LIFE PREP
CHARTER SCHOOL NO. 4035

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

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CHARTER SCHOOL NO. 4035
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INTRODUCTORY SECTION

LIFE PREP
CHARTER SCHOOL NO. 4035
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2022

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Nou Yang	May 2024	Board Chair
Michael Day	May 2024	Community Member
Beth Larson	December 2024	Community Member
Gillian Swaby	May 2023	Parent
Christine Obermueller	May 2024	Teacher
Katie Schlosser	May 2024	Treasurer

ADMINISTRATION

Leah Jones	Director

FINANCIAL SECTION

CHUCK RINKEY, LTD.
CERTIFIED PUBLIC ACCOUNTANT

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MINNEAPOLIS, MN 55416
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LIFE Prep
Charter School No. 4035
St. Paul, Minnesota

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of LIFE Prep, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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 LIFE Prep's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 LIFE Prep'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 LIFE Prep'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, TRA Schedule of the School's Proportionate Share of the Net Pension Liability, TRA Schedule of School Contributions, GERF Schedule of the School's Proportionate Share of the Net Pension Liability, and GERF Schedule of School Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of

America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Century School's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2023, on our consideration of LIFE Prep'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 LIFE Prep'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 LIFE Prep's internal control over financial reporting and compliance.

Chuck Rinkey, Ltd.

CHUCK RINKEY, LTD.

Minneapolis, Minnesota
January 19, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

This section of LIFE Prep's annual financial report presents our discussion and analysis of LIFE Prep's financial performance during the fiscal year that ended June 30, 2022. Please read it in conjunction with the School's financial statements, which immediately follow this section. Certain comparative information between the current year (2021 – 2022) and the prior year (2020 – 2021) is required to be presented in the Management's Discussion and Analysis.

Financial Highlights
Key financial highlights for the 2021 – 2022 fiscal year includes the following:

- The fund balance of the General Fund decreased $244,024 from the prior year for an ending fund balance of $707,466 at June 30, 2022.
- Total General Fund revenues were $4,272,007 as compared to $4,516,031 of expenditures.
- Government-wide total revenues were $4,522,530 as compared to $4,463,193 of expenses.

Overview of the Financial Statements
The financial section of the annual report consists of the following four parts - Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statement includes two kinds of statements that present different views of the School:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide financial statements.
- Government funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Government-Wide Statements
The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the School's assets, deferred outflows, liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.
The two government-wide statements report the School's *net position* and how it has changed. Net position—the difference between the School's assets deferred outflows, liabilities and deferred inflows —is one way to measure the School's financial health or *position*.

Overview of the Financial Statements (Continued)

Government-Wide Statements (Continued)

- Over time, increases or decreases in the School's net position are indicators of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the School requires consideration of additional non-financial factors such as changes in the School's student population and the condition of school buildings and other facilities.

In the government-wide financial statements the School's activities are shown in one category:

- To assess the overall health of the School you need to consider additional non-financial factors such as changes in the School's creditworthiness and the condition of school buildings and other facilities

- *Governmental Activities* – The School's basic services are included here, such as regular and special education and administration. State aids finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's *funds,* focusing on its most significant or "major" funds, not the school as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

- The School may establish other funds to control and manage money.

The School maintains the following type of fund:

Governmental Funds – Most of the School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the entity-wide statements, we provide separate reconciliations to explain the relationship (or differences) between them.

Financial Analysis of the School as a Whole

Net Position

The School's combined net position was $(2,431,815) on June 30, 2022 (See Table A-1).

Table A-1
The School's Net Position

	Governmental Activities as of June 30, 2022	Governmental Activities as of June 30, 2021	Percentage Change
Assets			
Current assets	$ 1,426,719	$ 1,323,061	7.8%
Capital assets	47,416	21,028	125.5%
Total assets	1,474,135	$ 1,344,089	9.7%
Deferred Outflows of Resources			
Related to pension	823,025	1,112,270	-26.0%
Liabilities			
Current Liabilities	693,080	342,694	102.2%
Long-term liability-pension	1,284,551	2,814,900	-54.4%
Total liabilities	1,977,631	3,157,594	-37.4%
Deferred Inflows of Resources			
Related to pension	2,751,344	1,790,917	53.6%
Net Position			
Net investment in capital assets	47,416	21,028	125.5%
Unrestricted	(2,479,231)	(2,513,180)	-1.4%
Total Net Position	$(2,431,815)	$(2,492,152)	-2.4%

The School's net position increased $60,337.

Financial Analysis of the School as a Whole (Continued)
Changes in Net Position

The School's total government-wide revenues were $4,522,530 for the year ended June 30, 2022 (See Table A-2). State formula aid accounted for 43.4% of total revenue for the year. The remaining 56.6% came from other general and program revenues.

