



Pioneer Valley Performing Arts Charter Public School

Board of Trustee Meeting October 2024

Published on October 4, 2024 at 3:21 PM EDT

Date and Time

Tuesday October 8, 2024 at 6:00 PM EDT

Location

Pioneer Valley Performing Arts or via zoom.

Agenda

	Purpose	Presenter	Time
I. Opening Items			6:00 PM
A. Record Attendance		Vanessa Ford	1 m
B. Call the Meeting to Order		LATRINA DENSON	1 m
C. Read the Mission Statement		A member of the Board	1 m

PVPA offers its students intensive exposure to the performing arts within the context of an excellent college preparatory curriculum.

D. Approve Minutes	Approve Minutes	Vanessa Ford	2 m
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Please read minutes and prepare concerns or questions prior to the meeting.

II. Public Comment			6:05 PM
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	Purpose	Presenter	Time
A. Brief comments and/or questions welcomed. Please be aware that the Board generally prefers not to respond directly to Public Comment, to ensure that we give full consideration to each issue before formulating an official response. We appreciate your understanding.	Discuss	LATRINA DENSON	10 m
III. Head of School Report			6:15 PM
A. Head of School Report <ul style="list-style-type: none"> • Enrollment and Recruitment • Charter Amendment 	Discuss	Brent Nielsen	15 m
IV. Board Committee Reports			6:30 PM
A. Finance Committee Presentation of FY24 draft audit	Vote	Marcy Conner and Sasha Viands	5 m
B. Governance Committee Updaten on Bylaws	Discuss	LATRINA DENSON	5 m
C. Head of School Support & Evaluation Committee	Discuss	LATRINA DENSON	5 m
D. Trustees HoS Feedback	Discuss		5 m
V. Internal Stakeholders			6:50 PM
A. Staff Reports	Discuss		10 m
B. Student Reports	Discuss		15 m
VI. President's Business			7:15 PM
A. Board of Trustee Community Engagement <ul style="list-style-type: none"> • Thank you for those who attended the Open House on September 26th. • See additional up-coming events attached 	Discuss	LATRINA DENSON	5 m

	Purpose	Presenter	Time
<p>B. Revised One-on-One Check-in's with Board Chair</p> <p>Please fill out the when2meet for available times to check-in https://www.when2meet.com/?26858527-eVIB6</p>	Discuss	LATRINA DENSON	5 m
<p>C. Board On Track Training</p> <p>Please fill out the following when to meet so that we can schedule a board on track training https://www.when2meet.com/?26858551-ylogW</p>	Discuss	LATRINA DENSON	5 m
<p>D. DESE In Person Convening</p> <p>MCPSA and DESE Staff will be present. During the time there will be specific breakout sessions presented by DESE staff for board officers. Date: Friday, October 25th (Agenda attached below) Location: Best Western Royal Plaza in Marlborough, MA Registration Link here:https://docs.google.com/forms/d/e/1FAIpQLSdz_EdHsFP_nHQ7QPjXPDueqH2-ZJILTQPKFjbEmNUYQKY_hQ/viewform Registration deadline is October 11th</p>	Discuss	LATRINA DENSON	5 m
<p>E. Presentations from various administration</p> <p>November: Emily Niemann</p>	FYI		5 m
VII. Closing Items			7:40 PM
<p>A. Adjourn Meeting</p>	Vote		1 m

Coversheet

Finance Committee

Section: IV. Board Committee Reports
Item: A. Finance Committee
Purpose: Vote
Submitted by:
Related Material: PVPA - FY24 Draft Financial Statements 10-2-24.pdf

**PIONEER VALLEY PERFORMING ARTS
CHARTER PUBLIC SCHOOL**

ANNUAL FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Draft 10/2/24

Draft 10/2/24

PIONEER VALLEY PERFORMING ARTS CHARTER PUBLIC SCHOOL

JUNE 30, 2024 AND 2023

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Draft 10/2/24

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Pioneer Valley Performing Arts Charter Public School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Pioneer Valley Performing Arts Charter Public School, as of and for the years ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Pioneer Valley Performing Arts Charter Public 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 Pioneer Valley Performing Arts Charter Public School as of June 30, 2024, and the respective changes in financial position, and, cash flows thereof 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 Pioneer Valley Performing Arts Charter Public 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 opinion.

Prior Period Financial Statements

The basic financial statements of the Pioneer Valley Performing Arts Charter Public School as of and for the year ended June 30, 2023, were audited by Powers & Sullivan LLC whose practice was combined with Marcum LLP as of February 1, 2024, and whose report dated October 5, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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 Pioneer Valley Performing Arts Charter Public 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.

Auditors' 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 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 Pioneer Valley Performing Arts Charter Public 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 Pioneer Valley Performing Arts Charter Public 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management discussion and analysis for the fiscal year ended June 30, 2023, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Pioneer Valley Performing Arts Charter Public School's financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2024, on our consideration of the Pioneer Valley Performing Arts Charter Public School’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 Pioneer Valley Performing Arts Charter Public School’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 Pioneer Valley Performing Arts Charter Public School’s internal control over financial reporting and compliance.

Merrimack, NH
REPORT DATE

Draft 10/2/24

Management's Discussion and Analysis

Draft 10/2/24

Pioneer Valley Performing Arts Charter Public School

Management's Discussion and Analysis

June 30, 2024

This discussion and analysis of the Pioneer Valley Performing Arts Charter Public School's (PVPA) financial performance provides an overview of PVPA's financial activities for the fiscal year ending June 30, 2024. Please read it in conjunction with the financial statements of PVPA, which begin on page 11.

