

ROBERT FROST CHARTER SCHOOL
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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TABLE OF CONTENTS

		<u>PAGES</u>
	INDEPENDENT AUDITOR'S REPORT	1 - 2
	MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 7
BASIC FINANCIAL STATEMENTS		
	Government-wide Financial Statements	
A	Statement of Net Position	8
B	Statement of Activities	9
	Fund Financial Statements	
	<i>Governmental Funds</i>	
C-1	Balance Sheet	10
C-2	Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	11
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances.....	12
C-4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	13
	<i>Budgetary Comparison Information</i>	
D-1	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	14
D-2	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Grants Fund	15
	NOTES TO THE BASIC FINANCIAL STATEMENTS	16 - 24
INDIVIDUAL FUND SCHEDULES		
	Governmental Fund	
	<i>Major General Fund</i>	
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	25
2	Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)	26
3	Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)	27



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Trustees
Robert Frost Charter School
Conway, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Robert Frost Charter School as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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 the Robert Frost Charter School, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Robert Frost Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Robert Frost Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

***Robert Frost Charter School
Independent Auditor's Report***

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Robert Frost Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Robert Frost Charter School's ability to continue as a going concern for a reasonable period of time.

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

Change in Accounting Principle

As discussed in Note 2-B to the financial statements, in the fiscal year 2022, the School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Required Supplementary Information - Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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.

Supplementary Information - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Robert Frost Charter School's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

March 31, 2023
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*

As administrators of the Robert Frost Public Charter School (the "School") we offer readers of the financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022. We are committed to assuring that that funds received are used to provide a sound education to each student enrolled at the Robert Frost Public Charter School. We encourage readers to consider the information presented here in conjunction with the information presented within the body of the audited financial report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Robert Frost Public Charter School's basic financial statements. The School's basic financial statements are comprised of four components:

- 1) Required supplementary information (this management's discussion and analysis)
- 2) Government-wide financial statements
- 3) Governmental funds
- 4) Notes to the financial statements

In addition, individual fund schedules are provided for the general fund which are considered other supplementary information.

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 and liabilities with the remaining difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 8-9 of this report.

Governmental Funds

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand

the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental activities Statement of Net Position and Statement of Activities.

The fund financial statements can be found on pages 10-13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 16-24 of this report.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a School's financial position. For the Robert Frost Public Charter School, assets exceeded liabilities by \$128,926 as of June 30, 2022.

The following tables provides a summary of the School's net position and activities:

Summary of Net Position Governmental Activities				
	<u>2021</u>	<u>2020</u> <u>(As restated)</u>	<u>Change</u>	<u>% Change</u>
Current and other assets				
Other assets	\$ 164,325	\$ 186,191	\$ (21,866)	-12%
Capital assets, net	<u>224,200</u>	<u>-</u>	<u>224,200</u>	<u>100%</u>
Total assets	<u>388,525</u>	<u>186,191</u>	<u>202,334</u>	<u>88%</u>
Long-term and other liabilities:				
Long-term liabilities	224,200	52,031	172,169	331%
Other liabilities	<u>35,399</u>	<u>13,044</u>	<u>22,355</u>	<u>171%</u>
Total liabilities	<u>259,599</u>	<u>65,075</u>	<u>194,524</u>	<u>299%</u>
Total net position	<u>\$ 128,926</u>	<u>\$ 121,116</u>	<u>\$ 7,810</u>	<u>-6%</u>

Of the total revenues in the School's general fund, 91.8% came from State of New Hampshire Adequate Education or Supplemental Grants, and the remaining 8.2% from Local Support.

For the year ended June 30, 2022, actual revenues were lower than budgeted by \$77,346. In the area of Local Support there was a decrease of \$1,770 compared to budget, but for State aid there was a \$75,576 decrease in revenue compared to the budget. The School obtained a PPP loan through the Federal CARES Act in the prior year which, has been forgiven as of September 3, 2021 in the amount of \$65,000. This amount was treated as a Forgiveness of Debt on Exhibit B. Actual expenditures were lower than budgeted by \$17,203, and there was an overall net loss of \$60,143.