Table A-2
Change in Net Position

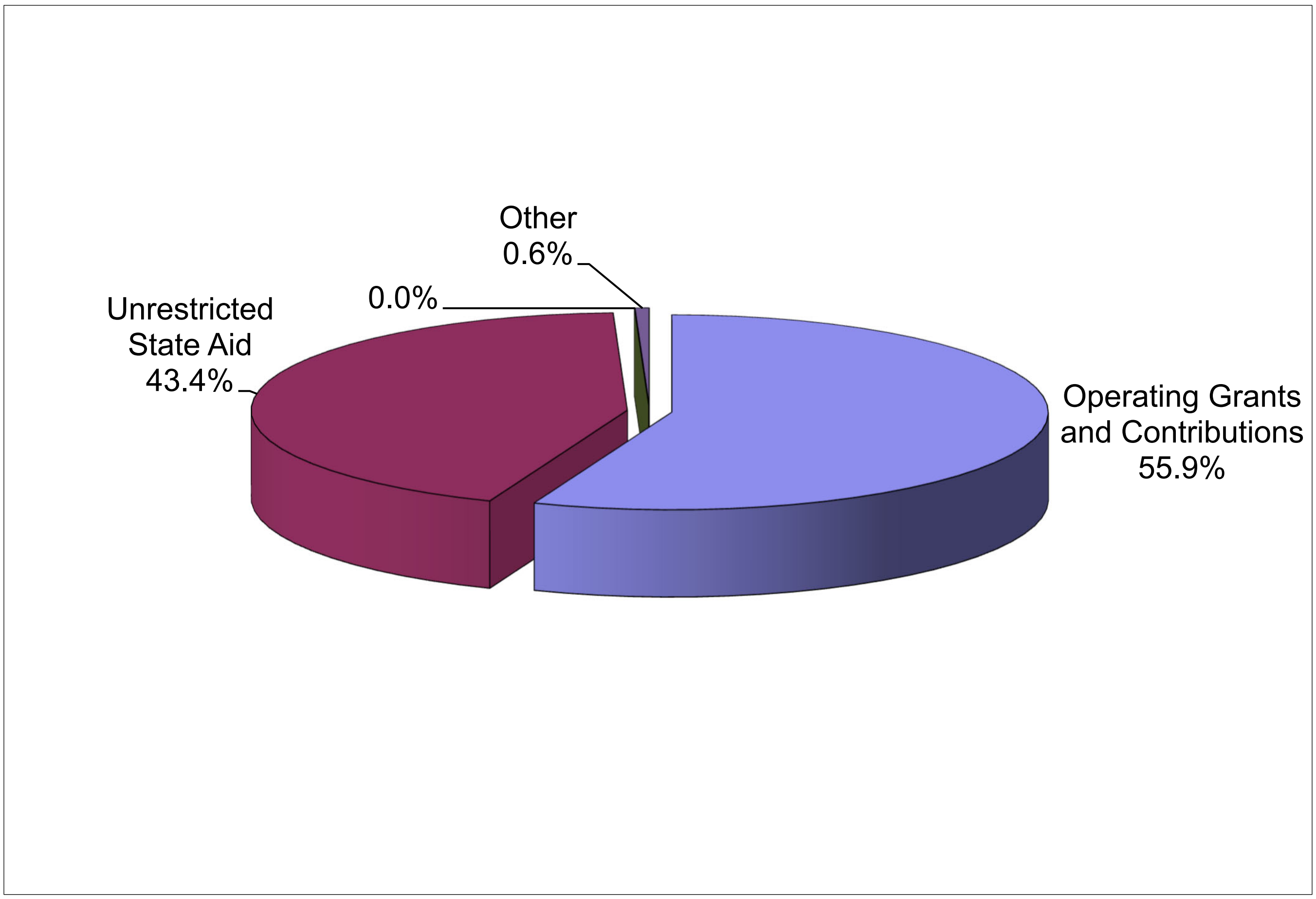
	Governmental Activities Fiscal Year Ended June 30, 2022	2021	Percentage Change
Revenues			
Program Revenues			
Operating Grants and Contributions	2,530,242	1,636,528	55%
General Revenues			
Unrestricted State Aid	1,964,961	2,308,637	-15%
Other	27,327	19,033	44%
Total Revenues	4,522,530	3,964,198	14%
Expenses			
School administration	159,989	184,209	-13%
District support services	465,455	474,954	-2%
Regular instruction	1,623,670	1,335,427	22%
Special education instruction	839,963	912,135	-8%
Instructional support services	68,391	151,610	-55%
Pupil support services	388,737	19,963	1847%
Food service	242,580	124,493	95%
Community service	65,966	116,881	-44%
Sites, buildings and equipment	579,145	599,426	-3%
Fiscal and other fixed costs	28,297	23,779	19%
Total Expenses	4,462,193	3,942,877	13%
Change in Net Position	$ 60,337	$ 21,321	
Beginning net position	(2,492,152)	(2,513,473)	
Ending net position	$ (2,431,815)	$ (2,492,152)	

Financial Analysis of the School as a Whole (Continued)
Changes in Net Position (Continued)

The cost of all governmental activities this year was $4,462,193.

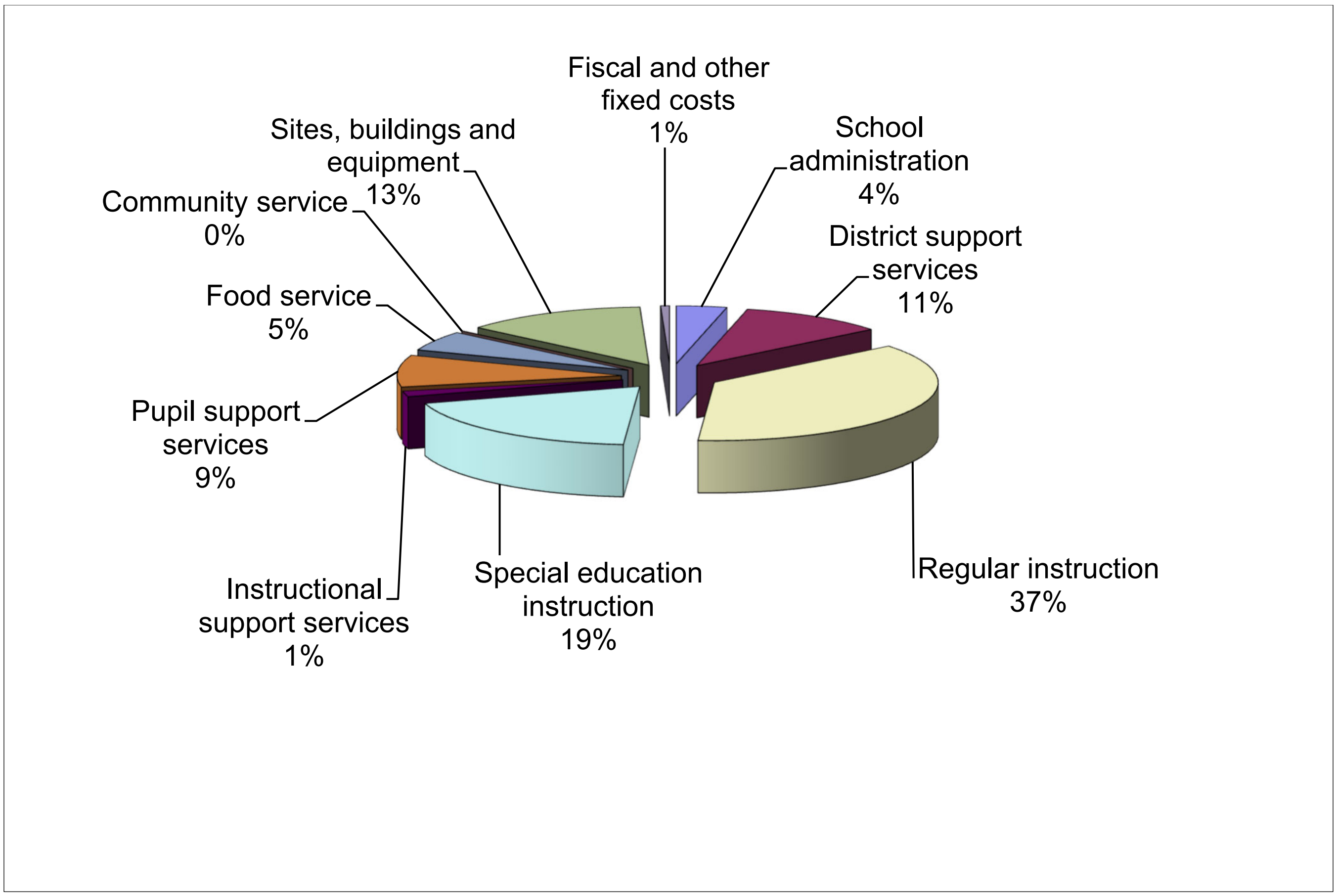
- The state and federal government subsidized certain programs with grants and contributions ($2,530,242).
- Most of the School's costs were paid for by unrestricted state aid and other general revenue ($1,992,288).

