standards*.

Esperanza Cyber Charter School
Management's Discussion and Analysis (Unaudited)
June 30, 2019

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the School's assets, deferred outflows, liabilities, and deferred inflows with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating. However, with the implementation of GASB 68 and GASB 74 and the entries required to record PSERS liabilities, the net position is negatively skewed.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements report on the function of the School that is principally supported by subsidies from school districts whose constituents attend the School.

Fund Financial Statements

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like governmental type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has two governmental funds - general and student activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a school's financial position. However, in the case of the School, as a result of the application of GASB 68 and GASB 75, net position is not a useful indicator of the School's financial position because deferred inflows, deferred outflows, net OPEB liability and net pension liability caused a reduction of \$1,346,511. The deficit in the School's net assets for these items is due to the required recording of its proportionate share of the entire PSERS plan for both pension and OPEB offset by income related to the performance of plan administration in fiscal year 2018. Assets and deferred outflows exceed liabilities and deferred inflows by \$572,597 as of June 30, 2019 inclusive of the pension and OPEB obligations.

	2019	2018
Total assets	\$ 2,314,727	\$ 1,178,000
Total deferred outflows	1,061,489	373,546
Total liabilities	(2,398,619)	(1,288,620)
Total deferred inflows	<u>(405,000)</u>	<u>(606,000)</u>
Total net position	<u>\$ 572,597</u>	<u>\$ (343,074)</u>

Esperanza Cyber Charter School
Management's Discussion and Analysis (Unaudited)
June 30, 2019

The School's revenues are predominantly from the School District of Philadelphia, based on student enrollment.

	2019	2018
Revenues		
Local education agencies	\$ 5,265,844	\$ 3,136,160
State sources	15,398	10,386
Federal sources	417,505	343,787
Other sources	21,664	113,213
	<u>5,720,411</u>	<u>3,603,546</u>
Expenditures		
Instruction	3,075,045	1,828,332
Instruction student support	564,141	307,141
Administrative & financial support services	777,922	611,449
Other support services	208,103	160,129
Operation & maintenance of plant services	151,672	118,756
Student activities	4,203	3,378
Depreciation	23,654	23,353
	<u>4,804,740</u>	<u>3,052,538</u>
Change in net position	915,671	551,008

Governmental Funds

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

The School's governmental funds, (the General and Student Activities Funds), reported an ending fund balance of \$1,862,544. For the year ended June 30, 2019, the School's revenues (\$5,720,411) exceeded its expenditures (\$4,804,740) by \$915,671. For the year ended June 30, 2018, the School's revenues (\$3,603,546) exceeded its expenditures (\$3,052,538) by \$551,008.

Governmental Fund Budgetary Highlights

Some categories of revenues and expenditures vary from the prior year. The differences between the years were primarily due to changing enrollment and per pupil funding.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the School's net investment in capital assets for its governmental activities totals \$47,617 (net of depreciation). This investment in capital assets consists of furniture and equipment.

There were no fixed assets purchased during the year ended June 30, 2019.

Economic Factors and Next Year's Budgets and Rates

The School's primary source of revenue, the subsidy provided by the School District of Philadelphia, is expected to increase for fiscal year 2019-2020 due to an increase in subsidy per student and an increase in the number of students enrolled for the year.

Contacting the School's Financial Management

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the Chief Academic Officer, Esperanza Cyber Charter School, 4261 N. 5th Street, Philadelphia, PA 19140.

Draft

Esperanza Cyber Charter School**Statement of Net Position****June 30, 2019****(With Summarized Comparative Financial Information at June 30, 2018)**

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 1,706,764	\$ 828,083
Federal subsidies receivable	104,532	95,970
State subsidies receivable	442,011	119,400
Other receivables	--	7,699
Prepays	13,803	55,577
Total current assets	<u>2,267,110</u>	<u>1,106,729</u>
Capital assets, net	<u>47,617</u>	<u>71,271</u>
Total assets	<u>2,314,727</u>	<u>1,178,000</u>
Deferred outflows		
Deferred outflows of resources (see Notes 12 and 14)	<u>1,061,489</u>	<u>373,546</u>
	<u>\$ 3,376,216</u>	<u>\$ 1,551,546</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 25,320	\$ 44,427
Accrued payroll and payroll taxes	226,261	187,647
Due to related parties	142,247	79,546
Deferred revenue	1,791	--
Total current liabilities	<u>395,619</u>	<u>311,620</u>
Long-term liabilities		
Net OPEB liability (see Note 14)	83,000	39,000
Net pension liability (see Note 12)	<u>1,920,000</u>	<u>938,000</u>
Total long-term liabilities	<u>2,003,000</u>	<u>977,000</u>
Total liabilities	<u>2,398,619</u>	<u>1,288,620</u>
Deferred inflows		
Deferred inflows of resources (see Note 12 and Note 14)	405,000	606,000
Net position		
Invested in capital assets	47,617	71,271
Unrestricted	<u>524,980</u>	<u>(414,345)</u>
Total net position	<u>572,597</u>	<u>(343,074)</u>
	<u>\$ 3,376,216</u>	<u>\$ 1,551,546</u>

The Notes to Financial Statements are an integral part of these statements.

Esperanza Cyber Charter School
Statement of Activities

Year Ended June 30, 2019

(With Summarized Comparative Financial Information for the Year Ended June 30, 2018)

Functions	Expenses	Program Revenues		2019 Net (Expense) Revenue and Changes in Net Position	2018 Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Total Governmental Funds	Total Governmental Funds
Governmental activities					
Instruction	\$ 3,075,045	\$ --	\$ --	\$ (3,075,045)	\$ (1,828,332)
Instruction student support	564,141	--	--	(564,141)	(307,141)
Administrative & financial support services	777,922	--	--	(777,922)	(611,449)
Other support services	208,103	--	--	(208,103)	(160,129)
Operation & maintenance of plant services	151,672	--	--	(151,672)	(118,756)
Student activities	4,203	--	--	(4,203)	(3,378)
Depreciation	23,654	--	--	(23,654)	(23,353)
	<u>4,804,740</u>	--	--	<u>(4,804,740)</u>	<u>(3,052,538)</u>
General Revenues					
Grants, subsidies & contributions not restricted				<u>5,720,411</u>	<u>3,603,546</u>
Change in net position				915,671	551,008
Net position - beginning of year				<u>(343,074)</u>	<u>(894,082)</u>
Net position - end of year				<u>\$ 572,597</u>	<u>\$ (343,074)</u>

The Notes to Financial Statements are an integral part of these statements.