The School as a Whole

PVPA was granted its charter on March 15, 1996, to operate as a public school in the Commonwealth of Massachusetts. The charter is awarded in five-year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts Board of Elementary and Secondary Education. The current charter expires June 30, 2026. During 2023, PVPA operated grades seven through twelve, and the enrollment at June 30, 2024 was 405 students. During 2023, PVPA operated grades seven through twelve and the enrollment at June 30, 2023 was 399 students. The enrollment limit for tuition reimbursement for both years was 400 students. PVPA is operating over capacity.

In accordance with the requirements of the *Governmental Accounting Standards Board (GASB)*, PVPA presents financial information of the Friends of Pioneer Valley Performing Arts Charter School, Inc., (Friends) a related nonprofit organization, in its financial statements. GASB defines component units as legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship to a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Friends acts primarily as a fundraising organization to supplement the resources of PVPA, primarily for the acquisition and maintenance of the School's facilities. Although PVPA does not control the timing or amounts of receipts from the Friends, the majority of the resources or income thereon that it holds is restricted to the activities of PVPA. Because these restricted resources can only be used by or for the benefit of PVPA, the Friends is considered a component unit of PVPA and is presented in PVPA's financial statements. Because the Friends debt is expected to be paid entirely or almost entirely with the resources of PVPA, accounting standards require the Friends to be blended within the School's financial statements. The Friends activities are reported separately in the combining statements.

Using this Annual Report

This annual report consists of a series of financial statements. In accordance with *Governmental Accounting Standards Board Statement No. 34 Basic Financial Statements – 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. In accordance with GASB No. 34, as amended, the School issues a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These statements provide information about the financial activities of the School, as a whole.

Pioneer Valley Performing Arts Charter Public School

Management’s Discussion and Analysis

June 30, 2024

It should be noted that the condensed financial information presented in the following two tables presents the financial information of the PVPA and the Friends (collectively “the School”) as blended.

Financial Highlights

- Operating revenues totaled \$9.3 million in 2024, of which 81% was from the State allocation for tuition, 10% was from nonemployer pension contributions, and 7% was from federal and state grants.
- Operating expenses for the period were \$8.8 million and consisted principally of personnel related costs (54%) and fringe and pension benefits (21%).

Financial Statements

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position include all assets, liabilities, revenue and expenses of the PVPA and the Friends. This activity is recorded using the accrual basis of accounting, under which all revenue and expenses are recognized when earned or incurred regardless of when the cash is received or paid. Additionally, these statements report the School’s net position. The School’s net position – the difference between assets and liabilities, represents one way to measure the School’s financial health or financial position. Over time, increases or decreases in the School’s net position are one indicator of whether the School’s financial health is improving or declining.

The following table presents condensed financial information of the School for the current and prior fiscal year.

	2024	2023
Assets:		
Current assets..... \$	4,502,295	\$ 4,042,724
Capital assets.....	6,311,724	6,265,288
Total assets.....	10,814,019	10,308,012
Liabilities:		
Current liabilities (excluding debt).....	606,424	504,829
Current debt.....	119,852	115,386
Noncurrent debt.....	3,068,021	3,145,883
Total liabilities.....	3,794,297	3,766,098
Net Position:		
Net investment in capital assets.....	3,123,851	3,004,019
Unrestricted.....	3,895,871	3,537,895
Total net position..... \$	7,019,722	\$ 6,541,914

Pioneer Valley Performing Arts Charter Public School

Management’s Discussion and Analysis

June 30, 2024

	2024	2023
Operating Revenues:		
Charges for services..... \$	142,598	\$ 108,651
Operating grants and contributions.....	9,155,042	8,411,594
Nonoperating Revenues:		
Unrestricted investment income.....	86,656	6,200
Contributions.....	29,944	38,725
Miscellaneous.....	15,863	10,446
Total revenues.....	9,430,103	8,575,616
Operating Expenses:		
Operating expenses.....	8,790,958	7,950,072
Nonoperating Expenses:		
Other expense.....	41,990	-
Interest expense.....	115,347	121,049
Fundraising expense.....	4,000	1,063
Total expenses.....	8,952,295	8,072,184
Change in net position.....	477,808	503,432
Net position, beginning of year.....	6,541,914	6,038,482
Net position, end of year..... \$	7,019,722	\$ 6,541,914

On a combined basis, assets exceeded liabilities by \$7.0 million at the close of 2024. Net position of \$3.1 million represents the net investment in capital assets while \$3.9 million is unrestricted.

Results of Operations

Operations resulted in an increase in net position of \$478,000 of which a \$517,000 increase relates to PVPA operations, and a \$39,000 decrease relates to Friend’s operations. The increase in PVPA’s net position is primarily attributable to revenues coming in over budget by \$761,000 combined with a budgeted surplus of \$166,000. The most significant revenue surpluses relate to per pupil tuition paid by the Commonwealth of Massachusetts and state and federal grants which exceeded the budget by \$391,000 and \$271,000, respectively. These increases were offset by PVPA’s total expenditures which were over budget by \$405,000. \$286,000 of the over-expenditure relates to federal and state grant spending, which was offset by the revenue surplus in state and federal grants. The remaining over-expenditure primarily relates to pupil enrollment exceeding the maximum enrollment by 5 pupils. PVPA does not receive additional tuition revenue for students in excess of the maximum pupil cap.

Pioneer Valley Performing Arts Charter Public School

Management's Discussion and Analysis

June 30, 2024

Capital Assets Activities

The School capitalized \$435,000 of capital assets during the year, of which the entire amount relates to PVPA operations. These additions included \$43,000 for building and design, \$278,000 for leasehold improvements, and \$114,000 for equipment and instructional improvements.

Budget

Tuition revenue is projected based on the estimate of both new and returning students, by sending district, using Department of Elementary and Secondary Education (DESE) projected rates. Factored into these guidelines are historical trends along with a 400-student cap.