Figure A-1
Sources of School's Revenues for Fiscal 2022



Financial Analysis of the School as a Whole (Continued)
Changes in Net Position (Continued)

Figure A-2
School Expenses for Fiscal 2022



Financial Analysis of the School as a Whole (Continued)

Changes in Net Position (Continued)

Figure A-2
Program Expenses and Net Cost of Services

	Total Cost of Services 2022	Total Cost of Services 2021	Percentage Change	Total Cost of Services 2022	Total Cost of Services 2021	Percentage Change
School administration	$159,989	$184,209	-13%	$159,989	$184,209	-13%
District support services	465,455	474,954	-2%	465,455	474,954	-2%
Regular instruction	1,623,670	1,335,427	22%	1,568,459	1,270,607	23%
Special education instruction	839,963	912,135	-8%	(1,087,301)	(176,667)	515%
Instructional support services	68,391	151,610	-55%	21,586	108,082	-80%
Pupil support services	388,737	19,963	1847%	388,737	19,963	1847%
Food service	242,580	124,493	95%	230,673	(28,877)	-899%
Community service	65,966	116,881	-44%	65,966	116,881	-44%
Sites, buildings and equipment	579,145	599,426	-3%	339,642	313,420	8%
Fiscal and other fixed costs	28,297	23,779	19%	(221,255)	23,779	-1030%
	$4,462,193	$ 3,942,877	13%	$1,931,951	$2,306,351	-16%

Financial Analysis of the School's Funds

The financial performance of the School as a whole is reflected in its governmental funds. Revenues for the School's governmental funds were $4,533,466 while total expenditures were $4,780,194. This contributed to a combined fund balance of $733,639 which is $246,728 lower than last year's ending fund balance of $980,367.

General Fund

The General Fund includes the primary operations of the School in providing educational services to students from K through grade 6 including activities and capital outlay projects.

A large percentage of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources.

Basic general education revenue is determined by multiple complex state formulas, largely enrollment driven, and consists of a specified minimum amount with variable such as socioeconomic indicators driving additional funding. For Minnesota charter schools the majority of all funding consists of general education aid, special education aid and charter school lease aid. Other revenue consists of federal and private grant funding that is often expenditure driven.

Both revenues and expenditures increased over prior year due to increasing federal aid while enrollment increased from 217 students in 2021-2021 to 218 students in 2021-2022.

General Fund (Continued)
General Fund Budgetary Highlights

The budget is approved prior to the beginning of the fiscal year. The School then may revise the annual operating budget in the fall and then again mid-year. These budget amendments fall into two main categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.
- Legislation passes subsequent to budget adoption, changes necessitated by employment agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were higher than budgeted with a variance of $266,907 due to increased federal aid. Actual expenditures were higher than budgeted with a variance of $643,914 or 16.6% due to increased regular instruction, pupil support services and sites and buildings.

Other Major Funds

Food Service Fund
Actual revenues were higher than budgeted with a variance of $21,751.
Actual expenditures were higher than budgeted with a variance of $24,455.

Community Service Fund

Actual revenues were higher than budgeted with a variance of $7,253.
Actual revenues were higher than budgeted with a variance of $7,253.

Capital Assets

By the end of the 2021-2022 fiscal year, the School had invested $904,909 in capital assets including leasehold improvements and equipment. More detailed information about capital assets is presented in Note 3 to the financial statements. Total depreciation expense for the year was $18,750.

Long-Term Liabilities

At year-end the School had no other long-term liabilities beyond the Net Pension Liability that had been allocated to the School.

Factors Bearing on the School's Future

The school is dependent on the State of Minnesota for its revenue authority. Funding increases in the General Education formula the last several years have been at 2%.

The School will strive to maintain its commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility

Contacting the School's Financial Management

This Financial Report is designed to provide our stakeholders with a general overview of the school's finances and to demonstrate the school's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business office, LIFE Prep, 930 Geranium Ave E, St. Paul, MN 55106.