Esperanza Cyber Charter School
Balance Sheet – Governmental Funds
June 30, 2019

(With Summarized Comparative Financial Information at June 30, 2018)

Functions	General Fund	Student Activities Fund	2019 Total Governmental Funds	2018 Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,706,764	\$ --	\$ 1,706,764	\$ 828,083
Federal subsidies receivable	104,532	--	104,532	95,970
State subsidies receivable	442,011	--	442,011	119,400
Other receivables	--	--	--	7,699
Prepays	13,803	--	13,803	55,577
	<u>\$ 2,267,110</u>	<u>\$ --</u>	<u>\$ 2,267,110</u>	<u>\$ 1,106,729</u>
Liabilities				
Accounts payable	\$ 25,320	\$ --	\$ 25,320	\$ 44,427
Accrued payroll and payroll taxes	226,261	--	226,261	187,647
Due to related parties	142,247	--	142,247	79,546
Deferred revenue	1,791	--	1,791	--
Total liabilities	395,619	--	395,619	311,620
Fund Balances				
Nonspendable	13,803	--	13,803	55,577
Unassigned	1,857,688	--	1,857,688	739,532
Total fund balance	<u>1,871,491</u>	<u>--</u>	<u>1,871,491</u>	<u>795,109</u>
	<u>\$ 2,267,110</u>	<u>\$ --</u>	<u>\$ 2,267,110</u>	<u>\$ 1,106,729</u>

The Notes to Financial Statements are an integral part of these statements.

Esperanza Cyber Charter School
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Total Fund Balance for Governmental Funds **\$ 1,871,491**

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Furniture & equipment	\$ 165,576	
Accumulated depreciation	<u>(117,959)</u>	47,617

On the statement of net position, the School's net pension liability and net OPEB liability for the defined benefit plan and the other postemployment retirement benefit plan are reported as non-current liabilities. Additionally, deferred outflows and deferred inflows of resources related to these plans are also reported.

Net pension liability	(1,920,000)	
Net OPEB liability	(83,000)	
Deferred outflows of resources related to pensions and OPEB	1,061,489	
Deferred inflows of resources related to pensions and OPEB	<u>(405,000)</u>	<u>(1,346,511)</u>

Total net position of governmental activities		<u>\$ 572,597</u>
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Esperanza Cyber Charter School
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds
Year Ended June 30, 2019
(With Summarized Comparative Financial Information for the Year Ended June 30, 2018)

Functions	General Fund	Student Activities Fund	2019 Total Governmental Funds	2018 Total Governmental Funds
Revenues				
Local educational agency assistance	\$ 5,265,844	\$ --	\$ 5,265,844	\$ 3,136,160
State sources	15,398	--	15,398	10,386
Federal sources	417,505	--	417,505	343,787
Other sources	21,664	--	21,664	113,213
	<u>5,720,411</u>	<u>--</u>	<u>5,720,411</u>	<u>3,603,546</u>
Expenditures				
Instruction	2,955,577	--	2,955,577	1,940,034
Support services	1,532,577	--	1,532,577	1,094,301
Non-Instructional services	155,875	--	155,875	122,134
	<u>4,644,029</u>	<u>--</u>	<u>4,644,029</u>	<u>3,156,469</u>
Net change in fund balance	1,076,382	--	1,076,382	447,077
Fund balance - beginning of year	795,109	--	795,109	348,032
Fund balance - end of year	<u>\$ 1,871,491</u>	<u>\$ --</u>	<u>\$ 1,871,491</u>	<u>\$ 795,109</u>

The Notes to Financial Statements are an integral part of these statements.

Esperanza Cyber Charter School
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net Change in Fund Balance - Total Governmental Funds

\$ 1,076,382

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays (recoveries)

-

Depreciation expense

(23,654)

(23,654)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures or income in governmental funds.

Change in OPEB expense

(657)

Change in pension expense

(136,400)

(137,057)

Change in Net Position of Governmental Activities

\$ 915,671

Draft

1. ORGANIZATION AND PURPOSE OF CORPORATION

In 1987 the Hispanic Clergy of Philadelphia founded and incorporated the non-profit Nueva Esperanza, Inc. ("NEI"), dba Esperanza, to provide support to Hispanic communities. For more than 30 years NEI's efforts have focused on creating opportunities for Hispanic children and families living in Philadelphia's Hunting Park community. NEI's intentional focus on creating quality education delivery systems and facilities included founding Esperanza Cyber Charter School as a continued effort to raise the economic and social levels of the Hispanic community through quality education.

Esperanza Cyber Charter School is a charter school located in Philadelphia, Pennsylvania. The School serves grades kindergarten through twelve. The School was established and operates under the provisions enacted by the General Assembly of the Commonwealth of Pennsylvania in 1997. Esperanza Cyber Charter School began operations in July 2012. The School provides instruction in the form of interactive distance learning classrooms, one-to-one tutoring, computer-supported collaborative learning, project-based learning, and instruction tailored to each student's individual education needs. Students access their courses online where worksheets, study material, quizzes and tests are all provided for the student to either read and complete on the computer or print for their own reference or completion by hand.

The Cyber Charter School contract was approved effective June 2012 and expired in June 2017. A charter renewal application was submitted to the Commonwealth October 1, 2016 and is pending approval. The Commonwealth is significantly behind in its renewal reviews and the Cyber Charter School continues to operate under the original agreement. Esperanza Cyber Charter School has financial accountability and control over all activities related to the students' education. The School receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the School is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB") pronouncement. In addition, there are no component units as defined in the standards established for defining and reporting on the financial reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles ("GAAP") for state and local governments.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report on the School as a whole. The statement of activities demonstrates the degree to which the direct expenses of the School's function are offset by program revenues.