Summary of Changes in Net Position
Governmental Activities

	2022	2021 (As restated)	Change	% Change
Revenues:				
Program Revenues:				
Charges for services	\$ 5,892	\$ -	\$ 5,892	100.0%
Operating grants and contributions	67,553	125,029	(57,476)	-46.0%
General Revenue:				
Grants and contributions not restricted to specific programs	368,576	337,566	31,010	9.2%
Misc.	27,026	26,386	640	2.4%
Special Items	65,000	57,000	8,000	100.0%
Total Revenues:	<u>534,047</u>	<u>545,981</u>	<u>(11,934)</u>	<u>-2.2%</u>
Expenses:				
Instruction	252,519	257,999	(5,480)	-2.1%
Support Services:				
Instructional staff	150	850	(700)	-82.4%
Executive administration	8,000	8,328	(328)	100.0%
School administration	147,016	127,022	19,994	15.7%
Business	9,117	10,825	(1,708)	100.0%
Operation and maintenance of plant	109,435	94,824	14,611	15.4%
Total Expenses	<u>526,237</u>	<u>499,848</u>	<u>26,389</u>	<u>5.3%</u>
Change in Net Position	7,810	46,133	(38,323)	-83.1%
Net Position, beginning, as restated	<u>121,116</u>	<u>74,983</u>	<u>46,133</u>	<u>61.5%</u>
Net Position, ending	<u>\$ 128,926</u>	<u>\$ 121,116</u>	<u>\$ 7,810</u>	<u>6.4%</u>

General Fund Budgetary Highlights

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
General Fund

	Budgeted Amounts	Actual	Variance Positive (Negative)
Revenues:			
Local	\$ 34,688	\$ 32,918	\$ (1,770)
State	444,152	368,576	(75,576)
Total Revenues:	478,840	401,494	(77,346)
Expenditures:			
Instruction	238,846	200,099	38,747
Support Services:			
Instructional staff	850	150	700
General Administration	8,000	8,000	-
School Administration	113,758	140,666	(26,908)
Business	12,800	6,964	5,836
Operation and maintenance of plant	101,633	102,805	(1,172)
Total Expenditures	475,887	458,684	17,203
Change in Fund Balance	\$ 2,953	(57,190)	\$(60,143)
Fund balances, beginning, as restated, see (Note 12)		184,116	
Fund balances, ending		\$126,926	

The general fund State revenue totaled \$368,576 which was a shortfall of \$75,576 from the budgeted amount of \$444,152. This shortfall was due to decreased enrollment from the budgeted figure. As for the expenditures the Instruction function was under spent by \$38,747 due to reduction in teaching staff to balance reduced enrollment and the School Administration expenditure was over spent by \$26,908 due to some items classified as Administrative Expense also being reimbursable through the ESSER Grant.

Capital Assets and Long-Term Debt

The School currently has reported “right to use” capital assets related to the building the School rents. This addition in capital assets is in accordance with GASB Statement No. 87, *Leases*. The reported value of the “right to use” leased building is \$224,200 at June 30, 2022.

Also at June 30, 2022 in accordance with GASB Statement No. 87, *Leases*, a lease payable was recorded as long-term debt for the remaining lease payments due on the agreement at June 30, 2022. This amount is also \$224,200.

Financial Factors Driving Future Budgets

The School is currently leasing a space in Conway, NH which has a capacity of 60 students. This restriction does not allow for adequate enrollment growth. As such, the RFPCS Board of Trustees and Building Committee are actively pursuing a larger facility, either through relocation to an existing space, or by purchasing and constructing a facility suited to the school’s unique educational needs. Future budgets reflect the restriction on growth until the facility need is met.

Related to the COVID-19, the full extent of the financial impact of the pandemic cannot be determined as of the date of the financial statements. As a result, economic uncertainties could arise which could have a financial impact on the School, though such impact is unknown.