Contacting the PVPA's Financial Management

This financial report is designed to provide the reader with a general overview of the Pioneer Valley Performing Arts Charter Public School's finances and to show the accountability for the funds received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer at the Pioneer Valley Performing Arts Charter Public School, 15 Mulligan Drive, South Hadley, MA 01075.

Draft 10/2/24

Financial Statements

Draft 10/2/24

Pioneer Valley Performing Arts Charter Public School

Statement of Net Position

June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 4,322,885	\$ 3,927,480
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	24,722	12,752
Intergovernmental.....	131,760	87,637
Prepaid expense.....	22,928	14,855
Total current assets.....	4,502,295	4,042,724
NONCURRENT:		
Capital assets, nondepreciable.....	500,000	500,000
Capital assets, net of accumulated depreciation.....	5,811,724	5,765,288
Total noncurrent assets.....	6,311,724	6,265,288
TOTAL ASSETS.....	10,814,019	10,308,012
LIABILITIES		
CURRENT:		
Accounts payable.....	10,800	40,336
Accrued payroll.....	549,869	349,544
Accrued expense.....	22,136	37,144
Other liabilities.....	5,009	58,484
Unearned revenue.....	18,610	19,321
Bonds payable.....	119,852	115,386
Total current liabilities.....	726,276	620,215
NONCURRENT:		
Bonds payable.....	3,068,021	3,145,883
TOTAL LIABILITIES.....	3,794,297	3,766,098
NET POSITION		
Net investment in capital assets.....	3,123,851	3,004,019
Unrestricted.....	3,895,871	3,537,895
TOTAL NET POSITION.....	\$ 7,019,722	\$ 6,541,914

See notes to financial statements.

Pioneer Valley Performing Arts Charter Public School

Statement of Revenues, Expenses and Changes in Net Position

June 30, 2024 and 2023

	2024	2023
<u>OPERATING REVENUES:</u>		
State allocation - tuition.....	\$ 7,501,059	\$ 6,985,283
Federal and state grants.....	696,096	545,688
Student activities.....	46,595	30,563
Transportation.....	66,767	56,790
Nonemployer pension contributions.....	957,887	880,623
Performing arts productions.....	29,186	20,638
Miscellaneous.....	50	660
Total operating revenues.....	9,297,640	8,520,245
<u>OPERATING EXPENSES:</u>		
Current:		
Personnel.....	4,761,435	4,242,361
Payroll taxes and fringe benefits.....	906,677	818,637
State provided pension benefits.....	957,887	880,623
Advertising and recruiting.....	37,702	15,568
Performing arts productions.....	81,487	69,520
Classroom materials.....	62,740	58,948
Technology.....	97,796	52,861
Academic support.....	14,720	34,147
Consultants and stipends.....	142,232	109,100
Grants.....	215,766	195,288
Professional fees.....	55,850	84,954
Office supplies.....	12,744	5,526
Testing/assessment.....	3,609	2,389
Insurance.....	47,615	42,726
Student activities.....	80,898	55,662
Student transportation.....	262,987	230,466
Depreciation.....	388,489	360,020
Food services.....	16,958	52,137
Professional development.....	10,366	10,132
Travel and meetings.....	7,102	13,309
Utilities.....	79,984	91,798
Memberships and subscriptions.....	66,865	59,533
Maintenance - facilities.....	414,129	401,211
Other.....	1,979	10,682
Printing, copying and postage.....	24,539	28,055
Payroll service/bank fee.....	19,708	19,091
Nurse supplies.....	18,694	5,328
Total operating expenses.....	8,790,958	7,950,072
Operating income (loss).....	506,682	570,173
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Interest income.....	86,656	6,200
Contributions.....	29,944	38,725
Other income.....	15,863	10,446
Other expense.....	(41,990)	-
Interest expense.....	(115,347)	(121,049)
Fundraising expense.....	(4,000)	(1,063)
Total nonoperating revenues (expenses), net.....	(28,874)	(66,741)
Change in net position.....	477,808	503,432
Net position at beginning of year.....	6,541,914	6,038,482
Net position at end of year.....	\$ 7,019,722	\$ 6,541,914

See notes to financial statements.

Pioneer Valley Performing Arts Charter Public School

Statement of Cash Flows

June 30, 2024 and 2023

	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from state allocation.....	\$ 7,501,059	\$ 6,985,283
Receipts from federal and state grants.....	651,262	652,403
Receipts from programs.....	29,236	21,298
Receipts from student activities.....	46,595	30,563
Receipts from transportation.....	54,797	64,589
Payments to employees.....	(4,561,110)	(4,241,723)
Payments to vendors.....	<u>(2,789,239)</u>	<u>(2,351,931)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>932,600</u>	<u>1,160,482</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Contributions.....	29,944	38,725
Other income.....	15,863	10,446
Fundraising expense.....	<u>(4,000)</u>	<u>(1,063)</u>
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	<u>41,807</u>	<u>48,108</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisition and construction of capital assets.....	(434,925)	(542,381)
Principal payments on bonds and notes.....	(115,386)	(111,678)
Interest expense.....	<u>(115,347)</u>	<u>(119,048)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(665,658)</u>	<u>(773,107)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment income from interest, dividends, and capital gains/(losses).....	<u>86,656</u>	<u>6,200</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	395,405	441,683
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>3,927,480</u>	<u>3,485,797</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 4,322,885</u>	<u>\$ 3,927,480</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>		
<u>FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ 506,682	\$ 570,173
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation.....	388,489	360,020
Changes in assets and liabilities:		
Departmental and other.....	(11,970)	7,799
Intergovernmental - grants.....	(44,123)	108,167
Prepaid expense.....	(8,073)	(2,730)
Accounts payable.....	(29,536)	32,677
Accrued payroll.....	200,325	638
Accrued expense.....	(15,008)	28,333
Other liabilities.....	(53,475)	56,857
Unearned revenue.....	<u>(711)</u>	<u>(1,452)</u>
Total adjustments.....	<u>425,918</u>	<u>590,309</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 932,600</u>	<u>\$ 1,160,482</u>

See notes to financial statements.

