

**MAP ACADEMY CHARTER SCHOOL AND
MAP EDUCATION, INC.**

**COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS,
AND INDEPENDENT AUDITORS' REPORTS**

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Map Academy Charter School and
Map Education, Inc.
Plymouth, Massachusetts

Opinion

We have audited the accompanying combined general purpose financial statements of the business-type activities of Map Academy Charter School and Map Education, Inc. (collectively, the "Organization") a component unit of Map Academy Charter School, as of and for the year ended June 30, 2022, which comprise the combined statement of net position as of June 30, 2022, and the related combined statements of revenues, expenses and changes in net position, and cash flows for the year then ended and the related notes to the combined general purpose financial statements.

In our opinion, the combined general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, 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 opinion.

Change in Accounting Principle

As discussed in Note 2 to the combined general purpose financial statements, in 2022 the Organization adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined general purpose 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 combined general purpose financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined general purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 auditing standards generally accepted in the United States of America and *Government 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 combined general purpose financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined general purpose 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 Organization'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 combined general purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

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 general purpose financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022 on our consideration of Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Map Academy Charter School's internal control over financial reporting and compliance.

Livingston + Haynes, P.C.

Ware, Massachusetts
October 17, 2022

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Management's Discussion and Analysis

(Unaudited)

June 30, 2022

The following discussion and analysis of Map Academy Charter School (the "School") and Map Education, Inc.'s (the "Foundation") (collectively, the "Organization") financial performance provides an overview of the Organization's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Organization's combined general purpose financial statements and the related notes to the combined general purpose financial statements, which begin on page 8.

The School as a Whole

The School was established on February 27, 2017, after receiving its charter from the Commonwealth of Massachusetts under Chapter 71, Section 89 of the General Laws of Massachusetts. The charter is awarded in five-year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts Department of Elementary and Secondary Education (DESE). At full capacity, the School will service 250 students for grades nine through twelve. During the year ended June 30, 2022 the School served, and their enrollment was, 223 students.

The Foundation as a Whole

The Foundation was formed on October 13, 2016, to promote the financial well-being of the School by soliciting, receiving and administering funds for the operations of the School. The Foundation's activities consist of raising funds on behalf of the School. The Foundation is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the IRC.

Using This Annual Report

This annual report consists of a series of audited combined general purpose financial statements. In accordance with *Governmental Accounting Standards Board Statement No. 34, Basic Financial Statement - Management's Discussion and Analysis - for State and Local Governments (GASB No. 34)*, the School is considered a special purpose government entity that engages in only business-type activities. All of the financial activity of the School is recorded in an Enterprise Fund within the Proprietary Fund group. In accordance with GASB No. 34, GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, the School issues a *Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows*. These statements provide information about the financial activities of the Organization, as a whole. This annual report also contains notes to the combined general purpose financial statements, which provide additional information that is essential to a full understanding of the information provided in the combined general purpose financial statements.

Combined General Purpose Financial Statements

The *Combined Statement of Net Position* presents the assets, liabilities, and net position of the Organization as a whole, as of the end of the fiscal year. The *Combined Statement of Net Position* is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the Organization to the readers of the combined general purpose financial statements. Assets are resources with present service capacity that the Organization presently controls. Liabilities are present obligations to sacrifice resources that the Organization has little or no discretion to avoid. Net position represents the difference between all other elements in a combined statement of financial position and is displayed in three components - *invested in capital assets, restricted* (distinguishing between major categories of restriction) *and unrestricted*.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Management's Discussion and Analysis (Continued)

(Unaudited)

June 30, 2022

Combined General Purpose Financial Statements (Continued)

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

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

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

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

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

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

Notes to the combined general purpose financial statements provide additional information that is essential to a full understanding of the information provided in the Organization's combined general purpose financial statements.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Management's Discussion and Analysis (Continued)

(Unaudited)

June 30, 2022

Financial Highlights

The following financial highlights are for the fiscal year 2022:

- The School held total assets of \$5,591,059 at June 30, 2022 of which \$2,597,071 was a net right-to-use lease asset and \$632,577 were net capital assets. As of June 30, 2022, the majority of the remaining assets consisted of cash, receivables, and prepaid expenses.
- At June 30, 2022, the School held no deferred outflows of resources.
- The School held total liabilities of \$3,052,651 at June 30, 2022. Total current liabilities of \$798,171 at June 30, 2022 consisted of accounts payable, accrued payroll, other accrued expenses, and the current portion of the School's lease liability. On July 1, 2021 the School implemented GASB No. 87, *Leases*, and accordingly the net present value of the estimated future minimum payments is reflected as a right-to-use lease asset and lease liability for the School. The lease liability, net of current portion as of June 30, 2022 was \$2,254,480.
- At June 30, 2022, the School held no deferred inflows of resources.
- Total net position for the School was \$2,538,408 at June 30, 2022 of which \$1,959,233 was unrestricted, \$-0- was restricted – expendable and \$579,175 was investments in capital assets.
- The Foundation had total assets of \$67,493 at June 30, 2022, which consisted of cash.
- The Foundation no liabilities at June 30, 2022.
- The Foundation had a net position of \$67,493 at June 30, 2022, of which (\$2,507) was unrestricted and \$70,000 was restricted - expendable, respectively.
- The School earned total operating revenues of \$5,681,912 for the year ended June 30, 2022, of which \$8,226 was released from restriction.
- The School had total expenses of \$5,576,304 related to operating activities, including depreciation and amortization of right-to-use lease asset of \$ 644,561 for the year ended June 30, 2022.
- The School incurred a change in net position of \$105,608 for the year ended June 30, 2022, all of which was comprised of operating income.
- The Foundation earned total operating revenues of \$9,732 for the year ended June 30, 2022, of which \$8,226 was released from restriction. The Foundation also received restricted grants of \$70,000 during the fiscal year 2022.
- The Foundation had total operating expenses of \$13,900 for the year ended June 30, 2022. The Foundation also made a \$8,226 restricted grant to the School during the fiscal year.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Management's Discussion and Analysis (Continued)

(Unaudited)

June 30, 2022

Budgetary Highlights

The School's annual budget was amended as the year progressed. For the fiscal year ended June 30, 2022 the School incurred \$5,576,304 in actual expenditures compared to amended budgeted expenditures of \$5,134,500. The School budgeted conservatively and actual revenue surpassed the budget (due to unanticipated grants and higher than budgeted tuition rate) earning \$5,681,912 compared to the amended budget of \$5,248,413.

The School budgeted tuition for fiscal year 2022 based on enrollment of 220, using the composite per pupil rate from the sending districts as calculated by the Massachusetts Department of Elementary and Secondary Education.

School's Financial Activities

The majority of the School's funding is received from the Commonwealth of Massachusetts Department of Elementary and Secondary Education (DESE) and is based on a DESE established rate per pupil. The School received \$4,368,679 in per pupil funding in fiscal year 2022. This represents 77% of the School's revenue for the year ended June 30, 2022. In addition, the School received various federal, state and private grants, which totaled \$698,461 for the fiscal years 2022.

Other Financial Factors

None known.

Current Known Facts, Decisions, and Conditions

None known.

Contacting the School's Financial Management

This financial report is designed to provide the reader with a general overview of the School's finances and to show accountability for the funds received. If you have questions about this report or need additional information, for the School or the Foundation, contact the Co-Directors of the School, Joshua Charpentier or Rachel Babcock.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.
 COMBINED STATEMENT OF NET POSITION
 JUNE 30, 2022

	ASSETS		
	Enterprise Fund - School	Component Unit - Foundation	(Memorandum Only) Total
Current Assets:			
Cash and cash equivalents	\$ 2,193,671	\$ 67,493	\$ 2,261,164
Accounts receivable	93,559	-	93,559
Prepaid expenses	74,181	-	74,181
Total Current Assets	2,361,411	67,493	2,428,904
Noncurrent Assets:			
Right-to-use lease asset, net	2,597,071	-	2,597,071
Capital assets, net of depreciation	632,577	-	632,577
Total Assets	<u>\$ 5,591,059</u>	<u>\$ 67,493</u>	<u>\$ 5,658,552</u>

