

Hope Academy Charter School
of Monmouth County

Hope Academy Charter School
Asbury Park, New Jersey

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2024

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Of the

Hope Academy Charter School
of Monmouth County

Asbury Park, New Jersey

For the Fiscal Year Ended June 30, 2024

Prepared by

Hope Academy Charter School
Finance Department

OUTLINE FOR ANNUAL COMPREHENSIVE FINANCIAL REPORT

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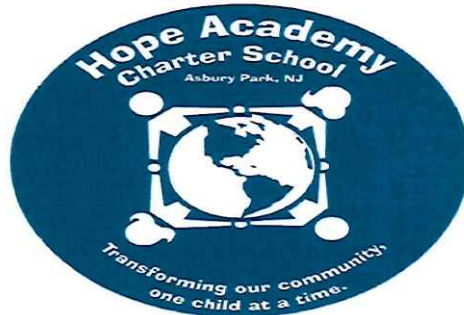
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INTRODUCTORY SECTION



***HOPE ACADEMY CHARTER SCHOOL
500 • 601 GRAND AVENUE
ASBURY PARK, NEW JERSEY 07712
(732) 988-4227***

December 16, 2024

Honorable President and
Members of the Board of Trustees
Hope Academy Charter School
601 Grand Avenue
Asbury Park, New Jersey 07712

Dear Board Members:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Hope Academy Charter School for the fiscal year ended June 30, 2024. This ACFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to continue with this financial reporting model which we believe will provide all users of this document with useful financial and statistical information. Responsibility for both the accuracy of the data, completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees.

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position

and results of operations of the Charter School. This report will provide the taxpayers of the Hope Academy Charter School with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

The Annual Comprehensive Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, *"Audits of States, Local Governments and Non-Profit Organizations"*, and the New Jersey State Office of Management and Budget (OMB) Circular 04-04, *"Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid"*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An elected seven-member Board of Trustees (the "Board") serves as the policy maker for the Charter School. With the expansion of the school there is a plan to expand to a seven member Board of Trustees in the upcoming fiscal year. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

The Superintendent/Chief School Administrator (CSA) is the chief executive officer of the Charter School, responsible to the Board for total educational and support operations. The School Business Administrator is the chief financial officer of the Charter School, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey law.

1. REPORTING ENTITY AND ITS SERVICES: Hope Academy Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report. The Charter School's Board of Trustees, constitutes the Charter School's reporting entity.

The Hope Academy Charter School provides a full range of educational services appropriate to grade levels Kindergarten through Grade 8. These services include regular, as well as special education, ELL and basic skills instruction. The Charter School completed the 2023-24 school year with an enrollment of 292 students. The following details the student enrollment of the Charter School:

REPORTING ENTITY AND ITS SERVICES (CONTINUED):

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percentage Change
2023-2024	292	+3.91%
2022-2023	281	+6.04%
2021-2022	265	+5.16%
2020-2021	252	+1.16%
2019-2020	249.1	+7.46%
2018-2019	231.8	+6.9%
2017-2018	216.57	+4.67%
2016-2017	206.9	+0.24%
2015-2016	206.4	+1.43%
2014-2015	203.5	-0.54%
2013-2014	204.6	-0.92%
2012-2013	206.5	+5.79%

2. ECONOMIC CONDITION AND OUTLOOK: Asbury Park continues to experience a period of development and expansion that is expected to continue through the Twenty-First Century. The increasing number of businesses within the community results in an increase in the employment level which results in an increased tax base, both residential and industrial. This expansion is evident on the east side of town and the planning grant received by the Asbury Park Housing Authority in 2016 resulted in some revitalization and housing renovations on the West Side. The expansion is expected to continue which suggests Asbury Park will continue to prosper.

3. On February 28, 2017, Hope Academy was approved for a three year enrollment expansion which resulted in an increase of enrollment by 46 students in grades Kindergarten through Second, for a total of 253 students by the 2019-2020 school year. The school received approval for another five-year charter term after an expedited evaluation review by the NJ Department of Education. Hope Academy Charter School has been rated a Tier 1 school for three consecutive years. In November 2020, the school submitted an application and was approved to continue enrollment expansion to a maximum of 360 students by the end of the next Charter term, 2024-2025.