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Pioneer Valley Performing Arts Charter Public School have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The PVPA is a Commonwealth Charter School, established on March 15, 1996, by the granting of a charter by the Secretary of Education of the Commonwealth of Massachusetts (Commonwealth), pursuant to Chapter 71, Section 89 of Massachusetts General Laws (MGL). Commonwealth Charter Schools are instrumentalities of the state, established and operated independently of any municipal or regional school committee. The Secretary's grant of a charter authorized the operation of a charter school for the period from 1996 to 2001. The initial charter has been renewed by the Commonwealth of Massachusetts Department of Elementary and Secondary Education five times. The current charter expires in 2026. The PVPA is governed by a Board of Trustees (Board). The Board consists of fifteen to twenty voting members. The term of office of a Trustee is typically three years. The Trustees are elected from members of the PVPA community who have committed their time and energies to oversee the PVPA's mission and practice.

PVPA has one location in South Hadley, Massachusetts, and offers children in the Western Massachusetts area in grades seven through twelve a publicly supported education. The enrollment reported at June 30, 2024 was 405 students. The enrollment reported at June 30, 2023 was 399 students.

PVPA's mission is to offer its students intensive exposure to the performing arts within the context of an excellent college preparatory curriculum.

As required by GAAP, these financial statements present the PVPA and its component units. The PVPA has one component unit that requires inclusion in these financial statements.

The financial information of the Friends of Pioneer Valley Performing Arts Charter Public School (Friends) is reported as a blended component unit within the PVPA's financial statements. The Friends is a legally separate, tax-exempt organization that acts primarily as a fundraising organization to supplement the resources of the PVPA. Although the PVPA does not control the timing or amounts of receipts from the Friends, the majority of the resources or income thereon that the Friends holds is restricted to the activities of the PVPA. The Friends also issued debt for the purchase of the land and building upon which the PVPA's facilities are located. The loan payments are financed through rental income received from the

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

PVPA. Because the Friends debt is expected to be repaid entirely with resources of the PVPA, the Friends is reported as a blended component unit within the PVPA's financial statements.

B. Tax Status

As a state-chartered organization, the PVPA is not subject to federal or state income taxes. Donors may deduct contributions to the PVPA within Internal Revenue Service regulations.

The Friends is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Friends is also exempt from state income taxes. Contributors to the Friends qualify for the charitable contribution deduction under Section 170(b)(1)(A). The Friends has been classified as an organization other than a private foundation under section 509(a)(2).

C. Financial Statement Presentation

The School, in accordance with *Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis, - for State and Local Governments* is a special purpose governmental entity that engages in only business type activities and, accordingly, the financial statements are prepared using the accrual basis of accounting. Accordingly, revenue is recognized when earned and capital assets and expenses are recorded when received and incurred, respectively.

D. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

E. Accounts Receivable

The School uses the allowance method for uncollectible accounts. No allowance for doubtful accounts has been recorded for departmental and other receivables since management has deemed all receivables to be collectable.

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenses are incurred, and all other grant requirements are met. These receivables are considered 100% collectable and therefore do not report an allowance for uncollectible accounts.

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

Contributions receivable represent promises to give by donors and are considered to be 100% collectable and therefore do not report an allowance for uncollectible accounts.

F. Capital Assets

Capital assets are recorded at cost, if purchased, or at the estimated fair value at the date of donation. All purchases and construction costs in excess of \$1,000 with expected useful lives of greater than one year are capitalized at the date of acquisition or construction. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Capital assets are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Computer hardware.....	5
Furniture and equipment.....	5-10
Leasehold improvements.....	5-30
Building and addition.....	40
Building and design.....	5-40

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The School did not have any items that qualify for reporting in this category.

In addition to liabilities, the 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 School did not have any items that qualify for reporting in this category.

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

H. Net Position Flow Assumption

Sometimes the School will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

I. Revenue Recognition

Student tuition is recorded as services are provided and costs are incurred. The Commonwealth of Massachusetts, Executive Office of Administration and Finance, calculates the per pupil tuition reimbursement which is paid to the school by the Massachusetts Department of Elementary and Secondary Education (DESE). Contribution and grant revenue is recognized when eligibility requirements are met.

The School records unrestricted contributions when they are received or unconditionally committed. The School reports gifts of cash and other assets as restricted program funds if they are received with donor stipulations that limit the use of donated assets.

Funds received that are not earned as of year-end are recorded as a liability (unearned revenue).

J. In-Kind Services

The School occasionally receives contributed services from employees of the School. When received, the value of these services is included in the financial statements as donated services in private grants and contributions revenue, and salaries and wages. No in-kind services were received for the years ended June 30, 2024 and 2023.

The School also receives donated services from a variety of volunteers. No amounts have been recognized in the financial statements since these services do not meet the criteria for recording in accordance with accounting principles generally accepted in the United States of America.

K. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

L. Fair Value Measurements

The School reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. As of June 30, 2024 and 2023, the School did not have any investments subject to fair value measurements.

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

M. Operating Revenues and Expenses

Operating revenues and expenses generally result from providing educational experiences and instructional services that reflect PVPA's mission. Operating revenues and expenses include federal and state grant activity. Operating expenses also include educational costs, administrative costs, facilities costs, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

N. Net Position

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be outstanding debt for this calculation.