BASIC FINANCIAL STATEMENTS

LIFE PREP
CHARTER SCHOOL NO. 4035
STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Governmental Activities	
	2022	2021
Assets:		
Cash	$ 797,516	$ 1,037,025
Receivables	625,059	243,330
Prepaid Items	4,144	42,706
Capital Assets, Net of Depreciation	47,416	21,028
Total assets	$ 1,474,135	$ 1,344,089
Deferred Outflows of Resources		
Deferred Outflows Related to Pension	$ 823,025	$ 1,112,270
Liabilities and Net Position:		
Liabilities:		
Salaries and Benefits	$ 246,097	$ 245,022
Accounts Payable	446,983	97,672
Long Term Liability:		
Net Pension Liability	1,284,551	2,814,900
Total Liabilities	$ 1,977,631	$ 3,157,594
Deferred Inflows of Resources		
Deferred Inflows Related to Pension	$ 2,751,344	$ 1,790,917
Net Position:		
Net Investment in Capital Assets	$ 47,416	$ 21,028
Unrestricted	(2,479,231)	(2,513,180)
Total Net Position	$ (2,431,815)	$ (2,492,152)

The notes to the financial statements are an integral part of this statement

LIFE PREP
CHARTER SCHOOL NO. 4035
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

Functions	Expenses	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position 2022	2021
Governmental activities:				
Instructional services:				
Administration	$ 159,989	$ -	$ (159,989)	$ (184,209)
District Support Services	465,455	-	(465,455)	(474,954)
Regular Instruction	1,623,670	55,211	(1,568,459)	(1,270,605)
Special Education Instruction	839,963	1,927,264	1,087,301	176,667
Instructional Support Services	68,391	46,805	(21,586)	(108,082)
Pupil Support Services	388,737	-	(388,737)	(19,963)
Sites and Buildings	579,145	239,503	(339,642)	(313,420)
Fiscal and Other Fixed Cost Programs	28,297	249,552	221,255	(23,779)
Community Service	65,966	-	(65,966)	(116,881)
Food service	242,580	11,907	(230,673)	28,877
Total	$ 4,462,193	$ 2,530,242	$ (1,931,951)	$ (2,306,349)
	General revenues:			
	State Aid Grants		1,964,961	2,308,637
	Miscellaneous		27,327	19,033
	Total general revenue		1,992,288	2,327,670
	Change in net position		60,337	21,321
	Net position - beginning		(2,492,152)	(2,513,473)
	Net position - ending		$ (2,431,815)	$ (2,492,152)

The notes to the financial statements are an integral part of this statement

LIFE PREP
CHARTER SCHOOL NO. 4035
BALANCE SHEET –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	General Fund	Food Service Fund	Community Service	Total Governmental Funds 2022	Total Governmental Funds 2021
Assets:					
Cash	$ 781,253	$ 16,263	$ -	$ 797,516	$ 1,037,025
Receivables					
Misc. Receivable	18,983	-	-	18,983	-
Due from MDE	-	71	-	71	174,160
Due from Federal Government through MDE	586,615	19,390	-	606,005	69,170
Prepaid Items	4,144	-	-	4,144	42,706
Total assets	1,390,995	35,724	-	1,426,719	1,323,061
Liabilities and fund balances:					
Liabilities:					
Salaries and Benefits Payable	246,097	-	-	246,097	245,022
Accounts Payable	28,210	6,051	-	34,261	97,672
Unearned Revenue		3,500	-	3,500	
Due to Other Governmental Units	409,222	-	-	409,222	
Total Liabilities	683,529	9,551	-	693,080	342,694
Fund Balance					
Nonspendable	4,144	-	-	4,144	42,706
Restricted-Safe School Crime	9,696	-	-	9,696	9,696
Restricted-Medical Assistance	15,582	-	-	15,582	2,525
Restricted	-	26,173	-	26,173	28,877
Unassigned	678,044	-	-	678,044	896,563
Total Fund Balances	707,466	26,173	-	733,639	980,367
Total Liabilities and Fund Balances	$ 1,390,995	$ 35,724	$ -	$ 1,426,719	$ 1,323,061

The notes to the financial statements are an integral part of this statement

LIFE PREP
CHARTER SCHOOL NO. 4035
RECONCILIATON OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	2022	2021
Total fund balance - governmental funds	$ 733,639	$ 980,367
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the funds.		
Furniture and Equipment, Net of Accumulated Depreciation	47,416	21,028
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Net Pension Liability	(1,284,551)	(2,814,900)
Deferred outflows of resources and defered inflows of resouces are created as a result of differences between actual and expected contributions and earnings on plan investments as well as changes in proportion and are not recognized in the governmental funds		
Deferred Outflows of Resource Related to Pensions	823,025	1,112,270
Deferred Inflows of Resource Related to Pensions	(2,751,344)	(1,790,917)
Total Net Position - Governmental Activities	$ (2,431,815)	$ (2,492,152)

The notes to the financial statements are an integral part of this statement

LIFE PREP
CHARTER SCHOOL NO. 4035
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

		Food	Community	Total Governmental Funds	
	General	Service	Service	2022	2021
Revenues:					
Local Revenues					
Other	56,133	103	11,907	68,142	62,561
Revenues from State Sources	3,306,971	6,664	-	3,313,635	3,458,892
Revenues from Federal Sources	908,903	242,785	-	1,151,689	437,663
Total revenues	4,272,007	249,552	11,907	4,533,466	3,959,116
Expenditures:					
Current					
Administration	167,457	-	-	167,457	170,399
District Support Services	491,319	-	-	491,319	467,730
Regular Instruction	1,730,192	-	-	1,730,192	1,178,648
Special Education Instruction	941,732	-	-	941,732	872,325
Instructional Support Services	67,861	-	-	67,861	151,080
Pupil Support Services	441,447	-	-	441,447	19,532
Sites and Buildings	589,860	-	-	589,860	592,992
Fiscal and Other Fixed Costs	28,297	-	-	28,297	23,779
Food service	-	252,256	-	252,256	124,493
Community Education and Services	57,866	-	11,907	69,773	105,581
Total expenditures	4,516,031	252,256	11,907	4,780,194	3,706,559
Excess of Revenues Over Expenditures	(244,024)	(2,704)	-	(246,728)	252,557
Net change in fund balances	(244,024)	(2,704)	-	(246,728)	252,557
Fund Balance					
Fund balance - beginning	951,490	28,877	-	980,367	727,810
Fund balance - ending	$ 707,466	$ 26,173	$ -	$ 733,639	$ 980,367