4. Hope Academy Charter School purchased its main facility at 601 Grand Avenue on November 29, 2016, resulting in an annual savings of \$174,000 over the prior lease agreement. The school renovated unfinished space to create a new Music Room and Records Room during the 2017-2018 school year. In June 2020, the school purchased an adjacent building at 500 Grand Avenue, to better accommodate students. The school moved forward with renovations during the 2020-21 fiscal year to bring the building in compliance with any municipal code violations. Due to the renovations and the COVID-19 Pandemic, the school was unable to open the building for the Kindergarten class during the 2020-21 school year. However Kindergarten students were able to use the facility during the 2021-22 school year. Having full ownership of both our buildings has allowed the school to realize an annual savings of approximately \$110,000 over the previous lease agreement. During the 2022-2023 school year the Board of Trustees worked collaboratively with school administrators to approve renovations to the 5th floor of campus 1 increasing the educational learning space which will continue throughout the 2023-24 school year.

5. INTERNAL ACCOUNTING CONTROLS: Management of the Board of Trustees is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control

should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management.

As a recipient of Federal and State financial assistance, the Charter School is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the Charter School management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal and State financial assistance programs, as well as to determine that the Charter School has complied with applicable laws, regulations, contracts, and grants.

6. BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2024.

7. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statement" Note 3. The Charter School adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT: The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive collision, hazard and theft insurance on property and contents.

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The

accounting firm of Meshinsky & Associates LLC, CPA's, was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, "*Audits of State, Local Governments and Non-Profits Organizations*" and New Jersey Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

10. ANTI-BULLYING: On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act ("Act") requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board members. N.J.S.A. 18A:37-22(d) and requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. In 2022-2023, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hope Academy Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,