NOTE 2 – CASH AND CASH EQUIVALENTS

Statutes authorize the School to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, and bank deposits. In addition, there are various restrictions limiting the amount and length of deposits and investments.

Custodial Credit Risk—Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. At June 30, 2024, the carrying amount of the School's deposits totaled \$4,322,885 and the bank balance totaled \$4,579,825. Of the bank balance, \$500,000 was covered by the Federal Deposit Insurance Corporation and \$4,079,825 was covered by the Depositors Insurance Fund.

At June 30, 2023, the carrying amount of the School's deposits totaled \$3,927,480 and the bank balance totaled \$4,104,134. Of the bank balance, \$504,617 was covered by the Federal Deposit Insurance Corporation and \$3,599,517 was covered by the Depositors Insurance Fund.

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 3 – CAPITAL ASSETS

Capital asset activity of the School for the fiscal year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 500,000	\$ -	\$ -	\$ 500,000
<u>Capital assets:</u>				
Building.....	4,166,000	-	-	4,166,000
Building addition.....	2,292,321	-	-	2,292,321
Building and design.....	387,923	42,732	-	430,655
Equipment and instructional materials.....	1,071,485	113,952	-	1,185,437
Leasehold improvements.....	1,384,978	278,241	-	1,663,219
Total capital assets being depreciated.....	9,302,707	434,925	-	9,737,632
<u>Less accumulated depreciation for:</u>				
Building.....	(1,822,626)	(104,151)	-	(1,926,777)
Building addition.....	(429,614)	(57,307)	-	(486,921)
Building and design.....	(76,916)	(16,729)	-	(93,645)
Equipment and instructional materials.....	(717,942)	(116,415)	-	(834,357)
Leasehold improvements.....	(490,321)	(93,887)	-	(584,208)
Total accumulated depreciation.....	(3,537,419)	(388,489)	-	(3,925,908)
Total capital assets being depreciated, net.....	5,765,288	46,436	-	5,811,724
Total capital assets, net.....	\$ 6,265,288	\$ 46,436	\$ -	\$ 6,311,724

Capital asset activity of the School for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 500,000	\$ -	\$ -	\$ 500,000
<u>Capital assets being depreciated:</u>				
Building.....	4,194,421	12,030	-	4,206,451
Building addition.....	2,292,321	-	-	2,292,321
Building and design.....	375,893	-	-	375,893
Equipment and instructional materials.....	857,974	213,511	-	1,071,485
Leasehold improvements.....	1,039,717	316,840	-	1,356,557
Total capital assets being depreciated.....	8,760,326	542,381	-	9,302,707
<u>Less accumulated depreciation for:</u>				
Building.....	(1,718,475)	(104,151)	-	(1,822,626)
Building addition.....	(372,306)	(57,308)	-	(429,614)
Building and design.....	(62,929)	(13,987)	-	(76,916)
Equipment and instructional materials.....	(616,349)	(101,593)	-	(717,942)
Leasehold improvements.....	(407,339)	(82,982)	-	(490,321)
Total accumulated depreciation.....	(3,177,398)	(360,021)	-	(3,537,419)
Total capital assets being depreciated, net.....	5,582,928	182,360	-	5,765,288
Total capital assets, net.....	\$ 6,082,928	\$ 182,360	\$ -	\$ 6,265,288

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 4 – GRANTS AND OTHER RECEIVABLES

Grants and other receivables at June 30, 2024 and 2023, were as follows:

	June 30, 2024	June 30, 2023
<u>Receivables:</u>		
Commonwealth of Massachusetts.....	\$ 131,760	\$ 87,637
Departmental and other.....	24,722	12,752
Total.....	\$ 156,482	\$ 100,389

NOTE 5 – LONG-TERM FINANCING

State law permits the PVPA, under the provisions of Chapter 71, Section 89 (j) (6), to authorize indebtedness with repayment terms not to exceed the duration of the School’s Charter, unless approved by the Massachusetts Department of Elementary and Secondary Education. The PVPA did not have authorized and unissued debt at June 30, 2024 and 2023.

The Friends entered into an agreement with the Massachusetts Development Finance Agency (MDFA) for the purchase of the land and building upon which the School's facilities are located. The MDFA approved the issuance of eighteen-year tax-exempt bonds that were issued on January 6, 2006, in the amount of \$3,800,000 that the Friends used to acquire the land and building. On June 1, 2014, the Friends borrowed \$4,260,000 in the form of MDFA Series 2014 Revenue Bonds. The proceeds from the bond were used to refinance the outstanding MDFA Series 2006 Revenue Bonds, and to fund additional building improvements. The 2014 bond matures on June 26, 2044. The interest rate is 3.49% and is adjusted by the bank every ten years. Effective June 26, 2024, the interest was adjusted to a rate of 5.25%. The bonds are secured by the property located on 15 Mulligan Drive. This means that the property serves as collateral for the bondholders. In the event of a default, bondholders have a claim on the property, providing an added layer of security for their investment.

The School is required to maintain a combined minimum debt service ratio of 1.25:1.0, measured on an annual basis. As of June 30, 2024 and June 30, 2023, the School was in compliance with this covenant.

PVPA has guaranteed the above debt for the Friends. In the event that the Friends defaults, PVPA would be required to perform under this guarantee. PVPA does not have any recourse against the Friends.

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

Details related to the Friends outstanding indebtedness at June 30, 2024 and 2023, and the related debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Outstanding at June 30, 2024	Outstanding at June 30, 2023
Land and building acquisition.....	2044	\$ 4,260,000	\$ 3,187,873	\$ 3,261,269

Debt service requirements for principal in future fiscal years are as follows:

Year	Principal	Interest	Total
2025.....	\$ 119,852	\$ 110,876	\$ 230,728
2026.....	124,162	106,566	230,728
2027.....	128,627	102,101	230,728
2028.....	132,987	97,741	230,728
2029.....	138,036	92,692	230,728
2030 to 2034.....	768,091	385,552	1,153,643
2035 to 2039.....	916,569	240,159	1,156,728
2040 to 2044.....	859,549	63,646	923,195
Total.....	\$ 3,187,873	\$ 1,199,333	\$ 4,387,206

See Note 11 for other related matters.