Contacting Information

Questions concerning the information presented in this report or requests for additional information should be addressed to:

Mrs. Tracy R. Strout
Chair
Robert Frost Public Charter School
110 Main Street (PO Box 1038)
Conway, NH 03818
603-356-6332

BASIC FINANCIAL STATEMENTS

EXHIBIT A
ROBERT FROST CHARTER SCHOOL
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 54,198
Intergovernmental receivable	108,127
Prepaid items	2,000
Capital assets, net of accumulated amortization	224,200
Total assets	<u>388,525</u>
LIABILITIES	
Accounts payable	1,767
Accrued salaries and benefits payable	3,632
Other payable	30,000
Noncurrent obligations:	
Due within one year	45,600
Due in more than one year	178,600
Total liabilities	<u>259,599</u>
NET POSITION	
Unrestricted	<u>\$ 128,926</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT B
ROBERT FROST CHARTER SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
Governmental activities:				
Instruction	\$ 252,519	\$ 5,892	\$ 52,420	\$ (194,207)
Support services:				
Instructional staff	150	-	-	(150)
General administration	8,000	-	-	(8,000)
School administration	147,016	-	6,350	(140,666)
Business	9,117	-	2,153	(6,964)
Operation and maintenance of plant	109,435	-	6,630	(102,805)
Total governmental activities	<u>\$ 526,237</u>	<u>\$ 5,892</u>	<u>\$ 67,553</u>	<u>(452,792)</u>
General revenues and contributions:				
Grants and contributions not restricted to specific programs				368,576
Miscellaneous				<u>27,026</u>
Total general revenues and contributions				<u>395,602</u>
Special item:				
Forgiveness on long-term debt (see Note 9)				<u>65,000</u>
Change in net position				7,810
Net position, beginning (as restated, see Note 12)				<u>121,116</u>
Net position, ending				<u>\$ 128,926</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-1
ROBERT FROST CHARTER SCHOOL
Governmental Funds
Balance Sheet
June 30, 2022

	General	Grants	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 54,198	\$ -	\$ 54,198
Receivables:			
Intergovernmental	101,490	6,637	108,127
Interfund receivables	6,637	-	6,637
Prepaid items	2,000	-	2,000
Total assets	<u>\$ 164,325</u>	<u>\$ 6,637</u>	<u>\$ 170,962</u>
LIABILITIES			
Accounts payable	\$ 1,767	\$ -	\$ 1,767
Accrued salaries and benefits payable	3,632	-	3,632
Interfund payable	-	6,637	6,637
Other payable	30,000	-	30,000
Total liabilities	<u>35,399</u>	<u>6,637</u>	<u>42,036</u>
FUND BALANCES			
Nonspendable	2,000	-	2,000
Unassigned	126,926	-	126,926
Total fund balances	<u>128,926</u>	<u>-</u>	<u>128,926</u>
Total liabilities and fund balances	<u>\$ 164,325</u>	<u>\$ 6,637</u>	<u>\$ 170,962</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-2
ROBERT FROST CHARTER SCHOOL
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2022

Total fund balances of governmental funds (Exhibit C-1)		\$ 128,926
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 359,272	
Less accumulated amortization	<u>(135,072)</u>	
		224,200
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (6,637)	
Payables	<u>6,637</u>	
		-
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Lease		<u>(224,200)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 128,926</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-3
ROBERT FROST CHARTER SCHOOL
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	General	Grants	Total Governmental Funds
REVENUES			
Other local	\$ 32,918	\$ -	\$ 32,918
State	368,576	-	368,576
Federal	-	67,553	67,553
Total revenues	<u>401,494</u>	<u>67,553</u>	<u>469,047</u>
EXPENDITURES			
Current:			
Instruction	200,099	52,420	252,519
Support services:			
Instructional staff	150	-	150
General administration	8,000	-	8,000
School administration	140,666	6,350	147,016
Business	6,964	2,153	9,117
Operation and maintenance of plant	102,805	6,630	109,435
Total expenditures	<u>458,684</u>	<u>67,553</u>	<u>526,237</u>
Net change in fund balances	(57,190)	-	(57,190)
Fund balances, beginning, as restated (see Note 12)	186,116	-	186,116
Fund balances, ending	<u>\$ 128,926</u>	<u>\$ -</u>	<u>\$ 128,926</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-4
ROBERT FROST CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ (57,190)
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Depreciation expense		(45,600)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal forgiveness on debt	\$ 65,000	
Repayment of lease	45,600	
		110,600
Change in net position of governmental activities (Exhibit B)		\$ 7,810