LIABILITIES AND NET POSITION

Current Liabilities:			
Accounts payable and accrued expenses	\$ 402,178	\$ -	\$ 402,178
Current portion of lease liability	395,993	-	395,993
Total Current Liabilities	798,171	-	798,171
Lease Liability	2,254,480	-	2,254,480
Total Liabilities	3,052,651	-	3,052,651
Net Position:			
Invested in capital assets	579,175	-	579,175
Unrestricted	1,959,233	(2,507)	1,956,726
Restricted - expendable	-	70,000	70,000
Total Net Position	2,538,408	67,493	2,605,901
Total Liabilities and Net Position	<u>\$ 5,591,059</u>	<u>\$ 67,493</u>	<u>\$ 5,658,552</u>

The accompanying notes are an integral part of these financial statements.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Fund - School	Component Unit - Foundation	(Memorandum Only) Total
Operating Revenue:			
Per-pupil tuition	\$ 4,368,679	\$ -	\$ 4,368,679
Government grants	698,461	-	698,461
Contributions - in kind pension	341,597	-	341,597
Contributions - in kind transportation	173,738	-	173,738
Satisfaction of program restrictions	8,226	8,226	16,452
Nutrition reimbursements	89,696	-	89,696
Program specific and contributions - private	-	1,506	1,506
Other income	1,515	-	1,515
Total operating revenue	5,681,912	9,732	5,691,644
Operating Expenses:			
Personnel and related:			
Salaries and wages	2,658,282	-	2,658,282
In-kind pension	341,597	-	341,597
Payroll taxes and fringe benefits	290,779	-	290,779
Recruitment and staff development	60,596	-	60,596
Consultants and contracted services	29,195	-	29,195
Total personnel and related	3,380,449	-	3,380,449
Occupancy:			
Rent	86,653	-	86,653
Consultants and contracted services	39,256	-	39,256
Repairs and maintenance	64,061	-	64,061
Insurance	36,840	669	37,509
Interest on lease	122,150	-	122,150
Utilities	24,707	-	24,707
Telecommunications and internet	9,208	-	9,208
Supplies	6,844	-	6,844
Total occupancy	389,719	669	390,388
Direct Student Costs:			
Contracted services	140,503	-	140,503
Meals	136,731	-	136,731
Miscellaneous student services community and culture	126,614	-	126,614
Student transportation	288,754	-	288,754
Instructional materials	35,625	-	35,625
Technology, equipment	33,990	-	33,990
Program expenses	31,776	-	31,776
Testing and assessment	10,113	-	10,113
Total direct student costs	804,106	-	804,106
Other Operating Costs:			
Professional fees	209,574	2,035	211,609
Advertising and recruitment	26,225	-	26,225
Information management and technology	33,822	1,478	35,300
Supplies and office expenses	10,244	1,492	11,736
Data management/website support	11,411	-	11,411
Other miscellaneous costs	35,932	-	35,932
Dues, licenses, fees and subscriptions	22,091	-	22,091
Rental/lease of equipment	8,170	-	8,170
Grants	-	8,226	8,226
Total other operating costs	357,469	13,231	370,700
Depreciation and Amortization:			
Amortization on right-to-use asset	432,852	-	432,852
Depreciation	211,709	-	211,709
Total depreciation and amortization	644,561	-	644,561
Total operating expenses	5,576,504	13,900	5,590,404
Changes in operating income	105,608	(4,168)	101,440
Changes in Restricted Net Position:			
Grant - private	-	70,000	70,000
Grant - Foundation	8,226	-	8,226
Satisfaction of program restrictions	(8,226)	(8,226)	(16,452)
Changes in restricted net position	-	61,774	61,774
Changes in net position	105,608	57,606	163,214
Net Position:			
Beginning of year	2,432,800	9,887	2,442,687
End of year	\$ 2,538,408	\$ 67,493	\$ 2,605,901