NOTE 6 – LINE OF CREDIT

PVPA has a demand line of credit (limit of \$450,000) with a bank. The line of credit must have a zero balance for a minimum of thirty consecutive days during each calendar year. The existing loan documents allow the line to remain open until the bank makes a demand. Interest is calculated on the daily unpaid principal of all amounts owing in PVPA’s loan account. The interest rate on the line of credit is floating at the Wall Street Journal prime rate with a margin of 1.00%. As of June 30, 2024, and 2023, there was no balance due on the line of credit.

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 7 – PENSION PLAN

The School is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <https://mtrs.state.ma.us/service/financial-reports/>.

Participants and the School are exempt from Federal social security taxes for these employees. Benefits vest fully after 10 years of qualified employment. An employee may receive retirement benefits after 20 years of service or 10 years of service having attained age 55. Covered employees are required by state statute to contribute 8% to 11% of their salaries.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the School to the MTRS. Therefore, the School is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the School does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2023. The School's portion of the collective pension expense, contributed by the Commonwealth as of June 30, 2023, and June 30, 2022, was \$957,887 and \$880,623, respectively and was reported in the general fund as intergovernmental revenue and pension benefits. The portion of the Commonwealth's collective net pension liability associated with the School as of June 30, 2023, and June 30, 2022, is \$10,259,032 and \$10,705,389, respectively as of the measurement date.

The School also offers a voluntary retirement plan which allows eligible employees to save on a tax deferred basis for retirement. The School does not make contributions to the supplemental retirement savings plan.

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 8 – RISK FINANCING

The PVPA is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters for which the PVPA carries commercial insurance. The PVPA participates in premium-based health care plans for its employees.

Friends has no employees and requires the PVPA to maintain insurance coverage on the building and contents.

NOTE 9 – CONTINGENCIES

The School participates in a number of federal and state award programs. These programs are subject to financial and compliance audits. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

In the course of its operations various legal actions and claims may occur. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. At June 30, 2024, management is not aware of any pending or outstanding claims.

NOTE 10 – SUBSEQUENT EVENTS

The School has evaluated subsequent events through _____, 2024, which is the date the financial statements were issued. There are no recognized subsequent events, events that provide additional evidence about conditions that existed at the statement of net position date, or non-recognized subsequent events, or events that provide evidence about conditions that did not exist at the statement of net position date, which are necessary to disclose to keep the financial statements from being misleading.

NOTE 11 – RELATED PARTY TRANSACTIONS

PVPA leases the school building (including parking areas and land) from the Friends under a lease agreement. The lease began June 7, 2004, and has been amended several times. Under the most recent amendment, the lease expires on June 30, 2044. PVPA has an option to terminate this lease if its charter is not renewed or if the state tuition allocation is reduced by 10%. Rent expense related to this lease was \$300,725 for the years ended June 30, 2024 and 2023. Future minimum annual lease payments will be a fixed amount of \$300,726 until the lease expires. In accordance with GAAP, all

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

lease activity has been eliminated through the consolidation of the primary government and its blended component unit.

There are three employees of PVPA who are also voting Board members. Total compensation paid to these employees amounted to \$116,789 in 2024 and \$87,923 in 2023.

As of June 30, 2024 and 2023, amounts due to PVPA from the Friends totaled \$191,743 and \$205,357, respectively.

NOTE 12 – COMPONENT UNIT COMBINING SCHEDULES

GASB Statement No. 61 – The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34, states that for governments engaged only in business-type activities that use a single column for financial statement presentation, a component unit may be blended by consolidating its financial statement data within the single column of the primary government and presenting condensed combining information in the notes to the financial statements. The condensed combining information schedules are as follows:

	PVPA 2024	Friends 2024	Combining Adjustments	Combining Total June 30, 2024
Assets:				
Current assets.....	\$ 3,824,213	\$ 678,082	\$ -	\$ 4,502,295
Due from related party.....	191,743	-	(191,743)	-
Capital assets.....	1,412,393	4,899,331	-	6,311,724
Total assets.....	5,428,349	5,577,413	(191,743)	10,814,019
Liabilities:				
Current liabilities.....	606,424	119,852	-	726,276
Due to related party.....	-	191,743	(191,743)	-
Noncurrent liabilities.....	-	3,068,021	-	3,068,021
Total liabilities.....	606,424	3,379,616	(191,743)	3,794,297
Net position:				
Net investment in capital assets.....	1,412,393	1,711,458	-	3,123,851
Unrestricted.....	3,409,532	486,339	-	3,895,871
Total net position.....	\$ 4,821,925	\$ 2,197,797	\$ -	\$ 7,019,722