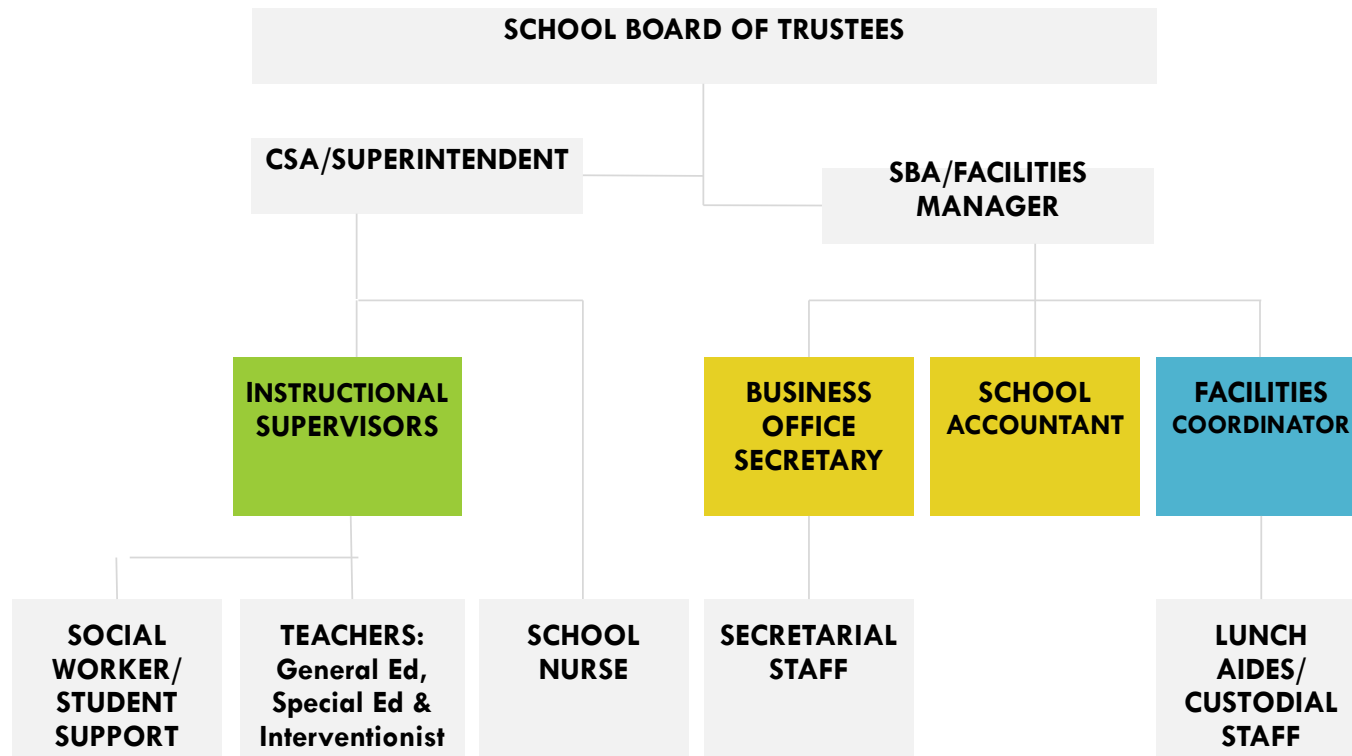
DaVisha T. Pratt
Superintendent/CSA



Felicia Kennedy
Business Administrator/Board Secretary

HOPE ACADEMY CHARTER SCHOOL

23-24 ORGANIZATION CHART



Hope Academy Charter School
Asbury Park, New Jersey

Roster of Officials
June 30, 2024

<u>Members of the Board of Trustees</u>	<u>Term Expires</u>
Claudia Morgan, President	2024
Sheree Sanders-Jones, Vice President	2025
Kevin Elam	2025
Jakora Holman	2024
Kanesha Jones	2025
Jasmine Marshall-Butler	2025
Estelle Cadet	2025

Other Officials

DaVisha Pratt, Superintendent/Chief School Administrator

Felicia Kennedy, School Business Administrator/Board Secretary

Hope Academy Charter School
Consultants and Advisors

Audit Firm

Jump, Perry and Company, L.L.P.
12 Lexington Avenue
Toms River, New Jersey 08753

Attorney

Adams Gutierrez & Lattiboudere, LLC
Woodbridge Tower
555 Route 1 South, Suite 240
Iselin, New Jersey 08830

Architect of Record

DiCara Rubino Architects
30 Galesi Dr, West Wing
Wayne, NJ 07470

Official Depositories

TD Bank
2200 Highway 66
Neptune, NJ 07753

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Trustees
Hope Academy Charter School:
County of Monmouth
Asbury Park, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hope Academy Charter School ("Charter School") in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hope Academy Charter School in the County of Monmouth, State of New Jersey as of June 30, 2024 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 Hope Academy Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of Hope Academy Charter School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 on our consideration of Hope Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hope Academy Charter School 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 Hope Academy Charter School's internal control over financial reporting and compliance.

Respectfully Submitted,

Jump, Perry and Company L.L.P.
Toms River, New Jersey

A handwritten signature in black ink, appearing to read 'Kathy Perry', with a stylized flourish at the end.

Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

December 16, 2024

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Hope Academy Charter School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

The discussion and analysis of Hope Academy Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for June 30, 2024 are as follows:

Net position totaled \$6,533,367, which represents a 22.63 percent increase from June 30, 2023.

General revenues accounted for \$6,421,742 in revenue or 90.26 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$692,596 or 9.74 percent of total revenues of \$7,114,338.

Total assets increased by \$999,371 as current assets decreased by \$(23,990) and capital assets, net increased by \$1,023,361.

The Charter School had \$5,908,548 in expenses; only \$692,596 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (tuition charges and related state aid) of \$6,421,742 were adequate to provide for these programs.

Among major funds, the General Fund had \$5,610,763 in revenues and \$5,680,744 in expenditures and transfers. The General Fund's balance decreased \$(69,981) over June 30, 2023. The General Fund's balance is \$4,014,237.

Using this Annual Comprehensive Financial Report (ACFR)

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Hope Academy Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the Charter School, presenting both an aggregate view of the Charter School's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For government funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Hope Academy Charter School, the General Fund is by far the most significant.

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities provide information about the activities of the Charter School and are designed to provide readers with a broad overview of the Charter School's finances, in a manner similar to private-sector business.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in net position. The change in net position is important because it informs the reader that the financial position of the Charter School has improved or worsened. The causes of the change may be the result of many factors, some financial and some not. Non-financial factors include, but are not limited to, the Charter School's enrollment, current laws in New Jersey restricting revenue growth, facility conditions, and required educational programs. In the Statement of Net Position and the Statement of Activities, the Charter School is divided into two kinds of activities:

Governmental Activities - All of the Charter School's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities and extracurricular activities.

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Fund is reported as a business activities.

Reporting the Charter School's Most Significant Funds

Fund Financial Statement

The Analysis of the Charter School's major funds begins with Exhibit B-1. Fund financial reports provide detailed information about the Charter School's major funds. The Charter School's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities.