The accompanying notes are an integral part of these financial statements.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Fund - School	Component Unit - Foundation	(Memorandum Only) Total
Cash flows from operating activities:			
Receipts from tuition	\$ 4,368,679	\$ -	\$ 4,368,679
Receipts from government grants	831,941	-	831,941
Receipts from private grants and contributions	70,627	71,506	142,133
Receipts from other revenue sources	1,515	-	1,515
Payments to employees	(2,686,717)	-	(2,686,717)
Payments for payroll related expenses	(287,372)	-	(287,372)
Payments to vendors and suppliers	(1,187,139)	(23,208)	(1,210,347)
Payments on facility lease	(389,719)	-	(389,719)
Payments to School for Foundation grants	-	(8,226)	(8,226)
Net cash provided by operating activities	<u>721,815</u>	<u>40,072</u>	<u>761,887</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(80,170)	-	(80,170)
Principle payments on building lease	(379,450)	-	(379,450)
Net cash used by capital and related financing activities	<u>(459,620)</u>	<u>-</u>	<u>(459,620)</u>
Increase in cash and cash equivalents	262,195	40,072	302,267
Cash and cash equivalents - beginning of year	<u>1,931,476</u>	<u>27,421</u>	<u>1,958,897</u>
Cash and cash equivalents - end of year	<u><u>\$ 2,193,671</u></u>	<u><u>\$ 67,493</u></u>	<u><u>\$ 2,261,164</u></u>
Reconciliation of change in net position to net cash provided by operating activities:			
Change in net position	\$ 105,608	\$ 57,606	\$ 163,214
Adjustments to reconcile change in net position to net cash provided by operating activities			
Depreciation and amortization	644,562	-	644,562
Changes in assets and liabilities:			
Accounts receivable	88,651	-	88,651
Prepaid expense	(17,532)	-	(17,532)
Due from Foundation	17,534	(17,534)	-
Accounts payable and accrued expenses	(117,008)	-	(117,008)
Net cash provided by operating activities	<u><u>\$ 721,815</u></u>	<u><u>\$ 40,072</u></u>	<u><u>\$ 761,887</u></u>

The accompanying notes are an integral part of these financial statements.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Notes to Combined General Purpose Financial Statements

June 30, 2022

1. ORGANIZATION AND OPERATIONS

Map Academy Charter School (the School) operates under a charter granted by the Commonwealth of Massachusetts (the Commonwealth) under Chapter 71, Section 89 of the General Laws. The School's charter is subject to renewal every five years. The School's initial charter was granted on February 27, 2017 (the School's inception). The School is authorized to operate a public charter school through June 30, 2023. The School's mission is to help youth find their way with individualized roadmaps designed to promote success in students for whom traditional school has not worked. During fiscal year 2022 the School served and their enrollment was 223. At full enrollment, the School will serve 250 students in grades nine through twelve.

Map Education, Inc. (the Foundation) was formed on October 13, 2016 (the Foundation's inception), to promote the financial well-being of the School by soliciting, receiving and administering funds for the operations of the School. The Foundation is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the IRC. Donors may deduct contributions made to the Foundation within the requirements of the IRC. The Foundation is also exempt from state income taxes. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation had no unrelated business income tax during the year ended June 30, 2022. The Foundation's activities consist of raising funds on behalf of the School. These restricted resources can only be used by or for the benefit of the School; therefore, the Foundation is considered a component unit of the School. The School and the Foundation have common management. Because of these factors, the combined general purpose financial statements of the School and the Foundation are presented on a combined basis (see below).

The School and the Foundation are collectively referred to as the Organization throughout these combined general purpose financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – GASB Standards

The accompanying combined general purpose financial statements were prepared on the accrual basis. Since the School is a quasi-public organization, its accounting policies and financial statement presentation are governed by standards issued by the Governmental Accounting Standards Board (GASB). The School follows GASB statement No. 34, *Basic Combined Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 outlines financial reporting requirements for state and local governments. The School is considered a special-purpose government organization that conducts only business-type activities within the meaning of GASB No. 34 and, therefore, only has enterprise funds within its proprietary fund.