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT D-1
ROBERT FROST CHARTER SCHOOL
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local	\$ 34,688	\$ 32,918	\$ (1,770)
State	444,152	368,576	(75,576)
Total revenues	478,840	401,494	(77,346)
EXPENDITURES			
Current:			
Instruction	238,846	200,099	38,747
Support services:			
Instructional staff	850	150	700
General administration	8,000	8,000	-
School administration	113,758	140,666	(26,908)
Business	12,800	6,964	5,836
Operation and maintenance of plant	101,633	102,805	(1,172)
Total expenditures	475,887	458,684	17,203
Net change in fund balance	\$ 2,953	(57,190)	\$ (60,143)
Unassigned fund balance, beginning, as restated (see Note 12)		184,116	
Unassigned fund balance, ending		\$ 126,926	

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT D-2
ROBERT FROST CHARTER SCHOOL
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Grants Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Federal	\$ -	\$ 67,553	\$ 67,553	\$ -
EXPENDITURES				
Current:				
Instruction	-	52,420	52,420	-
Support services:				
School administration	-	6,350	6,350	-
Business	-	2,153	2,153	-
Operation and maintenance of plant	-	6,630	6,630	-
Total expenditures	-	67,553	67,553	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

The Notes to the Basic Financial Statements are an integral part of this statement.

ROBERT FROST CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Presentation	1-B
Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	1-C
Cash and Cash Equivalents.....	1-D
Receivables.....	1-E
Prepaid Items	1-F
Capital Assets	1-G
Interfund Receivables and Payables	1-H
Accounts Payable	1-I
Long-term Obligations	1-J
Leases	1-K
Net Position/Fund Balances.....	1-L
Use of Estimates	1-M
Revenue, Expenditures, and Expenses	1-N
Stewardship, Compliance, and Accountability	2
Budgetary Information.....	2-A
Accounting Change	2-B

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Receivables.....	4
Capital Assets.....	5
Interfund Balances	6
Lease	7
Short-term Debt.....	8
Long-term Liabilities	9
Governmental Activities Net Position.....	10
Governmental Fund Balances	11
Prior Period Adjustment	12
Risk Management.....	13
Related Party Transactions	14
Contingent Liabilities.....	15
COVID-19	16
Subsequent Events.....	17

ROBERT FROST CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Robert Frost Charter School (the School) located in Conway, New Hampshire, is organized as a public charter school to provide educational services as authorized by the State of New Hampshire Department of Education. Because of the authority of the State Board of Education under RSA 194-B:10, *Chartered Public Schools; Reporting Requirements*, a chartered public school shall provide an annual financial report to the State board and the school board complying with any current format and content requirements imposed upon a public school. Therefore, the public charter schools in New Hampshire follow the governmental reporting model as used by local school districts which is in accordance with generally accepted accounting principles (GAAP).

1-A Reporting Entity

The Robert Frost Charter School is a New Hampshire non-profit corporation incorporated in February 2012. Pursuant to the provisions of Chapter 194-B, *Chartered Public Schools*, the School has been approved to operate as a public charter school serving approximately 42 students in grades K-12. The School operates under an approved charter received from the State of New Hampshire Department of Education. RSA 194-B:10 also provides that a public charter school shall be subject to an annual financial audit. The current charter renewed on June 9, 2022 and is effective until June 30, 2027, and may be renewed for subsequent periods of five (5) years in accordance with RSA 194-B:3, X, *Chartered Public Schools; Establishment; Application; Amendment; Procedure*. Management believes that the charter will be renewed in the ordinary course of business.