The Charter School as a Whole

The Statement of Net Position provides the financial perspective of the Charter School as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

Table 1 provides a summary comparison of the Charter School's net position for June 30, 2024 and 2023.

Table 1

Net Position as of June 30, 2024 and June 30, 2023

	June 30, 2024			June 30, 2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 4,807,358	\$ 87,009	\$ 4,894,367	\$ 4,832,144	\$ 86,213	\$ 4,918,357
Capital assets, net	6,642,333	765	6,643,098	5,618,717	1,020	5,619,737
Total assets	11,449,691	87,774	11,537,465	10,450,861	87,233	10,538,094
 Deferred outflow of resources	 209,150	 -	 209,150	 245,273	 -	 245,273
Liabilities:						
Current liabilities	776,653	8,857	785,510	737,361	16,546	753,907
Long-term liabilities outstanding	4,332,422	-	4,332,422	4,571,987	-	4,571,987
Total liabilities	5,109,075	8,857	5,117,932	5,309,348	16,546	5,325,894
 Deferred inflow of resources	 95,316	 -	 95,316	 129,896	 -	 129,896
Net position:						
Net investment in capital assets	2,795,889	-	2,795,889	1,591,124	-	1,591,124
Restricted	91,468	-	91,468	10,565	-	10,565
Unrestricted	3,567,093	78,917	3,646,010	3,655,201	70,687	3,725,888
Total Net Position	<u>\$ 6,454,450</u>	<u>\$ 78,917</u>	<u>\$ 6,533,367</u>	<u>\$ 5,256,890</u>	<u>\$ 70,687</u>	<u>\$ 5,327,577</u>

The Charter School's combined net position was \$6,533,367 on June 30, 2024. This is a change of 22.63% from the previous year.

Table 2 provides a comparison analysis of Charter School's changes in net position from fiscal years June 30, 2024 and 2023.

Table 2

Changes in Net Position

	June 30, 2024			June 30, 2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 3,097	\$ 2,691	\$ 5,788	\$ -	\$ -	\$ -
Operating and capital grants and contributions	347,967	338,841	686,808	210,111	285,625	495,736
General revenues:						
Tuition	2,396,033	-	2,396,033	1,822,683	-	1,822,683
Federal and state aid	3,651,940	-	3,651,940	4,600,557	-	4,600,557
Investment earnings	100,698	2,414	103,112	59,502	1,235	60,737
Miscellaneous	270,657	-	270,657	54,264	-	54,264
Total revenues	<u>6,770,392</u>	<u>343,946</u>	<u>7,114,338</u>	<u>6,747,117</u>	<u>286,860</u>	<u>7,033,977</u>
Expenses						
Instructional services	2,564,233	-	2,564,233	3,198,376	-	3,198,376
Support services	2,886,349	335,716	3,222,065	2,802,175	289,877	3,092,052
Interest on long-term liabilities	122,250	-	122,250	-	-	-
Total expenses	<u>5,572,832</u>	<u>335,716</u>	<u>5,908,548</u>	<u>6,000,551</u>	<u>289,877</u>	<u>6,290,428</u>
Change in net position	<u>\$ 1,197,560</u>	<u>\$ 8,230</u>	<u>\$ 1,205,790</u>	<u>\$ 746,566</u>	<u>\$ (3,017)</u>	<u>\$ 743,549</u>

Government Activities

The tuition portion paid by the sending district is made up 35.39% of revenues for governmental activities for the fiscal year 2024. The Charter School's total revenues were \$6,770,392 for the year ended June 30, 2024. Federal, state and local grants accounted for another 64.61%.

The total cost of all programs and services was \$5,572,832. Instruction and instruction direct support comprises 63.86% of the Charter School's expenses.

Expenses for Fiscal Year June 30, 2024

Business-Type Activities

Revenues for the Charter School's business-type activities (food service program) were comprised of charges for services and grants.

Total Enterprise Fund revenues exceeded expenses by \$8,230.

Charges for services represent \$2,691 of revenue. This represents the amount paid by patrons for daily food service.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$338,841.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total costs of services and the net cost of services. The net cost shows the financial burden that was placed on the Charter School's taxpayers by each of these functions.