Consistent with the provisions of GASB Statements No. 14 and 39, as clarified by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 39*, the Foundation is presented in these combined general purpose financial statements as a component unit of the School. The "Memorandum Only Total" is presented in accordance with GASB Statement No. 14. This represents the combined totals of the School and the Foundation without the eliminations of intercompany balances and transactions.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Notes to Combined General Purpose Financial Statements (Continued)

June 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accrual method of accounting is used for all governmental entities that operate as business-type entities. Accordingly, revenue is recognized when earned and expenditures are recorded when received and incurred. Grants and contributions are recognized when all eligible requirements are met.

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

Accounting Principle Adoption

At July 1, 2021, the Organization adopted GASB Statement No. 87, *Leases* (GASB 87), which requires the School to recognize an intangible right-of-use lease asset and a lease liability. There was no effect on the beginning net position of the Organization.

Cash and Cash Equivalents

For the purpose of the combined statement of net position and the combined statement of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. As of June 30, 2022 the Organization held no cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

An allowance for doubtful accounts is recorded based upon management's analysis of specific accounts and their estimate of amounts that may be uncollectible. There was no allowance deemed necessary at June 30, 2022.

Capital Assets and Depreciation

Capital assets (see Note 6) are recorded at cost, if purchased, or fair value at the time of donation. The Organization capitalizes assets with a unit cost greater than \$5,000 and a useful life greater than one year. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Furniture	7 years
Computers and software	3 years
Equipment and hardware	5 years
Vehicles	5 years
Website	3 years
Leasehold improvements	life of lease

The Organization purchases classroom supplies, which include textbooks, literature, and other materials, to carry on educational activities. These purchases are expensed in the year of acquisition.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Notes to Combined General Purpose Financial Statements (Continued)

June 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-to-use Lease Asset, Net

This lease is accounted for in accordance with GASB 87. Accordingly, the net present value of the estimated future minimum payments on the lease is reflected as a right-to-use lease asset which is recognized on a straight-line basis of the lease period. During the fiscal year 2022 the School recognized \$432,852 which is recognized as amortization of the right-to-use asset in the accompanying combined statement of revenues, expenses and changes in net position.

Compensated Absences

Employees of the School are entitled to paid vacations and paid holidays, depending on the job classification, length of service, and other factors. The School accrues for these compensated absences.

Deferred Outflows/Inflows

In addition to liabilities, the combined statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Organization did not have any items that qualified for reporting in this category for the current fiscal year.

Classification of Net Position

Invested in capital assets - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of outflows of resources related to those assets.

Unrestricted - Represents the portion of expendable funds that are used to support operations, including funds for which donor-imposed restrictions have been met in accordance with funding agreements.

Restricted - expendable - Represents all funds contributed by donors to fund specific programs which have not yet been expended.

Revenue Recognition

Per-pupil tuition and grant revenue are recorded as services are provided and costs are incurred. The Commonwealth of Massachusetts, Executive Office of Administration and Finance, calculates per-pupil tuition reimbursement which is paid to the School by DESE.

The Organization records unrestricted fundraising grants and contributions when they are received or unconditionally committed. Gifts of cash and other assets are reported as program restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated purpose restriction is accomplished, donor restricted net position is reclassified to unrestricted net position and is reported in the combined statement of revenues, expenses and changes in net position as transfers between funds.

All other income is recorded when earned.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Notes to Combined General Purpose Financial Statements (Continued)

June 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenue and Expenses

Operating revenue and expenses generally result from providing educational and instructional services in connection with the Organization's principal ongoing operations. The principal operating revenues include tuition, federal and state grants. Operating expenses include educational costs, administrative expenses and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of the combined general purpose financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the combined general purpose financial statements and the reported amount of revenues and expenses during the reporting period. Actual result could differ from these estimates.

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to GASB Statement No. 72, *Fair Value Measurement and Application*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the information available about the assumptions that market participants would use when pricing an asset or liability.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 -Inputs other than quoted prices that are observable for the asset, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgement or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Notes to Combined General Purpose Financial Statements (Continued)

June 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status

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

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is also exempt from state income taxes.

Advertising Costs

Costs related to marketing and advertising are expensed in the period incurred.

In-Kind Revenue/Expense

From time to time, the Organization receives donated services from a variety of volunteers. No amounts have been recognized in the accompanying combined general purpose financial statements since their services do not meet the criteria for recording in accordance with accounting principles generally accepted in the United States of America.