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

	PVPA 2024	Friends 2024	Combining Adjustments	Combining Total June 30, 2024
Operating Revenues:				
State allocation - tuition.....	\$ 7,501,059	\$ -	\$ -	\$ 7,501,059
Federal and state grants.....	696,096	-	-	696,096
Rent.....	-	300,725	(300,725)	-
Nonemployer pension contributions.....	957,887	-	-	957,887
Other.....	142,598	-	-	142,598
Total operating revenues.....	9,297,640	300,725	(300,725)	9,297,640
Operating Expenses:				
Operating expenses.....	8,696,753	8,851	(303,135)	8,402,469
Depreciation.....	191,849	196,640	-	388,489
Total operating expenses.....	8,888,602	205,491	(303,135)	8,790,958
Operating income (loss).....	409,038	95,234	2,410	506,682
Nonoperating Revenues (Expenses):				
Interest income.....	66,756	19,900	-	86,656
Contributions.....	29,189	3,165	(2,410)	29,944
Other income.....	15,863	-	-	15,863
Other expense.....	-	(41,990)	-	(41,990)
Interest expense.....	-	(115,347)	-	(115,347)
Fundraising expense.....	(4,000)	-	-	(4,000)
Total nonoperating revenues (expenses), net..	107,808	(134,272)	(2,410)	(28,874)
Change in net position.....	516,846	(39,038)	-	477,808
Net position, beginning of year.....	4,305,079	2,236,835	-	6,541,914
Net position, end of year.....	\$ 4,821,925	\$ 2,197,797	\$ -	\$ 7,019,722

Pioneer Valley Performing Arts Charter Public School

Notes to Financial Statements

June 30, 2024 and 2023

	PVPA	Friends	Combining
	2024	2024	Total
	2024	2024	June 30, 2024
Net cash provided (used) by:			
Operating activities.....	\$ 654,340	\$ 278,260	\$ 932,600
Noncapital financing activities.....	38,642	3,165	41,807
Capital and related financing activities.....	(419,925)	(245,733)	(665,658)
Investing activities.....	66,756	19,900	86,656
Net Change in Cash and Cash Equivalents..	339,813	55,592	395,405
Beginning cash and cash equivalents.....	3,307,490	619,990	3,927,480
Ending cash and cash equivalents.....	\$ 3,647,303	\$ 675,582	\$ 4,322,885

NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #100, Accounting Changes and Error Corrections. This pronouncement did not impact the District’s financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB Issued Statement #101, Compensated Absences, which is required to be implemented in 2025.
- The GASB Issued Statement #102, Certain Risk Disclosures, which is required to be implemented in 2025.
- The GASB Issued Statement #103, Financial Reporting Model Improvements, which is required to be implemented in 2026.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

Draft 10/2/24

Pension Plan Schedule

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the School along with related ratios.

This schedule is intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

Draft 10/2/24

Pioneer Valley Performing Arts Charter Public School

Schedule of the Special Funding Amounts of the Net Pension Liability

June 30, 2024

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2024.....	\$ 10,259,032	\$ 957,887	58.48%
2023.....	10,705,389	880,623	57.75%
2022.....	8,893,590	713,674	62.03%
2021.....	12,182,810	1,504,752	50.67%
2020.....	11,529,144	1,398,109	53.95%
2019.....	10,368,216	1,050,669	54.84%
2018.....	10,132,494	1,057,558	54.25%
2017.....	9,236,690	942,203	52.73%
2016.....	8,565,830	694,765	55.38%
2015.....	6,338,217	440,346	61.64%

Draft 10/2024

See notes to required supplementary information.

Pioneer Valley Performing Arts Charter Public School

Notes to Required Supplementary Information

June 30, 2024

NOTE A – PENSION PLAN

A. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the School does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the School; the portion of the collective pension expense as both a revenue and pension expense recognized by the School; and the Plan's fiduciary net position as a percentage of the total liability.

Draft 10/2/24

Combining Statements

Draft 10/2/24

Pioneer Valley Performing Arts Charter Public School

Combining Statement of Net Position

June 30, 2024

	PVPA	Friends of PVPA	Combining Adjustments	Combining Total June 30, 2024
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 3,647,303	\$ 675,582	\$ -	\$ 4,322,885
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	24,722	-	-	24,722
Intergovernmental.....	131,760	-	-	131,760
Due from related party.....	191,743	-	(191,743)	-
Prepaid expense.....	20,428	2,500	-	22,928
Total current assets.....	4,015,956	678,082	(191,743)	4,502,295
NONCURRENT:				
Capital assets, nondepreciable.....	-	500,000	-	500,000
Capital assets, net of accumulated depreciation.....	1,412,393	4,399,331	-	5,811,724
Total noncurrent assets.....	1,412,393	4,899,331	-	6,311,724
TOTAL ASSETS.....	5,428,349	5,577,413	(191,743)	10,814,019
LIABILITIES				
CURRENT:				
Accounts payable.....	10,800	-	-	10,800
Accrued payroll.....	549,869	-	-	549,869
Accrued expense.....	22,136	-	-	22,136
Due to related party.....	-	191,743	(191,743)	-
Other liabilities.....	5,009	-	-	5,009
Unearned revenue.....	18,610	-	-	18,610
Bonds payable.....	-	119,852	-	119,852
Total current liabilities.....	606,424	311,595	(191,743)	726,276
NONCURRENT:				
Bonds payable.....	-	3,068,021	-	3,068,021
TOTAL LIABILITIES.....	606,424	3,379,616	(191,743)	3,794,297
NET POSITION				
Net investment in capital assets.....	1,412,393	1,711,458	-	3,123,851
Unrestricted.....	3,409,532	486,339	-	3,895,871
TOTAL NET POSITION.....	\$ 4,821,925	\$ 2,197,797	\$ -	\$ 7,019,722