The fund financial statements (governmental funds balance sheet and statement of governmental funds revenues, expenditures and changes in fund balances) report on the School's general and student activities funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

- Government-wide Financial Statements- The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by providers have been met.
- Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.
- Fund Financial Statements-Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The government reports the following major governmental funds:
 - General Fund - The General Fund is the operating fund of the School and accounts for all revenues and expenditures of the School, excluding food services and student activities.
 - Student Activities Special Revenue Fund - The Student Activities Special Revenue Fund is used to account for student activity revenues and expenditures.

Method of Accounting

The School has adopted the provision of the accounting pronouncement on financial reporting for state and local governments. The accounting pronouncement on financial reporting for state and local governments established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, and a statement of activities and changes in net position. It requires the classification of net position into three components - invested in capital assets; restricted; and unrestricted.

These classifications are defined as follows:

- Invested in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. The School presently has not incurred any related debt.
- Restricted - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The School presently has no temporarily or permanently restricted net position.
- Unrestricted net position - This component of net position consists of net position that do not meet the definition of “restricted” or “invested in capital assets”.

- In the fund statements, governmental funds report non-spendable portions of fund balance related to such items as prepaid expenses and long term receivables. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances represent amounts constrained for a specific purpose by a governmental entity using its highest level of decision making authority. Committed fund balances are established and modified by a resolution approved by the Board of Trustees. Assigned fund balances are intended by the School to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balances are considered to be the remaining amounts.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles in the United State of America. An annual budget is adopted for the governmental funds.

The Budgetary Comparison Schedule should present both the original and the final appropriated budgets for the accounting period. The School only has a governmental funds budget. The original and final budgets are required supplementary information.

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject the School to concentrations of credit risk consist of cash and cash equivalents, contributions and grants receivables and revenue. Cash and cash equivalents are held primarily at one high-credit quality financial institution. The School received ninety-one and eighty-six percent of their total revenue from one source for the years ended June 30, 2019 and 2018, respectively.

Accounts Receivable

Accounts receivable primarily consist of amounts due from the Pennsylvania Department of Education for federal and state subsidy programs. Accounts receivable are stated at the amount management expects to collect from outstanding balances. As of June 30, 2019, no allowance for doubtful accounts was deemed warranted based on historical experience.

Capital Assets

Capital assets, which include furniture, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are not. Capital assets of the School are depreciated using the straight-line method over the useful lives of the assets. The estimated useful lives of furniture and equipment range from five to seven years. Leasehold improvements are amortized over the life of the lease.

Income Tax Status

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. Accordingly, no provision or liability for income taxes is recorded in the financial statements.

The School adopted the accounting pronouncement dealing with uncertain tax positions as of the date of inception in July 2012. Upon adoption of this accounting pronouncement, the School had no unrecognized tax benefits. Furthermore, the School had no unrecognized tax benefits at June 30, 2019. In addition, the School had no income tax related penalties or interest for the periods reported in these financial statements.

Pensions

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

Other Postemployment Benefits

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

3. CASH AND CASH EQUIVALENTS

The School considers all highly liquid debt instruments purchased with a maturity of three months or less at the time of acquisition to be cash equivalents.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does have a policy for custodial credit risk. For the years ended June 30, 2019 and 2018, the School's bank balance exposed to custodial credit risk was \$1,456,764 and \$588,694, respectively:

	2019	2018
Uninsured and uncollateralized	\$ 1,456,764	\$ 588,694
Plus: Insured amount	250,000	250,000
Less: Outstanding checks	--	(10,611)
Plus: Deposits in transit	--	--
Carrying amount - bank balances	<u>1,706,764</u>	<u>828,083</u>
Plus: Petty cash	--	--
Total cash per financial statements	<u>\$ 1,706,764</u>	<u>\$ 828,083</u>

Esperanza Cyber Charter School
Notes to Financial Statements
June 30, 2019 and 2018

4. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2019 and 2018 was as follows:

	Balance July 1, 2017	Deletions	Additions	Balance June 30, 2018
Furniture	\$ 165,838	\$ (262)	\$ --	\$ 165,576
Less: Accumulated depreciation	<u>70,952</u>	<u>--</u>	<u>23,353</u>	<u>94,305</u>
Capital assets, net	<u>\$ 94,886</u>	<u>\$ (262)</u>	<u>\$ (23,353)</u>	<u>\$ 71,271</u>
	Balance July 1, 2018	Deletions	Additions	Balance June 30, 2019
Furniture	\$ 165,576	\$ --	\$ --	\$ 165,576
Less: Accumulated depreciation	<u>94,305</u>	<u>--</u>	<u>23,654</u>	<u>117,959</u>
Capital assets, net	<u>\$ 71,271</u>	<u>\$ --</u>	<u>\$ (23,654)</u>	<u>\$ 47,617</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$23,654 and \$23,353, respectively.

5. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. There have been no settled claims resulting from these risks which have exceeded commercial insurance coverage.

6. LOCAL EDUCATIONAL AGENCY REVENUE

Charter schools are funded by the local public school district in which each student resides. The rate per student is determined annually and is based on the budgeted total expenditure per average daily membership of the prior school year for each school district. The majority of the students of the School reside in Philadelphia. For the years ended June 30, 2019 and 2018, the rate for the School District of Philadelphia was \$9,152 and \$8,523, respectively, per year for regular education students plus additional funding for special education students. The annual rate is earned monthly and paid when billed to the School District of Philadelphia. It is prorated if a student enters or leaves during the year. Total revenue from local sources was \$5,265,844 and \$3,136,160 for the fiscal years ended June 30, 2019 and 2018, respectively.