LIFE PREP
CHARTER SCHOOL NO. 4035
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
Net change in fund balances-total governmental funds	$ (246,728)	$ 252,557
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlay is reported in governmental funds as an expenditure. However, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital Outlay	45,138	-
Depreciation expense	(18,750)	(16,774)
Governmental funds recognize pension contributions as expenditures, however pension expense is reported in the statement of activities		
Pension expense	291,613	(219,544)
State Aid related to Pension Expense	(10,936)	5,082
Change in Net Position- Governmental Activities	$ 60,337	$ 21,321

The notes to the financial statements are an integral part of this statement

LIFE PREP
CHARTER SCHOOL NO. 4035
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022				2021
	Budgeted Amounts		Current Year Actual	Variance with Final Budget	Prior Year Actual
	Original	Final	Amounts	Over (Under)	Amounts
Revenues:					
Local Sources					
Other	74,479	74,479	56,133	(18,346)	62,561
Revenue from State Sources	3,268,304	3,268,304	3,306,971	38,667	3,458,811
Revenue from Federal Sources	662,317	662,317	908,903	246,586	275,653
Total revenues	4,005,100	4,005,100	4,272,007	266,907	3,797,025
Expenditures:					
Current					
Administration	162,754	162,754	167,457	4,703	170,399
District Support Services	513,083	513,083	491,319	(21,764)	467,730
Regular Instruction	1,317,603	1,317,603	1,730,192	412,589	1,178,648
Special Education nstruction	872,561	872,561	941,732	69,171	872,325
Instructional Support Services	60,949	60,949	67,861	6,913	151,080
Pupil Support Services	335,090	335,090	441,447	106,356	19,532
Sites and Buildings	461,600	461,600	589,860	128,260	592,992
Fiscal and Other Fixed Costs Programs	93,961	93,961	28,297	(65,664)	23,779
Community Education and Services	54,517	54,517	57,866	3,348	96,860
Total expenditures	3,872,117	3,872,117	4,516,031	643,914	3,573,345
Excess of Revenues over Expenditures	132,983	132,983	(244,024)	(377,007)	223,680
Net change in fund balance	132,983	132,983	(244,024)	(377,007)	$ 223,680
Fund balance					
Beginning of Year			951,490		727,810
End of Year			$ 707,466		$ 951,490

The notes to the financial statements are an integral part of this statement

LIFE PREP
CHARTER SCHOOL NO. 4035
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022				2021
	Budgeted Amounts		Current Year Actual Amounts	Variance with Final Budget Over (Under)	Prior Year Actual Amounts
	Original	Final			
Revenues:					
Local Sources					
Other	$ 68,306	$ 68,306	$ 103	$ (68,203)	$ -
Revenue from State Sources	10,533	10,533	6,664	(3,869)	81
Revenue from Federal Sources	148,962	148,962	242,785	93,823	153,289
Total revenues	227,801	227,801	249,552	21,751	153,370
Expenditures:					
Current					
Food Service	227,801	227,801	252,256	24,455	124,493
Deficiency of Revenues Under Expenditures	-	-	(2,704)	(2,704)	28,877
Net Change in Fund Balance	$ -	$ -	$ (2,704)	$ (2,704)	$ 28,877
Fund balance					
Beginning of Year			28,077		-
End of Year			$ 25,373		$ 28,877

The notes to the financial statements are an integral part of this statement

LIFE PREP
CHARTER SCHOOL NO. 4035
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022				2021
	Budgeted Amounts		Current Year Actual Amounts	Variance with Final Budget Over (Under)	Prior Year Actual Amounts
	Original	Final			
Revenues:					
Local Sources					
Other	$ 4,654	$ 4,654	$ 3,352	$ (1,302)	$ -
Revenue from Federal Sources	-	-	8,555	8,555	8,721
Total revenues	4,654	4,654	11,907	7,253	8,721
Expenditures:					
Current					
Community Service	4,654	4,654	11,907	7,253	8,721
Total expenditures	4,654	4,654	11,907	7,253	8,721
Excess of Expenditures over Revenues	-	-	0	0	-
Net change in fund balance	$ -	$ -	$ 0	$ 0	$ -
Fund balance					
Beginning of Year			-		-
End of Year			$ 0		$ -

The notes to the financial statements are an integral part of this statement

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

LIFE Prep is a nonprofit corporation that was formed and began operating in July 1998. The School changed its name from Concordia Creative Learning Academy effective June 25, 2013. The School has an authorizer agreement with The Minnesota Guild of Public Charter Schools (the Guild) extending through June 30, 2023. The primary objective of LIFE Prep is to provide elementary students "hands-on" learning experiences in an environment designed to stimulate brain development and personal growth. The permanent governing body consists of a board of directors composed of not less than three, but not exceeding ten members elected at an annual meeting by voters of the general membership of the School to serve two-year terms.

The School's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the School is considered to be financially accountable.

Component units are legally separate entities for which the School is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no component units as of June 30, 2022.

Aside from its authorizer role, the Guild has no authority, control, power, or administrative responsibilities over LIFE Prep. Therefore, the School is not considered a component unit of the Guild.

Student activities are under control of the School Board and are included in these financial statements as part of the General Fund.

B. Basic Financial Statement Information

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the School.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Depreciation expense that can be specifically identified by function is included in the direct expenses of that function. Depreciation expense relating to assets that serve multiple functions is presented as unallocated depreciation in the Statement of Activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. The exception to this general rule is that interest and principal expenditures are recognized when payment is due. However, expenditures are recorded as prepaids for approved disbursements or liabilities incurred in advance of the period in which the item is to be used.