Table 3

Governmental Activities

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 2,564,233	\$ 2,564,233	\$ 2,351,790	\$ 2,988,265
Support Services:				
Pupils and Instructional Staff	994,737	643,673	1,138,897	756,928
General Administration, School Administration, Business Operation and Maintenance of Facilities	1,887,211	1,887,211	1,538,437	1,936,830
Pupil Transportation	4,401	4,401	-	-
Interest and Fiscal Charges	<u>122,250</u>	<u>122,250</u>	<u>108,417</u>	<u>108,417</u>
Total Expenses	<u>\$ 5,572,832</u>	<u>\$ 5,221,768</u>	<u>\$ 5,137,541</u>	<u>\$ 5,790,440</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Extracurricular activities includes expenses related to student activities provided by the Charter School which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership. Approximately 90% of the student population participates in extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

Interest expense relates to the mortgage the Charter school has on their building.

The Charter School's Funds

Information about the Charter School's major funds starts with Exhibit B-1. These funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$6,770,392 and expenditures of \$6,834,470. The net change in fund balance for the year was most significant in the General Fund, with the total decrease of \$(64,078).

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management.

The following schedule presents a summary of General Fund and Special Revenue Fund revenues for the fiscal year ended June 30, 2024.

<u>Revenue</u>	<u>2024 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2023</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 2,770,485	40.93 %	\$ 834,036	(43.07)%
State Sources	2,945,419	43.50	(527,829)	12.97
Federal Sources	<u>1,054,488</u>	<u>15.57</u>	<u>313,204</u>	<u>(42.25)</u>
Total	<u>\$ 6,770,392</u>	<u>100.00 %</u>	<u>\$ 619,411</u>	<u>(9.18)%</u>

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2024.

<u>Expenditures</u>	<u>2024 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2023</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 2,564,233	37.52 %	\$ 230,674	9.89 %
Undistributed Expenditures	2,602,638	38.08	(820,098)	(23.96)
Capital Outlay	1,364,200	19.98	1,312,632	390.55
Debt Service:				
Principal	181,149	2.63	5,033	2.78
Interest	<u>122,250</u>	<u>1.79</u>	<u>(5,354)</u>	<u>(4.38)</u>
Total	\$ <u>6,834,470</u>	<u>100.00 %</u>	\$ <u>722,887</u>	<u>11.87 %</u>

General Fund Budgeting Highlights

The Charter School's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2024, the Charter School amended its General Fund budget as needed. The Charter School uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

While the Charter School final budget for the General Fund anticipated that expenditures would exceed revenues by approximately \$675,000, the actual results for the year show a \$69,981 deficit.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2024, the Charter School had \$6,643,098 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2024 and June 30, 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,415,722	\$ 1,415,722	\$ -	\$ -	\$ 1,415,722	\$ 1,415,722
Construction in Progress	34,121	161,678	-	-	34,121	161,678
Building and Improvements	5,088,236	4,019,999	-	-	5,088,236	4,019,999
Machinery and Equipment	104,254	21,318	765	1,020	105,019	22,338
Total	<u>\$ 6,642,333</u>	<u>\$ 5,618,717</u>	<u>\$ 765</u>	<u>\$ 1,020</u>	<u>\$ 6,643,098</u>	<u>\$ 5,619,737</u>

During the current fiscal year, \$1,426,629 of capital assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

Debt Administration. The Charter School's long-term liabilities are as follows for the governmental and business-type activities:

	June 30, 2024	June 30, 2023
Mortgages Payable (net)	\$ 3,846,444	\$ 4,027,593
Pension Liability-PERS	<u>485,978</u>	<u>544,394</u>
Total long-term liabilities	<u>\$ 4,332,422</u>	<u>\$ 4,571,987</u>

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

Economic Factors and Next Year's Budget

For the 2023-2024 school year, the Charter School was able to sustain its budget through the state education aid and local revenue sources. Approximately 59.07% of the Charter School's revenue is from federal, state and local aid (restricted and not restricted), while 40.93% of total revenue is from local sources.

The \$3,567,093 in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the Charter School had to pay off all bills today, including all of the Charter School's non-capital liabilities (compensated absences, etc.), the Charter School would have that much in value.

The 2023-2024 budget was adopted in March 2023 based in part on the state education aid the Charter School anticipated receiving. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Charter School to come up with alternative funding sources.