7. GOVERNMENT GRANTS AND REIMBURSEMENT PROGRAMS

The School participates in numerous state and federal grant and reimbursement programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs and reimbursement programs for retirement (pension) expense are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants and reimbursement programs, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 and 2018 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

8. LEASING ARRANGEMENTS

The School leases space in the building located at 4261 North 5th Street in Philadelphia, Pennsylvania under an operating lease expiring December 1, 2043 from 199 Hunting Park Corporation (a related party, see Note 9). Rent expense for the building space was \$97,556 and \$75,102 for the years ended June 30, 2019 and 2018, respectively. The total rent is limited to an annual increase in the Consumer Price Index for the City of Philadelphia.

Annual projected rentals for each year subsequent to June 30, 2019 are as follows:

Year Ending June 30,	Amount
2020	\$ 99,605
2021	102,593
2022	105,671
2023	108,841
2024	112,106
2025-2029	613,040
2030-2034	710,680
2035-2039	823,870
2040-2043	637,948
	<u>\$ 3,314,354</u>

9. RELATED PARTY

The School and the related organizations have two common board members.

The School made payments to Nueva Esperanza, Inc. ("NEI") under a Board approved services contract for human resources management, legal representation, financial accounting, reporting and audit, development and funding, real estate development, public relations, government relations, information technology support, management support, and other administrative services provided by NEI in the amount of \$459,457 and \$282,139 for the years ending June 30, 2019 and 2018, respectively. For the years ended June 30, 2019 and 2018, the School owed NEI \$121,877 and \$68,224, respectively.

The School receives services and leased offices under a Board approved contract from Esperanza Academy Charter School ("NEA"). The School incurred expenditures of \$76,828 and \$83,560 for management and support services, for the years ended June 30, 2019 and 2018, respectively. For the years ended June 30, 2019 and 2018, the School owed NEA \$17,858 and \$8,950, respectively.

As described in Note 8, the School leases a portion of 199 Hunting Park Corporation's building under a renewable operating lease. In connection with the operation of its charter school, the School made payments to 199 Hunting Park Corporation in the amount of \$127,250 and \$101,812 for the years ended June 30, 2019 and 2018, respectively. This payment includes payment for utilities, repair and maintenance, and rental payments. At June 30, 2019 and 2018, the School owed 199 Hunting Park Corporation \$2,512 and \$2,372, respectively.

10. COMMITMENTS

Grants received are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

11. PENSIONS

Esperanza Cyber Charter School offers two (2) retirement plan options, the Public School Employees Retirement System ("PSERS") and a 403b Plan. New employees who are not members of the PSERS retirement plan are automatically enrolled in the 403b Plan. New employees that were participants in PSERS can opt for the 403b Plan or PSERS. Existing employees who are participants in the PSERS Plan remain in that plan.

The 403b Plan is a defined contribution plan. Employees in the 403b Plan contribute a mandatory 5 percent deferral amount and can contribute a higher percentage up to the maximum dollar amount allowed by the IRS. The School provides matching contributions dollar for dollar up to 5 percent of compensation based on payroll compensation. Deferrals over 5 percent of salary are not matched. The 403b Plan has an immediate vesting schedule. The plan offers a diversified lineup of employee directed investment options. The default investment option, if one is not selected at the time of enrollment, is a Target Date Fund corresponding with the employee's age. Investment options can be changed at any time by the employee. Employer contributions to the 403b Plan for the fiscal years ended June 30, 2019 and 2018 were \$79,424 and \$45,310, respectively.

General Information about the Pension Plan

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E") and Membership Class T-F ("Class T-F").

To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2 percent or 2.5 percent depending upon membership class, or the member's final average salary (as defined in the Code) multiplied by the number of years of credited service.

For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2 percent or 2.5 percent, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Member contributions are as follows:

- Active members who joined the System prior to July 22, 1983, contribute at 5.25 percent (Membership Class T-C) or at 6.5 percent (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C) or at 7.5 percent (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.5 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.
- Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute 10.3 percent (base rate) of the member's qualifying compensation. Membership T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5 percent and 9.5 percent and Membership Class T-F contribution rate to fluctuate between 10.3 percent and 12.3 percent.

Employer contributions:

The School's contractually required contribution rate for fiscal year ended June 30, 2019 was 31.74 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan for the fiscal years ended June 30, 2019 and 2018 were \$199,853 and \$168,476, respectively. As a result of the changes in the net pension liability the GASB 68 expense for the years ended June 30, 2019 and 2018 was \$42,543 and \$122,831, respectively.

12. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2019, the School reported a liability of \$1,920,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2017 to June 30, 2018. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll for the plan as a whole. At June 30, 2018, the School's proportion was 0.0040 percent, which was an increase of 0.0021 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the employer recognized pension expense of \$341,479. At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual experience	\$ 15,000	\$ 30,000
Changes in assumptions	36,000	--
Net difference between projected and actual investment earnings	9,000	361,000
Changes in proportion	763,000	--
Contributions subsequent to the measurement date	193,431	--
	<u>\$ 1,016,431</u>	<u>\$ 391,000</u>

There was \$193,431 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,

2019	\$ 280,431
2020	193,000
2021	160,000
2022	(8,000)
	<u>\$ 625,431</u>

Actuarial Assumptions

The total pension liability as of June 30, 2018 was determined by rolling forward the System's total pension liability as of the June 30, 2017 actuarial valuation to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method – Entry Age Normal – level percent of pay
- Investment return – 7.25 percent includes inflation at 2.75 percent
- Salary increases – Effective average of 5.00 percent, which reflects an allowance for inflation of 2.75 percent, real wage growth of 2.25 percent, and merit or seniority increases of 2.25 percent.
- Mortality rates were based on the RP 2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.2%
Fixed income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute return	10.0%	3.5%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real estate	10.0%	4.2%
Alternative investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	-20.0%	0.9%
	<u>100%</u>	

The above was the PSERS' adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projections of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net asset position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent), or 1-percentage point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School's proportionate share of the net pension liability	\$ 2,380,000	\$ 1,920,000	\$ 1,531,000

Pension Plan Fiduciary Net Position

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

13. OTHER POSTEMPLOYMENT BENEFITS

Esperanza Cyber Charter School offers a post-retirement health insurance premium assistance plan option through the PSERS.