Description of Funds:

As required by state statute, the School operates as a nonprofit corporation under *Minnesota Statutes* 317A. However, state law also requires the School comply with Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota School Districts which mandates the use of a governmental fund accounting structure. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. A description of the fund included in this report is as shown on the following page:

Major Funds:

General Fund – This fund is the basic operating fund of the School and is used to account for all financial resources except those required to be accounted for in another fund.

Food Service Special Revenue Fund – This fund is used to account for food service revenues and expenditures.

Community Service Special Revenue Fund – This fund is used to account for community service revenues and expenditures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Cash and investments at June 30, 2022, were comprised of deposits.

Minnesota Statutes requires all deposits be protected by federal deposit insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

F. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The School maintains a threshold level of $500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the School, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 20 years for equipment.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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/expenditure) until that time. The School has one item that qualifies for reporting in this category. A deferred outflows of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 has one item which qualifies for reporting in this category. A deferred inflow of resources related to pensions is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015.

I. Fund Equity

1. Classification

In the fund financial statements, the governmental fund report fund classifications that comprise a hierarchy based primarily on the extent to which the School is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Directors (highest level of decision-making authority) through resolution are classified as committed fund balances. Amounts that are constrained by the School's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose in the General Fund.

J. Net Position

Net position represents the difference between assets deferred outflows of resources; and liabilities and deferred inflows in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

K. Use of Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) as an organization. The School is also exempt from Minnesota franchise or income tax.

The School is required to assess whether an uncertain tax position exists and if there should be recognition of a related benefit or liability in the financial statements. The School has determined there are not amounts to record as assets or liabilities related to uncertain tax positions.

M. Budgetary Information

The School follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Director of the School submits to the School's Board of Directors a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Formal budgetary integration is employed as a management control device during the year for the General and Food Service Funds.
3. Budgets for the General and Food Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budgets are as originally adopted or as amended by the School's Board of Directors. Budgeted expenditure appropriations lapse at year-end.

N. Fund Balance

In the fund financial statements, governmental funds report non-spendable ports of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the School Board. Unassigned fund balances are considered the remaining amounts in the General Fund.

In accordance with Board policy the School applied restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted fund balance is available. The spending priority per policy for unrestricted fund balance when an expenditure is incurred for purposes for which committed, assigned and unassigned amounts are available, committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

NOTE 2 DEPOSITS

The School maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the Statement of Net Position and on the balance sheet as "Cash." In accordance with applicable Minnesota Statutes, the School maintains deposits at financial institutions which are authorized by the School Board.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

NOTE 2 DEPOSITS (CONTINUED)

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral include U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

The School's deposits in banks at June 30, 2022 in the amount of $864,306 were not entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota statutes. $250,000 was covered by FDIC insurance.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Building and Leasehold Improvements	$ 509,483	$ -	$ -	$ 509,483
Furniture and equipment	350,288	45,138	-	395,426
Total capital assets, being depreciated	859,771	45,138	-	904,909
Accumulated depreciation for:				
Leasehold Improvements	509,483	-	-	509,483
Furniture and equipment	329,260	18,750		348,010
Total accumulated depreciation	838,743	18,750	-	857,493
Governmental activities capital assets, net	$ 21,028	$ 26,388	$ -	$ 47,416

Depreciation expense was charged to functions of the School as follows:

Governmental activities:	
District Support Services	$ 317
Regular Instruction	2,711
Special Education Instruction	530
Pupil Support Services	9,028
Food Service	424
Sites and Buildings	5,740
Total depreciation expense, governmental activities	$ 18,750

NOTE 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE

The School participates in various pension plans, total pension expense for the year ended June 30, 2022, was ($124,130). The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the Liability related to the pensions.

Teachers' Retirement Association

A. Plan Description
The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with *Minnesota Statutes*, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Plan (DCR) administered by Minnesota State.

B. Benefits Provided
TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by *Minnesota Statute* and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006 or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006 or after	1.9% per year

B. Benefits Provided (Continued)
With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

- 3% per year early retirement reduction factor for all years under normal retirement age.

- Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006, and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under *Minnesota Statute*. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

C. Contribution Rate
Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2020, June 30, 2021, and June 30, 2022, were:

	June 30, 2020		June 30, 2021		June 30, 2022	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.0%	11.92%	11.0%	12.13%	11.0%	12.34%
Coordinated	7.5%	7.92%	7.5%	8.13%	7.5%	8.34%

C. Contribution Rate (Continued)

The following is a reconciliation of employer contributions in TRA's ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations. Amounts are reported in thousands.

Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position	$ 448,829
Add employer contributions not related to future contribution efforts	379
Deduct TRA's contributions not included in allocation	(538)
Total employer contributions	448,670
Total non-employer contributions	37,840
Total contributions reported in Schedule of Employer and Non-Employer Allocations	$ 486,510

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

D. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation date	July 1, 2021
Measurement date	June 30, 2021
Experience study	June 5, 2019 (demographic assumptions) November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality Assumptions	
Pre-retirement	RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

D. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.5 %	5.10 %
International equity	17.5	5.30
Private markets	25.0	5.90
Fixed income	20.0	0.75
Unallocated cash	2.0	0.00
Total	100 %	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2022 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of five years as required by GASB 68.

Changes in actuarial assumptions since the 2020 valuation:

- The investment return assumption was changed from 7.5% to 7.0%.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The discount rate used to measure the total pension liability at the prior measurement date was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2021 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

On June 30, 2022, the School reported a liability of $1,024,054 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The School’s proportionate share was 0.0234% at the end of the measurement period and 0.0282% for the beginning of the year.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the School as its proportionate share of the net pension liability, the direct aid and total portion of the net pension liability that was associated with the School were as follows:

Academy's proportionate share of net pension liability	$ 1,024,054
State of Minnesota's proportionate share of the net pension liability associated with the Academy	86,458
	$ 1,110,512

For the year ended June 30, 2022, the School recognized pension expense of ($16,266). Included in this amount, the School recognized ($968) as pension expense for the support provided by direct aid.