The Charter School anticipates a slight increase in enrollment for the 2024-2025 fiscal year. If the Charter School were to experience a significant decrease in enrollment with no appreciable increase in state aid for future budgets, the Charter School will be faced with the following alternatives: (a) reduce programs and services, (b) seek alternative sources of funding.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Charter School's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Hope Academy Charter School, 601 Grand Avenue, Asbury Park, New Jersey, 07712.

BASIC FINANCIAL STATEMENTS

HOPE ACADEMY CHARTER SCHOOL
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	3,289,304	\$ 70,183	\$ 3,359,487
Restricted cash	75,000	-	75,000
Receivables - other governments	184,955	-	184,955
Receivables - state	170,375	687	171,062
Receivables - federal	370,569	16,139	386,708
Interfund receivable	702,625	-	702,625
Prepaid expenses	14,530	-	14,530
Capital assets, non-depreciable	1,415,722	-	1,415,722
Capital assets, depreciable, net:	5,226,611	765	5,227,376
Total assets	<u>11,449,691</u>	<u>87,774</u>	<u>11,537,465</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	209,150	-	209,150
Total deferred outflows of resources	<u>209,150</u>	<u>-</u>	<u>209,150</u>
LIABILITIES			
Accounts payable	42,571	-	42,571
Other liabilities	16,457	-	16,457
Interfund payable	702,625	-	702,625
Unearned revenue	15,000	8,857	23,857
Noncurrent liabilities:			
Due within one year	187,211	-	187,211
Due beyond one year	4,145,211	-	4,145,211
Total liabilities	<u>5,109,075</u>	<u>8,857</u>	<u>5,117,932</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred outflows - PERS	95,316	-	95,316
Total deferred outflows of resources	<u>95,316</u>	<u>-</u>	<u>95,316</u>
NET POSITION			
Net investment in capital assets	2,795,889	-	2,795,889
Restricted for:			
Student activities	16,468	-	16,468
Charter school escrow reserve	75,000	-	75,000
Unrestricted	3,567,093	78,917	3,646,010
Total net position	<u><u>6,454,450</u></u>	<u><u>\$ 78,917</u></u>	<u><u>\$ 6,533,367</u></u>

HOPE ACADEMY CHARTER SCHOOL
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 2,564,233	\$ -	\$ -	\$ -	\$ (2,564,233)	\$ -	\$ (2,564,233)
Support services and undistributed costs:							
Instruction	466,858	-	-	-	(466,858)	-	(466,858)
Health services	31,709	-	-	-	(31,709)	-	(31,709)
Other support services	148,203	3,097	-	-	(145,106)	-	(145,106)
General administrative services	660,521	-	-	-	(660,521)	-	(660,521)
School administrative services	137,790	-	-	-	(137,790)	-	(137,790)
Other operation & maintenance of plant	718,029	-	-	-	(718,029)	-	(718,029)
Student transportation services	4,401	-	-	-	(4,401)	-	(4,401)
Unallocated employee benefits	370,871	-	-	-	(370,871)	-	(370,871)
Non-budgeted expenses	347,967	-	347,967	-	-	-	-
Interest Expense	122,250	-	-	-	(122,250)	-	(122,250)
Total governmental activities	5,572,832	3,097	347,967	-	(5,221,768)	-	(5,221,768)
Business-type activities:							
Food Service	335,716	2,691	338,841	-	-	5,816	5,816
Total business-type activities	335,716	2,691	338,841	-	-	5,816	5,816
Total primary government	\$ 5,908,548	\$ 5,788	\$ 686,808	\$ -	\$ (5,221,768)	\$ 5,816	\$ (5,215,952)
General revenues:							
Tuition					\$ 2,396,033	\$ -	\$ 2,396,033
Federal and state aid not restricted					3,651,940	-	3,651,940
Interest					100,698	2,414	103,112
Miscellaneous income					270,657	-	270,657
Total general revenues					6,419,328	2,414	6,421,742
Change in net position before transfers					1,197,560	8,230	1,205,790
Transfers					-	-	-
Change in net position after transfers					1,197,560	8,230	1,205,790
Net position—beginning					5,256,890	70,687	5,327,577
Net position—ending					\$ 6,454,450	\$ 78,917	\$ 6,533,367