The Commonwealth provides in-kind pension payments on behalf of the School (see Note 9). These payments are reflected in the accompanying combined general purpose financial statements based upon the estimated value assigned by the Commonwealth.

Memorandum Only – Financial Reporting Entity

The general purpose financial statements include Memorandum Only totals for the year ended June 30, 2022. These totals include all the activity of the financial reporting entity as described above and do not take into consideration any eliminating entries that would be prepared if the entities were consolidated.

Subsequent Events

The Organization has evaluated subsequent events through October 17, 2022, which is the date the combined general purpose financial statements were available to be issued. There are no recognized subsequent events that provide additional evidence about conditions that existed at the combined statement of net position date or non-recognized subsequent events, or events that provide evidence about conditions that did not exist at the combined statement of net position date, which are necessary to disclose to keep the combined general purpose financial statements from being misleading.

3. FUNDING

The School receives significant funding from the Commonwealth for its tuition revenue and grant support. This funding is subject to audit by the appropriate governmental agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined statement of net position of the School as of June 30, 2022, or on the change in net position for the year then ended. The School received approximately 91% of its operating revenue from the Commonwealth for the year ended June 30, 2022.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Notes to Combined General Purpose Financial Statements (Continued)

June 30, 2022

4. DEPOSITS WITH FINANCIAL INSTITUTIONS

The Organization maintains its cash balances in Massachusetts banks, which are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes they are not exposed to any significant credit risk on their operating cash balances. The Organization's management believes the Organization is not exposed to any significant credit risk on cash.

As required by *Governmental Accounting Standards Board Statement GASB No. 40, Deposits and Investment Risk Disclosures*, the following represents a summary of deposits as of June 30, 2022:

	<u>School</u>	<u>Foundation</u>
Fully insured deposits	\$ 250,000	\$ 67,943
Uninsured	<u>1,943,671</u>	<u>-</u>
Total	<u>\$ 2,193,671</u>	<u>\$ 67,943</u>

5. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022 of \$93,559 consisted of Commonwealth of Massachusetts grants.

6. CAPITAL ASSETS

Changes in capital assets for the fiscal year 2022 are as follows:

<u>School</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2022</u>
Capital assets, being depreciated:				
Furniture	\$ 464,031	\$ -	\$ -	\$ 464,031
Computers and software	238,216	60,556	-	298,772
Equipment and hardware	121,292	-	-	121,292
Leasehold improvements	71,066	19,612	-	90,678
Vehicles	120,145	-	-	120,145
Website	<u>26,700</u>	<u>-</u>	<u>-</u>	<u>26,700</u>
Total capital assets	1,041,450	80,168	-	1,121,618
Less: accumulated depreciation:				
Furniture	121,615	66,290	-	187,905
Computers and software	88,765	79,027	-	167,792
Equipment and hardware	44,194	24,258	-	68,452
Leasehold improvements	8,886	10,899	-	19,785
Vehicles	3,642	24,029	-	27,671
Website	<u>10,230</u>	<u>7,206</u>	<u>-</u>	<u>17,436</u>
Total accumulated depreciation	<u>277,332</u>	<u>211,709</u>	<u>-</u>	<u>489,041</u>
Capital assets being depreciated, net	764,118	(131,541)	-	632,577

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Notes to Combined General Purpose Financial Statements (Continued)

June 30, 2022

6. CAPITAL ASSETS - Continued

<u>School</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2022</u>
Right-to-use lease asset, net	\$3,029,923	\$ -	\$ -	\$3,029,923
Less: accumulated amortization	<u>-</u>	<u>432,852</u>	<u>-</u>	<u>432,852</u>
Right-to-use lease asset, net	<u>3,029,923</u>	<u>(432,852)</u>	<u>-</u>	<u>2,597,071</u>
Total School capital assets, net and right-to-use lease asset, net	<u>\$3,794,041</u>	<u>\$ (564,393)</u>	<u>\$ -</u>	<u>\$3,229,648</u>

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2022 were as follows:

Payables to vendors	\$ 28,226
Accrued salaries and benefits	<u>373,952</u>
Total	<u>\$ 402,178</u>

8. LEASE OBLIGATION

The lease agreement between the School and a nonrelated private party is summarized as follows:

<u>Describe</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2022</u>
School building	7/01/2018	5 years	4.00%	\$3,029,923	\$2,650,473

During fiscal year 2018, the School entered into a lease agreement expiring on June 30, 2023, for classroom space in Plymouth, Massachusetts. The agreement provides the School with an option to extend the lease for an additional five years. This lease required monthly payments of \$19,950 which began in September 2018.