Robert Frost Charter School has been recognized by the Internal Revenue Service as exempt from Federal income taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

The following is a summary of the more significant accounting policies:

1-B Basis of Presentation

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34), the School is a special-purpose government that is engaged in governmental activities and is not a component unit of another government. Therefore, the financial statements are prepared in the same manner as general-purpose governments.

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. Generally, the effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported through assessments and intergovernmental revenues.

The *Statement of Net Position* presents the financial position of the School at year-end. This Statement includes all of the School's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Assessments and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

In the governmental fund financial statements, expenditures are reported by character: instruction, support services, noninstructional, debt services and facilities acquisition and construction. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Capital outlay includes expenditures for equipment, real property, or infrastructure.

ROBERT FROST CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund 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 both 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 generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Tuition, intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Financial Statement Presentation – A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The School reports the following major governmental funds:

General Fund – is the School's primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include tuition, state grants, and other local sources. The primary expenditures are for instruction and support services.

Grants Fund – accounts for the resources received from various federal and state agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

1-D Cash and Cash Equivalents

The School considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

1-E Receivables

Receivables in the government-wide and governmental fund financial statements represent amounts due to the School at June 30, 2022 recorded as revenue, which will be collected in the future and consist of intergovernmental receivables.

1-F Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used. This amount is also equal to nonspendable fund balance at year-end.

1-G Capital Assets

Capital assets are reported in the government-wide financial statements but are not reported in the fund financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The School has established a threshold of \$5,000 or more and an estimated useful life in excess of one year for capitalization of depreciable assets.

ROBERT FROST CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the School as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Capital assets (right to use leased building) of the School are amortized using the straight-line method over nine years of the estimated useful life.

1-H Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

1-I Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2022.

1-J Long-term Obligations

In the government-wide financial statements, other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

1-K Leases

Lessee – The School is a lessee for a noncancellable lease of a school building. The School recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

1-L Net Position/Fund Balances

Government-wide statements – Equity is classified as net position and displayed as unrestricted net position, which consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

ROBERT FROST CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form (prepaid items); or (b) are legally or contractually required to be maintained intact.

Unassigned – The portion of fund balance that has not been restricted, committed, or assigned for a specific purpose.

When multiple net position/fund balance classifications are available for use, it is the School's practice to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

1-M Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the collectability of accounts receivable, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

1-N Revenues, Expenditures, and Expenses

The New Hampshire Supreme Court has determined Part II, Article 83 of the State Constitution requires the State to provide an "adequate" education. The State payments to district public schools and public charter schools is called State Adequacy Aid.

State authorized charter schools are funded directly by the State at approximately \$7,100 per student, they receive no local funding. This is considerably less than the Statewide average expenditures of \$15,000+ per student. (RSA 194-B:11 I.(b)(1)(A), *Chartered Public Schools; Funding*).

Locally authorized charter schools are funded at approximately 80% of the average cost per pupil by their local district. Locally authorized charter schools receive State and local funds. (RSA 194-B:11 I.(a) *Chartered Public Schools; Funding*).

Additionally, the School receives annually differentiated aid from the State which provides additional funding for students with special needs. In the current fiscal year, the School received differentiated aid of \$43,723, which has been recorded as an intergovernmental receivable at year-end.

For pupils who reside in this State who attend full-time a chartered public school authorized by a school district other than the pupil's resident school district, the State shall pay tuition pursuant to RSA 198:40-a, *Cost of an Opportunity for an Adequate Education*, directly to the chartered public school for the pupil.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School's operations. At its annual meeting, the School adopts a budget for the current year for the general fund. However, the Board of Trustees has voted and accepted the Federal grants awarded to the School through the year, so these amounts are reported as a final budget for the grants fund, which is also reported as a major fund.

ROBERT FROST CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

2-B Accounting Change

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' 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 a governments' leasing activities. See Note 7, *Leases*, for further information.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the School's agent in the School's name. The FDIC currently insures the first \$250,000 of the School's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School's deposits was \$54,198 and the bank balances totaled \$54,244.