HOPE ACADEMY CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,925,780	\$ 363,524	\$ 3,289,304
Escrow	75,000	-	75,000
Interfund receivable	702,625	-	702,625
Receivables from other governments	184,955	-	184,955
Receivables from state	170,375	-	170,375
Receivables from federal	-	370,569	370,569
Prepaid expenses	14,530	-	14,530
Total assets	<u>4,073,265</u>	<u>734,093</u>	<u>4,807,358</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	42,571	-	42,571
Interfund payable	-	702,625	702,625
Payroll deductions and withholdings payable	16,457	-	16,457
Unearned revenue	-	15,000	15,000
Total liabilities	<u>59,028</u>	<u>717,625</u>	<u>776,653</u>
Fund Balances:			
Restricted for:			
Charter school escrow reserve	75,000	-	75,000
Student activities	-	16,468	16,468
Unassigned to:			
General fund	3,939,237	-	3,939,237
Total fund balances	<u>4,014,237</u>	<u>16,468</u>	<u>4,030,705</u>
Total liabilities and fund balances	<u>\$ 4,073,265</u>	<u>\$ 734,093</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			6,642,333
Deferred outflows related to the PERS pension plan			209,150
Deferred inflows related to the PERS pension plan		-	(95,316)
Long-term liabilities, including pension liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
Pension liability - PERS		(485,978)	
Mortgages Payable		(3,846,444)	
			<u>(4,332,422)</u>
Net position of governmental activities			<u>\$ 6,454,450</u>

HOPE ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Tuition charges	\$ 2,396,033	\$ -	\$ 2,396,033
Interest on investments	100,698	-	100,698
Miscellaneous	249,754	24,000	273,754
Total - Local sources	<u>2,746,485</u>	<u>24,000</u>	<u>2,770,485</u>
State sources	2,864,278	81,141	2,945,419
Federal sources	-	1,054,488	1,054,488
Total revenues	<u>5,610,763</u>	<u>1,159,629</u>	<u>6,770,392</u>
EXPENDITURES			
Current:			
Regular instruction	2,154,913	409,320	2,564,233
Undistributed - current:			
Instruction	226,293	240,565	466,858
Health services	4,497	27,212	31,709
Other support services	18,788	129,415	148,203
General administrative services	717,394	-	717,394
School administrative services	137,790	-	137,790
Other operation & maintenance of plant	377,445	-	377,445
Student transportation services	4,401	-	4,401
Unallocated employee benefits	370,871	-	370,871
Non-budgeted expenditures	347,967	-	347,967
Debt Service:			
Principal	181,149	-	181,149
Interest and other charges	122,250	-	122,250
Capital outlay	1,016,986	347,214	1,364,200
Total expenditures	<u>5,680,744</u>	<u>1,153,726</u>	<u>6,834,470</u>
Excess (Deficiency) of revenues over expenditures	<u>(69,981)</u>	<u>5,903</u>	<u>(64,078)</u>
Net change in fund balances	(69,981)	5,903	(64,078)
Fund balance—July 1	4,084,218	10,565	4,094,783
Fund balance—June 30	<u>\$ 4,014,237</u>	<u>\$ 16,468</u>	<u>\$ 4,030,705</u>

HOPE ACADEMY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024

Total net change in fund balances - governmental funds (from B-2)	\$	(64,078)
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey		56,873
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.
This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$	(241,335)	
Capital outlays		<u>1,264,951</u>	1,023,616

In the Statement of Activities payments made on Long Term Debt are uses of resources but are reductions of the liabilities on the Statement of Net Position.		<u>181,149</u>
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Change in net position of governmental activities	\$	<u>1,197,560</u>
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HOPE ACADEMY CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-type Activities - Enterprise Funds
	Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 70,183
Receivables from state	687
Receivables from federal	16,139
Total current assets	<u>87,009</u>
Noncurrent assets:	
Furniture, machinery & equipment	2,550
Less accumulated depreciation	<u>(1,785)</u>
Total noncurrent assets	765
Total assets	<u><u>\$ 87,774</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ -
Unearned revenue	<u>8,857</u>
Total current liabilities	<u>8,857</u>
NET POSITION	
Unrestricted	<u>78,917</u>
Total net position	<u>78,917</u>
Total liabilities and net position	<u><u>\$ 87,774</u></u>

See accompanying notes to financial statements.