General Information about the Pension Plan

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multi-employer other postemployment benefit plan ("OPEB") for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2012 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program ("HOP"). As of June 30, 2018 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program

Pension Plan Description

See description of PSERS Plan in Note 11.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2018 was 0.83 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the other postemployment benefit plan for the fiscal years ended June 30, 2019 was \$5,226. As a result of changes in net OPEB liability the GASB 75 expense for the year ended June 30, 2019 was \$657.

14. OTHER POSTEMPLOYMENT BENEFITS LIABILITIES, EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS

At June 30, 2019, the School reported a liability of \$83,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total actuarially determined OPEB liability as of June 30, 2017 to June 30, 2018. The School's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the School's proportion was 0.0040 percent, which was an increase of 0.021 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School recognized OPEB expense of \$657. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual experience	\$ 1,000	\$ --
Changes in assumptions	1,000	3,000
Net difference between projected and actual investment earnings	--	--
Changes in proportion	38,000	11,000
Contributions subsequent to the measurement date	<u>5,058</u>	<u>--</u>
	<u>\$ 45,058</u>	<u>\$ 14,000</u>

\$5,058 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,

2019	\$ 9,058
2020	4,000
2021	4,000
2022	4,000
2023	4,000
Thereafter	<u>6,000</u>
	<u>\$ 31,058</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2017, was determined by rolling forward the System's Total OPEB Liability as of the June 30, 2016 actuarial valuation to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level percent of pay
- Investment return – 2.98 percent– S&P 20 Year Municipal Bond Rate
- Salary growth – Effective average of 5.00 percent, comprised of inflation of 2.75 percent and 2.25 percent for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50 percent
 - Eligible retirees will elect to participate Post age 65 at 70 percent

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63 percent of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.9%	0.03%
US Core Fixed Income	92.8%	1.20%
Non-US Developed Fund	1.3%	0.40%
	<u>100%</u>	

The above was the Board of the plan's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.98 percent. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.98 percent which represents the S&P 20 year Municipal Bond Rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2018, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2017, 93,380 retirees were receiving the maximum amount allowed of \$1,200. As of June 30, 2017, 1,077 members were receiving less than the \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimum impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2019. Calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School's proportionate share of the OPEB liability	<u>\$ 83,000</u>	<u>\$ 83,000</u>	<u>\$ 83,000</u>

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 2.98 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease 1.98%</u>	<u>Current Discount Rate 2.98%</u>	<u>1% Increase 3.98%</u>
School's proportionate share of the net OPEB liability	<u>\$ 95,000</u>	<u>\$ 83,000</u>	<u>\$ 74,000</u>

OPEB plan fiduciary net position

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

15. NEW ACCOUNTING PRONOUNCEMENT

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions in Statement No.87 are effective for reporting periods beginning after December 15, 2019. The School has not yet completed the process of evaluating the impact of GASB 87 on its financial statements.

16. SUBSEQUENT EVENTS

The School has evaluated subsequent events occurring after the statement of net position date through the date of September XX, 2019 which is the date the financial statements were available to be issued. Based on this evaluation, the School has determined that no subsequent events have occurred which require disclosure in or adjustment to the financial statements.

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SUPPLEMENTARY INFORMATION

Esperanza Cyber Charter School
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Governmental Funds (Unaudited)
Year Ended June 30, 2019

	Budget		Actual	(Over) Under Final Budget
	Original	Final	Amounts	
Revenues				
Local educational agency assistance	\$ 3,684,015	\$ 3,684,015	\$ 5,265,844	\$ (1,581,829)
State sources	10,392	10,392	15,398	(5,006)
Federal sources	351,890	351,890	417,505	(65,615)
Other sources	--	--	21,664	(21,664)
	<u>4,046,297</u>	<u>4,046,297</u>	<u>5,720,411</u>	<u>(1,674,114)</u>
Expenditures				
Regular programs	2,085,760	2,085,760	2,407,895	(322,135)
Special programs	551,088	551,088	547,625	3,463
Pupil personnel services	355,052	355,052	462,536	(107,484)
Instructional support services	80,523	80,523	93,945	(13,422)
Administrative services	355,006	355,006	461,315	(106,309)
Pupil health	13,000	13,000	11,726	1,274
Business services	169,407	169,407	231,573	(62,166)
Operation & maintenance of plant services	184,640	184,640	151,670	32,970
Support services central	193,032	193,032	207,467	(14,435)
Capital reserve fund	55,289	55,289	63,438	(8,149)
Student activities	3,500	3,500	4,839	(1,339)
	<u>4,046,297</u>	<u>4,046,297</u>	<u>4,644,029</u>	<u>(597,732)</u>
Net change in fund balance	--	--	1,076,382	(1,076,382)
Fund balance - beginning of year			795,109	
Fund balance - end of year			<u>\$ 1,871,491</u>	

See Independent Auditors' Report.

Esperanza Cyber Charter School
Schedule of Proportionate Share of PSERS Net Pension Liability and Contributions
PSERS Measurement Date (Unaudited)

Fiscal Year	PSERS Net Pension Liability		School's Covered Employee Payroll	School's Proportion	PSERS Fiduciary
	School's Proportion	School's Proportion Share		Share of NPL as a % of Employee Payroll	Net Position as a % of Total Pension Liability
2014/15	0.0045%	\$ 1,781,000	\$ 580,508	307%	57.2%
2015/16	0.0027%	1,169,000	350,675	333%	54.4%
2016/17	0.0026%	1,288,000	337,162	382%	50.1%
2017/18	0.0019%	938,000	251,125	374%	51.8%
2018/19	0.0040%	1,920,000	532,384	361%	54.0%

PSERS Schedule of Contributions (Unaudited)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2014/15	\$ 90,000	\$ 90,000	\$ --	\$ 580,508	15.5%
2015/16	70,000	70,000	--	350,675	20.0%
2016/17	83,000	83,000	--	337,162	24.6%
2017/18	73,000	73,000	--	251,125	29.1%
2018/19	170,000	170,000	--	532,384	31.9%

PSERS Schedule of Employers' Changes in Proportion (Unaudited)

Fiscal Year	Original	Pension Expense	Deferred Outflow/ (Inflow)
2014/15	\$ 942,000	\$ 183,000	\$ 27,000
2015/16	(763,000)	(153,000)	(153,000)
2016/17	(44,000)	(9,000)	(17,000)
2017/18	(318,000)	(64,000)	(191,000)
2018/19	980,000	245,000	735,000

See Independent Auditors' Report.