NOTE 4 – RECEIVABLES

Receivables of \$108,127 at June 30, 2022, consisted of intergovernmental amounts arising from grants for the School. Receivables are recorded on the School's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 consisted of the following:

	Balance, beginning (as restated)	Additions	Retirements	Balance, ending
At cost:				
Being amortized:				
Right-to-use leased building	\$ 359,272	\$ -	\$ -	\$ 359,272
Less accumulated depreciation/amortization:				
Right-to-use leased building	(89,472)	(45,600)	-	(135,072)
Net book value, all capital assets	<u>\$ 269,800</u>	<u>\$ (45,600)</u>	<u>\$ -</u>	<u>\$ 224,200</u>

Amortization expense was charged to functions of the School based on their usage of the related assets. The amounts allocated to each function are as follows:

Instruction	<u>\$ 45,600</u>
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NOTE 6 – INTERFUND BALANCES

Interfund receivable and payable balances consisting of overdrafts in pooled cash at June 30, 2022 are as follows:

Receivable Fund	Payable Fund	Amount
General	Grants	<u>\$ 6,637</u>

ROBERT FROST CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NOTE 7 – LEASE

Lease Payable – The School had the following lease payable as of June 30, 2022:

Lease Payable:	Original Amount	Issue Date	Maturity Date	Interest Rate	Payable at June 30, 2022
Building	\$ 359,272	2018	2027	3.00%	<u>\$ 224,200</u>

The annual requirements to amortize all lease payables outstanding as of June 30, 2022, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 39,899	\$ 5,701	\$ 45,600
2024	41,113	4,487	45,600
2025	42,364	3,236	45,600
2026	43,652	1,948	45,600
2027	41,180	620	41,800
Totals	<u>\$ 208,208</u>	<u>\$ 15,992</u>	<u>\$ 224,200</u>

NOTE 8 – SHORT-TERM DEBT

Changes in the School's short-term borrowings during the year ended June 30, 2022 consisted of the following:

Governmental Activities	Original Issue	Interest Rate	Balance July 1, 2021	Issued	Redemptions	Outstanding at June 30, 2022
General Operating	<u>\$ 60,000</u>	1.00%	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ (30,000)</u>	<u>\$ 30,000</u>

The purpose of the short-term borrowings was to provide resources for general operating needs through NH Health and Education Facilities Authority (NHHEFA).

NOTE 9 – LONG-TERM LIABILITIES

Changes in the School's long-term liabilities consisted of the following for the year ended June 30, 2022:

	Balance July 1, 2021 (as restated)	Additions	Reductions	Balance June 30, 2022	Due Within One Year	Due In More Than One Year
Note payable	\$ 65,000	\$ -	\$ (65,000)	\$ -	\$ -	\$ -
Lease payable	269,800	-	(45,600)	224,200	45,600	178,600
Total long-term liabilities	<u>\$ 334,800</u>	<u>\$ -</u>	<u>\$ (110,600)</u>	<u>\$ 224,200</u>	<u>\$ 45,600</u>	<u>\$ 178,600</u>

Loan Forgiveness – The School applied for and has received loan forgiveness in the amount of \$65,000 related to a Paycheck Protection Program loan issued in the prior fiscal year. Loan forgiveness is reflected as a special item on the Statement of Activities.

All debt is general obligation debt of the School, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

ROBERT FROST CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NOTE 10 – GOVERNMENTAL ACTIVITIES NET POSITION

Net position reported on the government-wide Statement of Net Position at June 30, 2022 include the following:

	Governmental Activities
Net investment in capital assets:	
Net book value of all capital assets	\$ 224,200
Less:	
Lease payable	(224,200)
Total net investment in capital assets	-
Unrestricted	128,926
Total net position	<u>\$ 128,926</u>

None of the net position is restricted by enabling legislation.