On June 30, 2022, the School had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 33,426	$ 32,038
Net difference between projected and actual earnings on plan investment	-	840,704
Changes of actuarial assumptions	375,490	1,068,883
Changes in proportion	60,416	312,523
Contributions paid to plan subsequent to the measurement date	118,260	-
	$ 587,592	$ 2,254,148

The $118,260 reported as deferred outflows of resources related to pensions resulting from School contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year Ended June 30,	
2023	$ (804,077)
2024	(613,345)
2025	(163,353)
2026	(217,222)
2027	13,181
	$ (1,784,816)

G. Pension Liability Sensitivity
The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) and 1 percent higher (8.0%) than the current rate.

Academy's Proportionate Share of NPL		
1% decrease (6.0%)	Current (7.0%)	1% increase (8.0%)
$ 2,068,639	$ 1,024,054	$ 167,411

The School's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis, and Minneapolis School District.

H. Pension Plan Fiduciary Net Position
Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That can be obtained at www.MinnesotaTRA.org, or by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000, or by calling (651) 296-2409 or (800) 657-3669.

Public Employees' Retirement Association

A. Plan Description

The School participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plan is established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

The General Employees Retirement Plan covers certain full time and part time employees of the School. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1 the annuity accrual rate for a Coordinated Plan member is 1.2% for each of the first 10 years of service 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

Minnesota Statutes Chapter 353 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2022 and the School was required to contribute 7.5% for Coordinated Plan members. The School's contributions to the General Employees Fund for the year ended June 30, 2022, were $38,612. The School's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2022, the School reported a liability of $260,497 for its proportionate share of the General Employees Fund's net pension liability. The School's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the School totaled $7,972.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportionate share of the net pension liability was based on the School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The School's proportionate share was 0.0061% at the end of the measurement period and 0.0122% for the beginning of the period.

Academy's proportionate share of net pension liability	$ 260,497
State of Minnesota's proportionate share of the net pension liability associated with the Academy	7,972
	$ 268,469

For the year ended June 30, 2022, the School recognized pension expense of ($107,864) for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the School recognized $643 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At June 30, 2022, the School reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,122	$ 8,894
Net difference between projected and actual earnings on plan investment	-	202,575
Changes of actuarial assumptions	159,054	11,434
Changes in proportion	34,645	274,293
Contributions paid to plan subsequent to the measurement date	38,612	-
	$ 235,433	$ 497,196

The $38,612 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2023	$ (69,948)
2024	(84,269)
2025	(84,623)
2026	(61,535)
	$ (300,375)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	35.5 %	5.10 %
International stocks	17.5	5.30
Bonds (fixed income)	20.0	0.75
Alternative assets (private markets)	25.0	5.90
Cash	2.0	0.00
Total	100.0 %	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the previous valuation.
- Augmentation or current privatized members was reduced to 2.0% for the period July 1, 2020, through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

G. Discount Rates

The discount rate used to measure the total pension liability in 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following table presents the School's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Academy's Proportionate Share of NPL		
1% decrease (5.5%)	Current (6.5%)	1% increase (7.5%)
$ 531,282	$ 260,497	$ 38,302

I. Pension Plan Fiduciary Net Position

Detailed information about the General Employees Fund's fiduciary net position is available in a separately-issued PERA financial report that includes the financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 5 SHORT-TERM LEASE

A. Operating Lease for Educational Space

During fiscal 2022, the School incurred MDE-approved lease costs of $270,000, under the terms of the lease agreement. The School qualified for an estimated $238,202 of state charter school lease aid based on a statutory cap of $1,314 per pupil unit served.

The School entered into a lease for educational space at 930 East Geranium Avenue from the Church of Saint Casimir. The lease term began on July 1, 2022, and currently extends through June 30, 2032 The lease calls for a minimum base rent each year of $270,000.

REQUIRED SUPPLEMENTARY INFORMATION

LIFE PREP
CHARTER SCHOOL NO. 4035
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022

Schedule of School's Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years GERF Retirement Funds

For Plan's Fiscal Year Ended June 30,	School's Proportion of the Net Pension Liability (Asset)	School's Proportionate Share of the Net Pension Liability (Asset)	School's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	School's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	School's Covered-Employee Payroll	School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0197%	$ 925,407	$ -	$ 925,407	$ 1,034,552	89.45%	78.75%
2015	0.0128%	663,362	-	663,362	737,893	89.90%	78.19%
2016	0.0117%	949,982	12,457	962,439	726,347	130.79%	68.91%
2017	0.0120%	766,072	9,607	775,679	770,973	99.36%	75.90%
2018	0.0100%	554,759	18,148	572,907	669,760	82.83%	79.53%
2019	0.0119%	657,924	20,332	678,256	839,533	78.37%	80.23%
2020	0.0122%	731,446	22,598	754,044	869,787	84.09%	79.06%
2021	0.0061%	260,497	7,972	268,469	437,947	59.48%	87.00%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Schedule of School's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years TRA Retirement Funds

For Plan's Fiscal Year Ended June 30,	School's Proportion of the Net Pension Liability (Asset)	School's Proportionate Share of the Net Pension Liability (Asset)	School's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	School's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	School's Covered-Employee Payroll	School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0333%	$ 1,534,440	$ 107,817	$ 1,642,257	$ 1,519,500	100.98%	81.50%
2015	0.0267%	1,651,659	202,761	1,854,420	1,354,227	121.96%	76.77%
2016	0.0269%	6,416,292	644,027	7,060,319	1,399,413	458.50%	44.88%
2017	0.0269%	5,369,728	519,068	5,888,796	1,446,693	371.17%	51.57%
2018	0.0271%	1,704,081	160,211	1,864,292	1,498,960	113.68%	78.07%
2019	0.0286%	1,822,970	161,167	1,984,137	1,623,761	112.27%	78.21%
2020	0.0282%	2,083,454	174,809	2,258,263	1,639,735	127.06%	75.48%
2021	0.0234%	1,024,054	86,458	1,110,512	1,400,590	73.12%	86.63%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

See notes to required supplementary information.