On September 16, 2019, the School entered into an interim adjustment to the lease for the use of current office space in the lower level of the building. The agreement provides that the School pay an additional \$5,000 per month upon occupancy, which occurred on November 1, 2019.

On April 14, 2020, the School entered into the first amendment to the lease which terminated the above interim adjustment and increased the premises to include the upper and lower level of the building. This amendment requires monthly payments of \$41,800 which began September 1, 2020. The lease is subject to one automatic renewal for an additional five-year period.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.**Notes to Combined General Purpose Financial Statements (Continued)**

June 30, 2022

8. LEASE OBLIGATION - Continued

At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The School has used the average borrowing commercial debt rate from traditional banks. The borrowing rate of 4% which was used to discount the annual lease payments to recognize the intangible right to use lease asset and the lease liability as of June 30, 2022.

Annual requirements to amortize this lease liability and related interest are as follows:

Year Ending June 30	Principal	Interest
2023	\$ 395,993	\$105,607
2024	413,257	88,343
2025	431,274	70,326
2026	450,076	51,524
2027	469,698	31,902
2028-2032	<u>490,175</u>	<u>11,425</u>
	<u>\$2,650,473</u>	<u>\$359,127</u>

9. RETIREMENT PLANS

The School's teaching staff and administrators participate individually in the Massachusetts Teachers' Retirement System (MTRS). The School is not legally required to contribute to MTRS. All full-time teaching staff and administrators are covered by, and must participate in, MTRS. The teachers and administrators who qualify for the plan, along with the School, are exempt from federal social security taxes for these employees. Benefits vest fully after ten years of qualified employment and an employee may receive retirement benefits after 20 years of service or having reached the age of 55 if the participant (1) has a record of 10 years of creditable service, (2) was first employed by the School after January 1, 1978, (3) voluntarily left School employment on or after that date, and (4) left an accumulated annuity deduction in the fund. Covered employees are required by state statute to contribute 5% to 11% of their salaries, depending on their date of hire, and an additional 2% of their salary in excess of \$30,000 to the plan.

The School follows GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* (GASB 27), which requires the School to recognize its proportionate share of pension revenue and expenses, as reported by MTRS, as "on-behalf of payments" in their combined general purpose financial statements. The School's proportionate share of MTRS pension expense was \$341,597 for the year ended June 30, 2022, which is reflected as in-kind pension revenue and in-kind pension expense in the accompanying fiscal year 2022 combined statement of revenues, expenses and changes in net position. The School's proportionate share of MTRS's net pension liability was \$4,256,884 at the measurement date selected by the Commonwealth of June 30, 2021. In accordance with the special funding situation under GASB 68, this amount has not been recorded in the accompanying fiscal year 2022 combined general purpose financial statements.

As of June 30, 2022 \$17,494, was withheld from employees' pay and is owed to MTRS and is included in accrued expenses in the accompanying combined statement of net position.

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Notes to Combined General Purpose Financial Statements (Continued)

June 30, 2022

10. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Foundation will raise funds on behalf of the School and make grants to the School in accordance with the funder's designations. These amounts are presented as grants in the accompanying combined statement of revenues, expenses and changes in net position and totaled \$8,226 for the year ended June 30, 2022.

11. IN-KIND REVENUE AND EXPENSE

During the year the School received donated transportation services from the Town of Plymouth with a fair value of approximately \$173,738 for busing some of the students who attended the School. This amount is shown as both income and expense on the statement of revenues, expenses and changes in net position.

12. CONDITIONAL GRANT

During fiscal year 2017, the Foundation received a grant commitment from a donor totaling \$750,000. The Foundation's receipt of this grant was conditional upon the School and Foundation meeting certain benchmarks, as defined in the agreement.