Esperanza Cyber Charter School
Schedule of Proportionate Share of PSERS OPEB Liability and Contributions
PSERS Measurement Date (Unaudited)

Fiscal Year	PSERS OPEB Liability			School's Proportion	PSERS Fiduciary
	School's Proportion	School's Proportion Share	School's Covered Employee Payroll	Share of OPEB as a % of Employee Payroll	Net Position as a % of Total OPEB Liability
2017/18	0.0019%	\$ 39,000	\$ 251,125	16%	5.73%
2018/19	0.0040%	\$ 83,000	\$ 532,384	16%	5.56%

PSERS OPEB Schedule of Contributions (Unaudited)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2017/18	\$ 2,000	\$ 2,000	\$ --	\$ 251,125	0.8%
2018/19	\$ 4,000	\$ 4,000	\$ --	\$ 532,384	0.8%

PSERS OPEB Schedule of Employers' Changes in Proportion (Unaudited)

Fiscal Year	Original	Pension Expense	Deferred Outflow/ (Inflow)
2017/18	\$ (15,000)	\$ (2,000)	\$ (11,000)
2018/19	45,000	6,000	38,000

See Independent Auditors' Report.

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

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
Esperanza Cyber Charter School:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Esperanza Cyber Charter School (the "School"), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the School's basic financial statements and have issued our report thereon dated September XX, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Esperanza Cyber Charter School's internal control over financial reporting (internal control) to determine the 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 Esperanza Cyber Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Esperanza Cyber Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that 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 those 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 Esperanza Cyber Charter School's financial statements are free of 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 determination of financial statement amounts. 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.

September XX, 2019

Draft

Preliminary Statement of Revenues, Expenditures & Fund Balances
Include ALL Funds
as of June 30, 2020

Name of School **Esperanza Cyber Charter School**

Address of School **4261 N. 5th Street Philadelphia, PA 19140**

CEO Signature

REVENUES

6000		REVENUE FROM LOCAL SOURCES	
6500		EARNINGS ON INVESTMENTS	
	6510	Interest on investments and Interest-Bearing Checking Accounts	13 227
	6520	Dividends on investments	
	6530	Gains or Losses on Sale of investments	
	6540	Earnings on investments in Real Property	
	6590	Other Earnings or investments	
6600		FOOD SERVICE REVENUE	
	6610	Daily Sales - Reimbursable Programs	
	6620	Daily Sales - Non-Reimbursable Programs	
	6630	Special Functions	
	6640	Non-Cash Contributions	
	6650	Price Reduction for Reduced Price and Free Meals (Debit)	
	6690	Other Food Service Revenues	
6700		REVENUES FROM STUDENT ACTIVITIES	
	6710	Admissions	
	6720	Bookstore Sales	
	6730	Student Organization Membership Dues and Fees	
	6740	Fees	510
	6741	Graduation Fees	1 116
	6750	Student Activity - Special Events	
	6790	Other Student Activity Income	
6800		REVENUES FROM INTERMEDIARY SOURCES / PASS THROUGH	
	6810	Revenue from Local Governmental Units	
	6820	Revenue from intermediary Sources - Commonwealth Funds	
	6830	Revenues from intermediary Sources - Federal Funds	
	6832	DEA Federal	72 997
	6890	Other Revenues from intermediary Sources	
6900		OTHER REVENUE FROM LOCAL SOURCES	
	6910	Rentals	
	6920	Contributions & Donations from Private Sources / Capital Contributions	
	6921	Contributions General	131
	6930	Gains or Losses on Sale of Fixed Assets (Economic Resource Measurement Focus Only)	
	6940	Tuition from Patrons	
	6941	Regular Day School Tuition	
	6942	Summer School Tuition	200
	6943	Adult Education Tuition	
	6944	Receipts From Other LEAs in Pennsylvania - Education	6 975 994
	6945	Receipts from Out-of-State LEAs	
	6946	Receipts from Member Districts - AVTS / Special Program Jointure only	
	6947	Receipts from Members of intermediate Units for Education by Withholding	
	6948	Receipts from Members of intermediate Units for Direct Contributions	
	6949	Other Tuition from Patrons	
	6950	Unassigned	
	6960	Services Provide Other Local Governmental Units / LEAs	
	6961	Transportation Services Provided Other Pennsylvania LEAs	
	6969	All Other Services Provided Other Governments and LEAs Not Specified Above	
	6970	Services Provided Other Funds	
	6980	Revenue from Community Service Activities	
	6990	Refunds and Other Miscellaneous Revenue	
	6991	Refunds of a Prior Year Expenditure	
	6999	Other Revenues Not Specified Above	
7000		REVENUE FROM STATE SOURCES	
7100		BASIC INSTRUCTIONAL AND OPERATING SUBSIDIES	
	7150	Unassigned	
	7160	Tuition for Orphans and Children Placed in Private Homes	
	7170	School Improvement Grant	102 065