NOTE 11 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2022 consist of the following:

	General Fund
Nonspendable:	
Prepaid items	\$ 2,000
Unassigned	126,926
Total governmental fund balances	<u>\$ 128,926</u>

NOTE 12 – PRIOR PERIOD ADJUSTMENT

Net position/fund balance at July 1, 2021 was restated for the following:

	Government-wide Statements	General Fund (Exhibit C-3)	General Fund (Exhibit D)
To restate for prior year unrecorded state aid receivable	\$ 57,767	\$ 57,767	\$ 57,767
Net position/fund balance, as previously reported	63,349	128,349	126,349
Net position/fund balance, as restated	<u>\$ 121,116</u>	<u>\$ 186,116</u>	<u>\$ 184,116</u>

NOTE 13 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2022, the School maintained commercial insurance through The Hanover Insurance Companies. There have been no significant changes in insurance coverage from previous periods.

NOTE 14 – RELATED PARTY TRANSACTIONS

Three members of the Board are also teachers in the School. Two are employed as substitute teachers and one is a full-time teacher at the School. The total salary paid to the full-time teacher totaled \$38,938. It was noted that the salary was paid based on the School's ordinary procedures over payroll and benefits. Further, the salaries and other compensation for all School employees are subjected to the same authorization process by the Board of Trustees, which were properly followed for these individuals.

NOTE 15 – CONTINGENT LIABILITIES

The School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the School believes such disallowances, if any, will be immaterial.

ROBERT FROST CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NOTE 16 – COVID-19

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES Act) in response to the economic downfall caused by the COVID-19 pandemic. This Act provided funding through the Coronavirus Relief Fund (CRF) as well as the Education Stabilization Fund (ESF). On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law, which provided additional funding for the ESF programs.

The ESF provided funds to the School through the Elementary and Secondary School Emergency Relief Fund (ESSER). The objective of ESSER is to provide local education agencies with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. This funding was awarded to the School under the ESSER I and II grants, with the School expending \$58,108 of this funding in the fiscal year 2022 and must be used for activities to prevent, prepare and respond to the coronavirus.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through March 31, 2023, the date the June 30, 2022 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
ROBERT FROST CHARTER SCHOOL
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Estimated	Actual	Variance Positive (Negative)
Other local sources:			
Tuition	\$ 7,188	\$ 5,892	\$ (1,296)
Student activities	5,000	4,033	(967)
Miscellaneous	22,500	22,993	493
Total from other local sources	<u>34,688</u>	<u>32,918</u>	<u>(1,770)</u>
State sources:			
Adequacy aid (grant)	388,152	312,536	(75,616)
Adequacy aid (differentiated)	50,000	43,723	(6,277)
School building aid	6,000	12,317	6,317
Total from state sources	<u>444,152</u>	<u>368,576</u>	<u>(75,576)</u>
Total revenues and other financing sources	<u>\$ 478,840</u>	<u>\$ 401,494</u>	<u>\$ (77,346)</u>

SCHEDULE 2
ROBERT FROST CHARTER SCHOOL
Major General Fund
Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance Positive (Negative)</u>
Current:			
Instruction:			
Regular programs	\$ 234,346	\$ 195,740	\$ 38,606
Other programs	4,500	4,359	141
Total instruction	<u>238,846</u>	<u>200,099</u>	<u>38,747</u>
Support services:			
Instructional staff	850	150	700
General administration	8,000	8,000	-
School administration	113,758	140,666	(26,908)
Business	12,800	6,964	5,836
Operation and maintenance of plant	101,633	102,805	(1,172)
Total support services	<u>237,041</u>	<u>258,585</u>	<u>(21,544)</u>
Total appropriations and expenditures	<u>\$ 475,887</u>	<u>\$ 458,684</u>	<u>\$ 17,203</u>

SCHEDULE 3
ROBERT FROST CHARTER SCHOOL
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

Unassigned fund balance, beginning, as restated (see Note 12)		\$ 184,116
2021-2022 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (77,346)	
Unexpended balance of appropriations (Schedule 2)	17,203	
2021-2022 Budget deficit	<u> </u>	(60,143)
Difference between revenue and expenditure budget		<u>2,953</u>
Unassigned fund balance, ending		<u><u>\$ 126,926</u></u>