LIFE PREP
CHARTER SCHOOL NO. 4035
SCHEDULES OF SCHOOL CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule of School Contributions
GERF Retirement Funds
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required	Contribution Deficiency (Excess)	School's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee
2014	$ 75,005	$ 75,005	$ -	$ 1,034,552	7.25%
2015	55,342	55,342	-	737,893	7.50%
2016	54,476	54,476	-	726,347	7.50%
2017	57,823	57,823	-	770,973	7.50%
2018	50,232	50,232	-	669,760	7.50%
2019	62,965	62,965	-	839,533	7.50%
2020	65,234	65,234	-	869,787	7.50%
2021	32,846	32,846	-	437,947	7.50%
2022	38,612	38,612	-	514,827	7.50%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Schedule of School Contributions
TRA Retirement Funds
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required	Contribution Deficiency (Excess)	School's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee
2014	$ 106,365	$ 106,365	$ -	$ 1,519,500	7.00%
2015	101,567	101,567	-	1,354,227	7.50%
2016	104,956	104,956	-	1,399,413	7.50%
2017	108,502	108,502	-	1,446,693	7.50%
2018	112,422	112,422	-	1,498,960	7.50%
2019	125,192	125,192	-	1,623,761	7.71%
2020	129,867	129,867	-	1,639,735	7.92%
2021	113,868	113,868	-	1,400,590	8.13%
2022	118,260	118,260	-	1,417,986	8.34%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

See notes to required supplementary information.

TRA RETIREMENT FUND

2021 Changes
Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.5% to 7.0%.

2020 Changes
Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 Changes
Changes in Actuarial Assumptions

- None

2018 Changes
Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

TRA Retirement Fund (Continued)

2017 Changes
Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%.
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes
Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

TRA Retirement Fund (Continued)

2015 Changes
Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%.

General Employees Fund

2021 Changes
Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes
Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retires electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing LIFE annuity option was adjusted accordingly.

General Employees Fund (Continued)

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changes prospectively, requiring $16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

General Employees Fund (Continued)

2017 Changes (Continued)
Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals $16,000,000 in 2017 and 2018, and $6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The State's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

2016 Changes
Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes
Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

SUPPLEMENTARY INFORMATION

LIFE PREP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

FedeFunding Source	Federal CFDA Number	Grant Name	Expenditures
Through Minnesota Department of Education			
US Department of Agriculture	10.553	School Breakfast Program	$ 79,319
US Department of Agriculture	10.555	Child Nutrition type A lunch	155,605
		Total Child Nutrition Cluster and US Department of Agriculture	234,924
US Department of Education	84.391	Title I, Improving the AAD	53,486
US Department of Education	84.392	Title I, Improving Teacher Quality	22,045
US Department of Education	84.424	Title IV	10,000
US Department of Education	84.027	Special Education	50,644
US Department of Education	84.425	ESSER II	301,990
US Department of Education	84.425	ESSER III	395,049
US Department of Education	84.425C	Pandemic Enrollment Loss	35,689
US Department of Education	84.425C	MN Covid Testing	40,000
		Total Education Stabilization Fund Cluster	772,728
		Total Department of Education	908,903
Total Federal Expenditures			$ 1,143,827

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

LIFE PREP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of LIFE Prep under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of LIFE Prep, it is not intended to and does not present the financial position, changes in net position, or cash flows of LIFE Prep.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on this schedule are presented using the accrual basis of accounting as described in Note 2 to LIFE Prep's basic financial statements except for subrecipient expenditures, which are recorded on the cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or are limited as to reimbursement.

LIFE Prep has not elected to use the 10% de minimis cost rate.

Note 3 - Major Programs

The following programs represent all Federal awards tested as major programs. Since LIFE Prep is a high- risk auditee, coverage of at least 40 percent of federally awarded funds was required. Actual coverage was approximately 61 percent of total federally awarded expenditures.

Federal Awards Tested as Major Programs	Federal CFDA Number	Expenditures
US Department of Education		
ESSER II	84.425	$ 301,990
ESSER III	84.425	395,049
		$ 697,039

OTHER REQUIRED REPORTS

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

Board of Directors
Charter School No. 4035
LIFE Prep
St. Paul, Minnesota

I 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 governmental activities and each major fund of LIFE Prep, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise LIFE Prep's basic financial statements, and have issued our report thereon dated January 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, I considered LIFE Prep's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LIFE Prep's internal control. Accordingly, I do not express an opinion on the effectiveness of LIFE Prep's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LIFE Prep's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I 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 LIFE Prep's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chuck Rinkey, Ltd.

CHUCK RINKEY, LTD.
Minneapolis, Minnesota

January 19, 2023

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNALCONTROL OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

To the Board of Directors
LIFE Prep
Charter School No. 4035
St. Paul, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited LIFE Prep's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of LIFE Prep's major federal programs for the year ended June 30, 2022. LIFE Prep's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, LIFE Prep complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LIFE Prep and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of LIFE Prep's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to LIFE Prep's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LIFE Prep's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LIFE Prep's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 LIFE Prep's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of LIFE Prep's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of LIFE Prep's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on LIFE Prep's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. LIFE Prep's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chuck Rinkey, Ltd.

CHUCK RINKEY, LTD.
Minneapolis, Minnesota

January 19, 2023

LIFE PREP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH THE *UNIFORM GUIDANCE*
YEAR ENDED JUNE 30, 2022

Section I – Summary of Auditor's Results

Basic Financial Statements	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified	No
Type of auditor's report issued on compliance for	
Major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425	ESSER II and ESSER III

Auditee qualifies as low-risk auditee?	No

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH MINNESOTA LAWS AND REGULATIONS

Board of Directors
Charter School No. 4035
LIFE Prep
St. Paul, Minnesota

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 financial statements of the governmental activities and each major fund of as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 19, 2023

In connection with our audit, nothing came to our attention that caused us to believe that LIFE Prep failed to comply with the provisions of the uniform financial accounting and reporting standards, and charter school sections of the *Minnesota LegalCompliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minn.Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the School's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Chuck Rinkey, Ltd.

CHUCK RINKEY, LTD.
Minneapolis, MN 55416

January 19, 2023