Pioneer Valley Performing Arts Charter Public School

Combining Statement of Revenues, Expenses and Changes in Net Position

June 30, 2024

	PVPA	Friends of PVPA	Combining Adjustments	Combining Total June 30, 2024
OPERATING REVENUES:				
State allocation - tuition.....	\$ 7,501,059	\$ -	\$ -	\$ 7,501,059
Federal and state grants.....	696,096	-	-	696,096
Student activities.....	46,595	-	-	46,595
Transportation.....	66,767	-	-	66,767
Rent.....	-	300,725	(300,725)	-
Nonemployer pension contributions.....	957,887	-	-	957,887
Performing arts productions.....	29,186	-	-	29,186
Miscellaneous.....	50	-	-	50
	9,297,640	300,725	(300,725)	9,297,640
OPERATING EXPENSES:				
Current:				
Personnel.....	4,761,435	-	-	4,761,435
Payroll taxes and fringe benefits.....	906,677	-	-	906,677
Pension benefits.....	957,887	-	-	957,887
Advertising and recruiting.....	37,702	-	-	37,702
Performing arts productions.....	81,487	-	-	81,487
Classroom materials.....	62,740	-	-	62,740
Technology.....	97,796	-	-	97,796
Academic support.....	14,720	-	-	14,720
Consultants and stipends.....	142,232	-	-	142,232
Grants.....	215,766	2,410	(2,410)	215,766
Professional fees.....	49,750	6,100	-	55,850
Office supplies.....	12,744	-	-	12,744
Testing/assessment.....	3,609	-	-	3,609
Insurance.....	47,615	-	-	47,615
Student activities.....	80,898	-	-	80,898
Student transportation.....	262,987	-	-	262,987
Depreciation.....	191,849	196,640	-	388,489
Food services.....	16,958	-	-	16,958
Professional development.....	10,366	-	-	10,366
Travel and meetings.....	7,102	-	-	7,102
Utilities.....	79,984	-	-	79,984
Memberships and subscriptions.....	66,865	-	-	66,865
Leases - school building.....	300,725	-	(300,725)	-
Maintenance - facilities.....	414,129	-	-	414,129
Other.....	1,979	-	-	1,979
Printing, copying and postage.....	24,539	-	-	24,539
Payroll service/bank fees.....	19,367	341	-	19,708
Nurse supplies.....	18,694	-	-	18,694
	8,888,602	205,491	(303,135)	8,790,958
Total operating expenses.....	8,888,602	205,491	(303,135)	8,790,958
Operating income (loss).....	409,038	95,234	2,410	506,682
NONOPERATING REVENUES (EXPENSES):				
Interest income.....	66,756	19,900	-	86,656
Contributions.....	29,189	3,165	(2,410)	29,944
Other income.....	15,863	-	-	15,863
Other expense.....	-	(41,990)	-	(41,990)
Interest expense.....	-	(115,347)	-	(115,347)
Fundraising expense.....	(4,000)	-	-	(4,000)
	107,808	(134,272)	(2,410)	(28,874)
Total nonoperating revenues (expenses), net.....	107,808	(134,272)	(2,410)	(28,874)
Change in net position.....	516,846	(39,038)	-	477,808
Net position at beginning of year.....	4,305,079	2,236,835	-	6,541,914
Net position at end of year.....	\$ 4,821,925	\$ 2,197,797	\$ -	\$ 7,019,722

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

To the Board of Trustees
Pioneer Valley Performing Arts Charter Public School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pioneer Valley Performing Arts Charter Public School, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Pioneer Valley Performing Arts Charter Public School's basic financial statements, and have issued our report thereon dated _____, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pioneer Valley Performing Arts Charter Public School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pioneer Valley Performing Arts Charter Public School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pioneer Valley Performing Arts Charter Public School's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pioneer Valley Performing Arts Charter Public School'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 Pioneer Valley Performing Arts Charter Public School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Merrimack, MA
REPORT DATE

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Draft 10/2/24

Board Acceptance

Draft 10/2/24



pvpa

Charter Public School

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South Hadley, MA 01075
413-552-1580
www.pvpa.org

ACCEPTANCE OF THE BOARD OF TRUSTEES

We, the Board of Trustees of Pioneer Valley Performing Arts Charter Public School, have voted to accept the representations of management and the expression of the opinions made by Powers & Sullivan, LLC as embodied in the financial statements, supplemental schedules and independent Auditors' report for the year ended June 30, 2024.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and the *Commonwealth of Massachusetts Charter School Recommended Audit Guide* for the period ended June 30, 2024.

Board President

_____, 2024

Draft 10/12/24

Coversheet

Board of Trustee Community Engagement

Section: VI. President's Business
Item: A. Board of Trustee Community Engagement
Purpose: Discuss
Submitted by:
Related Material: 2024-25 Production Calendar - Google Docs.pdf

1. We Came to Play Music Tour - Thursday Nov 21 & Friday Nov 22
2. Dance Department Showcase - Friday Nov. 22 & Saturday Nov. 23
3. H.S. Fall Play - Friday Dec 13 & Saturday Dec 14
4. Winter One Night Gallery - Thursday Dec. 19
5. Winter Music Department Showcase - Friday Jan 10 & Saturday Jan 11
6. M.S. Theater Cabaret - Friday Jan 17
7. WOFA - Friday Feb 7 & Saturday Feb 8
8. Catalyst - Friday Apr 4 & Saturday Apr 5
9. H.S Spring Play - Friday May 2 & Saturday May 3
10. Spring Music Department Showcase - Friday May 9 & Saturday May 10
11. PVPA Musical - Friday May 23 (1 performance), Saturday May 24 (2 performance), Sunday May 25 (1 performance)
12. Spring One Night Gallery - Thursday May 29
13. Grad Show - Wednesday June 4 (Graduation Thursday June 5 Academy of Music)
14. M.S. Production - Friday June 6 & Saturday June 7
15. 8th Grade Step up Ceremony - Last day of school

***Potential Important dates**

Latinx Heritage - Friday, Nov. 1

Techmas - Dec. 20

Winter Dance - Jan. 2 or 3

BSU Black History Showcase - Feb. 14 or 28

Women's History Month - Mar. 28

Neurodiversity Presentation - April 11 or 18

Prom - May 17

Pride - May 30

Spring Dance - May 29 or 30