	7180	Staff and Program Development	
7200		REVENUE FOR SPECIAL EDUCATIONAL PROGRAMS	
	7210	Homebound Instruction	
	7220	Vocational Education	
	7230	Alternative Education	
	7240	Driver Education - Student	
	7250	Migratory Children	
	7260	Workforce Investment Act (WIA)	
	7270	Specialized Education of Exceptional Pupils	
	7271	Special Ed Funding for School Aged Pupils	300
	7280	Adult Literacy	
	7290	Additional Educational Program Revenues	
7300		REVENUES FOR NON-EDUCATIONAL PROGRAMS	
	7310	Transportation (Regular and Additional)	
	7320	Rental and Sinking Fund Payments / Building Reimbursement Subsidy	
	7330	Health Services (Medical Dental Nurse Act 25)	7 162
	7340	Unassigned	
	7350	Sewage Treatment Operations / Environmental Subsidies	
	7360	Safe Schools	
7400		VOCATIONAL TRAINING OF THE UNEMPLOYED	
7500		STATE REVENUE NOT LISTED ELSEWHERE IN THE 7000 SERIES OF ACCOUNTS	
	7502	Dual Enrollment Grants	
	7503	Project 720/High School Reform	
	7505	Ready to Learn Block Grant	10 386
	7599	Other State Revenue Not Listed Elsewhere in the 7000 Series	
7600		REVENUE FOR MILK LUNCH AND BREAKFAST PROGRAMS	
7800		REVENUE FOR THE COMMONWEALTH'S SHARE OF PAID BENEFITS	
	7810	State Share of Social Security and Medicare Taxes	
	7820	State Share of Retirement Contributions	
7900		REVENUE FOR TECHNOLOGY	
	7910	Educational Technology	
	7990	Other Technology Grants	
8000		REVENUE FROM FEDERAL SOURCES	
8100		UNRESTRICTED GRANTS- NAID DIRECT FROM THE FEDERAL GOVERNMENT	
	8110	Payments for Federally Impacted Areas - PL 81-874	
	8190	Other Unrestricted Federal Grants-in-Aid Direct from the Federal Government	
8200		UNRESTRICTED GRANTS- NAID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH	
8300		RESTRICTED GRANTS- NAID DIRECTLY FROM THE FEDERAL GOVERNMENT	
	8310	Payments for Federally Impacted Areas - PL 81-815	
	8320	Energy Conservation Grants - TA and ECM	
	8390	Other Restricted Federal Grants-in-Aid Directly from the Federal Government	
8500		RESTRICTED GRANTS- NAID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT (DEA) NO CHILD LEFT BEHIND (NCLB) VOCATIONAL EDUCATION CHILD NUTRITION AND CAREER EDUCATION PROGRAMS	
	8510	Individuals with Disabilities Education Act (DEA) and No Child Left Behind (NCLB)	
	8514	Title	211 927
	8515	Title	29 441
	8516	Title	9 022
	8517	Title V	19 388
	8520	Vocational Education	
	8530	Child Nutrition Program	
	8540	Nutrition Education and Training	
	8560	Federal Block Grants	
	8570	Unassigned	
	8580	Child Care and Development Block Grants	
	8590	Unassigned	

8600		RESTRICTED GRANTS- N/A D FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR DRIVER EDUCATION ADULT EDUCATION CETA HEADSTART ENERGY CONSERVATION WORKFORCE INVESTMENT ACT AND OTHER PROGRAMS	
	8610	Homeless Assistance Act	
	8620	Adult Basic Education	
	8640	Headstart	
	8650	Unassigned	
	8660	Workforce Investment Act (W A)	
	8670	Unassigned	
	8680	Unassigned	
	8690	Other Restricted Federal Grants-in-Aid through the Commonwealth	
8800		MEDICAL ASSISTANCE REIMBURSEMENTS	
9000		OTHER FINANCING SOURCES	
9100		SALE OF BONDS	
	9110	Bond Issue Proceeds (Gross)	
	9120	Proceeds from Refunding of Bonds	
9200		PROCEEDS FROM EXTENDED TERM FINANCING	
9300		INTERFUND TRANSFERS	
	9310	General Fund Transfers	
	9320	Special Revenue Fund Transfers	
	9330	Capital Projects Funds Transfers	
	9340	Debt Service Fund Transfers	
	9350	Enterprise Fund Transfers	
	9360	Internal Service Fund Transfers	
	9370	Trust and Agency Fund	
	9380	Activity Fund Transfers	
	9390	Permanent Fund Transfers	
9400		SALE OF OR COMPENSATION FOR LOSS OF FIXED ASSETS	
9500		Unassigned	
9600		Unassigned	
9700		TRANSFERS INVOLVING COMPONENT UNITS AND PRIMARY GOVERNMENTS	
	9710	Transfers from Component Units	
	9720	Transfers from Primary Governments	
9800		INTERFUND TRANSFERS	
	9810	General Fund Interfund Transfers	
	9820	Special Revenue Interfund Transfers	
	9840	Debt Service Interfund Transfers	
	9850	Enterprise Interfund Transfers	
	9860	Internal Service Interfund Transfers	
	9870	Trust and Agency Interfund Transfers	
	9880	Activity Interfund Transfers	
TOTAL REVENUES			7 453 866

Preliminary Statement of Revenues, Expenditures & Fund Balances
Include ALL Funds
as of June 30, 2020