Activity for the Foundation and the School over the life of the grant is as follows:

Foundation:

Grant funds received from award date through June 30, 2019	\$ 600,000
Grant funds received during year ended June 30, 2020	150,000
Released by satisfaction of program restrictions in fiscal year 2021:	
Foundation program expenditures	(33,743)
Foundation grant award to School	(708,031)
Released by satisfaction of program restrictions in fiscal year 2022:	
Foundation grant award to School	<u>(8,226)</u>
Donor restricted balance at June 30, 2022	<u>\$ -</u>

School:

Grants awarded by Foundation from award date through June 30, 2020	\$ 708,031
Released by satisfaction of program restrictions in fiscal year 2021:	
Program expenditures	(708,031)
Grants awarded by the Foundation during year ended June 30, 2022	8,226
Released by satisfaction of program restrictions in fiscal year 2022:	
Program expenditures	<u>(8,226)</u>
Donor restricted balance at June 30, 2022	<u>\$ -</u>

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.

Notes to Combined General Purpose Financial Statements (Continued)

June 30, 2022

13. CUMULATIVE SURPLUS REVENUE

Effective July 1, 2010, any cumulative surplus revenue generated by the School must comply with M.G.L.c.71. Section 89 (as amended by Chapter 12 of the Acts of 2010 under Section 8 [hh]). In accordance with this legislation and subsequent DESE regulations, if the School's cumulative surplus revenue, as defined, exceeds 20% of its operating budget and its budgeted capital costs for the succeeding fiscal year, the amount in excess of said 20% shall be returned by the School to the sending district or districts and the state in proportion to their share of tuition paid during the fiscal year.

As of June 30, 2022 the School's cumulative surplus revenue was less than 20%; however, the calculation is subject to DESE review and approval. Management does not anticipate any material change in the calculation.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF COMBINED
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Map Academy Charter School and
Map Education, Inc.
Plymouth, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined general purpose financial statements of Map Academy Charter School and Map Education, Inc. (collectively, the "Organization") which comprise the combined statement of net position as of June 30, 2022, and the related combined statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the combined general purpose financial statements and have issued our report thereon dated October 17, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Livingston & Haynes, P.C.

Ware, Massachusetts
October 17, 2022

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
JUNE 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Combined general purpose financial statements

Type of auditors' report issued:	Unmodified
Is a "going concern" emphasis-of-matter paragraph included in the auditors' report?	No
Internal control over financial reporting:	
• Material weakness (es) identified?	No
• Significant deficiency (es) identified that are not considered to be material weakness (es)?	None reported
Noncompliance which is material to combined general purpose financial statements noted?	No

MAP ACADEMY CHARTER SCHOOL AND MAP EDUCATION, INC.
SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
JUNE 30, 2022

Prior Year

No prior-year findings.

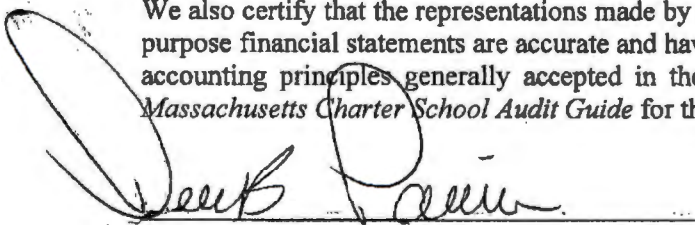


MAP ACADEMY

ACCEPTANCE OF THE BOARD OF TRUSTEES

We, the Board of Trustees of Map Academy Charter School and Map Education, Inc., have voted to accept the representations of management and the expression of the opinion made by Livingston & Haynes, P.C. as embodied in the combined general purpose financial statements and independent auditors' reports for the year ended June 30, 2022.

We also certify that the representations made by management and the disclosures in the combined general purpose financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and the *Commonwealth of Massachusetts Charter School Audit Guide* for the period ended June 30, 2022.



October 17, 2022

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Find your way here.

web: themapacademy.org phone: 508.830.9500 address: 11 Resnik Rd. Plymouth, MA 02360