Name of School **Esperanza Cyber Charter School**

Address of School **4261 N. 5th Street Philadelphia, PA 19140**

CEO Signature

Note-Expenditures may be submitted EITHER as accrual or cash basis

EXPENDITURES

1000	INSTRUCTION	
1100	REGULAR PROGRAMS - ELEMENTARY / SECONDARY	3 319 408
1200	SPECIAL PROGRAMS - ELEMENTARY / SECONDARY	563 604
1300	VOCATIONAL EDUCATION	
1400	OTHER INSTRUCTIONAL PROGRAMS - ELEMENTARY / SECONDARY	
1600	ADULT EDUCATION PROGRAMS	
1700	HIGHER EDUCATION PROGRAMS	
1800	PRE-KINDERGARTEN	
2000	SUPPORT SERVICES	
2100	SUPPORT SERVICES - PUPIL PERSONNEL	697 555
	2110 Supervision of Pupil Personnel Services	
	2120 Guidance Services	
	2130 Attendance Services	
	2140 Psychological Services	
	2150 Speech Pathology and Audiology Services	
	2160 Social Work Services	
	2170 Student Accounting Services	
	2190 Other Pupil Personnel Services	
2200	SUPPORT SERVICES - INSTRUCTIONAL STAFF	88 579
	2210 Supervision of Educational Media Services	
	2220 Technology Support Services	
	2230 Educational Television Services	
	2240 Computer-Assisted Instruction Support Services	
	2250 School Library Services	
	2260 Instruction and Curriculum Development Services	
	2270 Instructional Staff Professional Development Services	13 812
	2280 Nonpublic Support Services	
2300	SUPPORT SERVICES - ADMINISTRATIVE	193 284
	2310 Board Services	5 274
	2320 Board Treasurer Services	
	2340 Staff Relations and Negotiations Services	
	2350 Legal Services	114 594
	2360 Office of the Superintendent (Executive Director) Services	186 847
	2370 Community Relations Services	
	2380 Office of the Principal Services	355 641
	2390 Other Administration Services	
2400	SUPPORT SERVICES - PUPIL HEALTH	27 570
2500	SUPPORT SERVICES - BUSINESS	
	2510 Fiscal Services	341 685
	2520 Purchasing Services	
	2530 Warehousing and Distributing Services	
	2540 Printing Publishing and Duplicating Services	
	2590 Other Support Services - Business	
2600	OPERATION AND MAINTENANCE OF PLANT SERVICES	
	2610 Supervision of Operation and Maintenance of Plant Services	
	2620 Operation of Buildings Services	161 163
	2630 Care and Upkeep of Grounds Services	
	2640 Care and Upkeep of Equipment Services	2 917
	2650 Vehicle Operations and Maintenance Services (Other than Student Transportation Vehicles)	

	2660	Security Services	5 305
	2690	Other Operation and Maintenance of Plant Services	8 356
2700		STUDENT TRANSPORTATION SERVICES	
	2710	Supervision of Student Transportation Services	
	2720	Vehicle Operation Services	
	2730	Monitoring Services	
	2740	Vehicle Servicing and Maintenance Services	
	2750	Nonpublic Transportation	
	2790	Other Student Transportation Services	762
2800		SUPPORT SERVICES - CENTRAL	16 600
	2810	Planning Research Development and Evaluation Services	
	2820	Information Services	
	2830	Staff Services	2 734
	2840	Data Processing Services	120 838
	2850	State and Federal Agency Liaison Services	126 458
	2860	Management Services	
	2890	Other Support Services Central	
2900		OTHER SUPPORT SERVICES - CENTRAL	
	2990	Pass-Thru Funds	
3000		OPERATION OF NON-INSTRUCTIONAL SERVICES	
3100		FOOD SERVICES	162
3200		STUDENT ACTIVITIES	
	3210	School Sponsored Student Activities	
	3250	School Sponsored Athletics	
3300		COMMUNITY SERVICES	
	3310	Community Recreation	
	3320	Civic Services	
	3330	Public Library Services	
	3340	Custody and Child Care	
	3350	Welfare Activities	
	3390	Other Community Services	
3400		SCHOLARSHIPS AND AWARDS	
4000		FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SERVICES	
4100		SYSTEM ACQUISITION SERVICES - ORGANIZATIONAL AND ADDITIONAL	
4200		EXTENSIVE IMPROVEMENT SERVICES	
4300		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS DEVELOPMENT - ORGANIZATIONAL AND ADDITIONAL	
4400		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS - IMPROVEMENTS	
4500		BUILDING ACQUISITION AND CONSTRUCTION SERVICES - ORGANIZATIONAL AND ADDITIONAL	
4600		EXTENSIVE BUILDING IMPROVEMENT SERVICES	94 843
5000		OTHER EXPENDITURES AND FINANCING USES	
5100		DEBT SERVICE / OTHER EXPENDITURES AND FINANCING USES	
5200		FUND TRANSFERS	
5300		TRANSFERS INVOLVING COMPONENT UNITS	
5400		INTRAFUND TRANSFERS OUT	
5800		SUSPENSE ACCOUNT	
5900		BUDGETARY RESERVE	
TOTAL EXPENDITURES			6 447 991

**TOTAL REVENUES MINUS TOTAL EXPENDITURES = CURRENT FUND
BALANCE AS OF JUNE 30, 2019**

1 005 875



333 MARKET STREET
HARRISBURG, PA 17126-0333
www.education.pa.gov

October 30, 2019

Mr David W Rossi
Chief Executive Officer
Esperanza Cyber CS

4261 N. 5th Street
Philadelphia, PA 19140

Re: 2019-2020 Esperanza Cyber CS FA-999-20-1118

Amount: \$341,586.00

Dear Mr. Rossi:

It is our pleasure to inform you that your 2019-2020 Consolidated Application has been approved. Funds may be obligated under the grant agreement effective August 16, 2019. Funds must be obligated by September 30, 2020.

All recipients of funds are required to comply with the financial requirements specified in the grant agreement. If implementation of the project is delayed or terminated for any reason, a written notification to this effect should be sent to Division of Federal Programs at the Pennsylvania Department of Education, 333 Market Street, Harrisburg PA 17126-0333.

Sincerely,

A handwritten signature in black ink that reads "Susan McCrone". The signature is written in a cursive style.

McCrone, Susan
Division Chief
Division of Federal Programs

Enclosure

July 27, 2020

Dr Jon D Marsh
Chief Executive Officer
Esperanza Cyber CS
4261 N. 5th Street
Philadelphia, PA 19140

Re: FA-999-20-1118 A

Amount: \$350,927.00

Project #	Amount	CFDA #	Federal Award Number
FA-010-20-1118 A	\$11,345.00	84.365	S365A190038
FA-013-20-1118 A	\$286,709.00	84.010	S010A190038
FA-020-20-1118 A	\$31,048.00	84.367	S367A190051
FA-144-20-1118 A	\$21,825.00	84.424	S424A190039

Dear Dr. Marsh:

Your 2019-2020 Consolidated Application Allocation was increased by \$9,341.00. This funding adjustment was made to your application as a result of a recent USDE update to Pennsylvania's 2019-2020 Consolidated Grant award. Please contact your Regional Coordinator if you have questions.

A team of Federal Programs staff is assigned to provide technical assistance in implementing your consolidated application. You may verify your team members' contact information by visiting the Federal Programs' web site at <http://www.education.pa.gov>.

We appreciate your ongoing cooperation.

Sincerely,



McCrone, Susan
Division Chief
Division of Federal Programs