HOPE ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales	\$ 2,691
Interest	2,414
Total charges for services	5,105
Operating expenses:	
Salaries	36,134
Other purchased services	292,980
Supplies and materials	6,347
Depreciation	255
Total operating expenses	335,716
Operating income (loss)	(330,611)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	6,390
State school breakfast program	7,674
Federal sources:	
School breakfast program	126,771
National school lunch program	172,802
School snack program	5,649
P-EBT Admin Cost Reimbursement	653
Supply Chain Assistance Funding	18,902
Total nonoperating revenues (expenses)	338,841
Income (loss) before contributions & transfers	8,230
Total net position—beginning	70,687
Total net position—ending	\$ 78,917

HOPE ACADEMY CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and other funds	\$ 5,105
Payments to employees & benefits	(36,134)
Payments to suppliers	(299,327)
Net cash provided by (used in) operating activities	(330,356)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	14,240
Federal sources	320,055
Net cash provided by (used in) non-capital financing activities	334,295
Net increase (decrease) in cash and cash equivalents	3,939
Balances—beginning of year	66,244
Balances—end of year	\$ 70,183
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (330,611)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and net amortization	255
Total adjustments	255
Net cash provided by (used in) operating activities	\$ (330,356)

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

1. Description of the Charter School and Reporting Entity

Hope Academy Charter School ("Charter School") is an instrumentality of the State of New Jersey, established to function as an education institution. Its mission is to establish a character school to serve as a neighborhood resource and as a model for other similar schools. The Hope Academy Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, section of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the board exercises operating control. The operation of the Charter School is a school located in Asbury Park. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

2. Summary of Significant Accounting Policies

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Charter School's accounting policies are described below.

A. Basis of Presentation

The Charter School's basic financial statements consists of Charter School-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

1. Charter School-Wide Statements

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

A. Basis of Presentation (Cont'd)

1. Charter School-Wide Statements (Cont'd)

The statement of net position presents the financial condition of the governmental activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

2. Fund Financial Statements

During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Charter School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Charter School uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

B. Fund Accounting (Cont'd)

1. Governmental Funds (Cont'd)

Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter School's major governmental funds:

General Fund - The General Fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

2. Proprietary Funds

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Charter School:

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

B. Fund Accounting (Cont'd)

2. Proprietary Funds (Cont'd)

Enterprise Fund - The Enterprise Fund is utilized to account for operations that were financed and operated in a manner similar to private business enterprises - where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing education basis be financed or recovered primarily through user charges; or, where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Charter School's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into invested in capital assets net of related debt and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations.

3. **Fiduciary Funds**

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others if applicable .

C. Measurement Focus

1. Charter School-Wide Financial Statements

The Charter School-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Charter School are included on the Statement of Net Position.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus (Cont'd)

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the charter school-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the charter school-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental funds types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both 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 equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

D. Basis of Accounting (Cont'd)

The Charter School receives a portion of the local tax levy and state aid from the several school districts based upon the number of enrolled students. The State Department of Education in conjunction with the local school district revises the amounts to be received by the Charter School three times a year based upon the enrollment counts on June 1, October 15, and the last day of the school year. The local tax levy and state aid are susceptible to accrual. The Charter School records the entire anticipated local tax levy to be received at the start of the fiscal year based upon the June 1 enrollment count and certification from the New Jersey State Department of Education, since the revenue is both measurable and available. The Charter School is entitled to receive monies under the established payment schedule, which is revised after each enrollment count date, and the unpaid amount is considered to be an "accounts receivable" or "(accounts payable)". At June 30, 2024, the Charter School had accounts receivable of \$340,165 that represented amounts that had not been repaid based upon the current year final enrollment count.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund-types. Unencumbered appropriations lapse at fiscal year end.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

E. Budgets/Budgetary Control (Cont'd)

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

F. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were no encumbrances at June 30, 2024.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

G. Cash, Cash Equivalents and Investments (Cont'd)

Additionally, the Hope Academy Charter School has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods are recorded as an expenditure during the year of purchase.

Enterprise fund Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather when purchased.

I. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

J. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the charter school-wide statement of net position but are not reported in the fund financial statements.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

J. Capital Assets (Cont'd)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Charter School maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	50 years
Building Improvements	20-40 years
Furniture and Equipment	5-10 years

K. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation liabilities are reported on the charter school-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The Charter School had no compensated absence liability at year end.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the charter school-wide financial statements.

In general, payables and accrued liabilities, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of compensated absences and mortgage payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

M. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

N. Unearned Revenue

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

O. Fund Balances

The fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1) Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.

2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

3) Committed - includes amounts that can be spent only for the specific purposes determined by a formal action of the Charter School's highest level of decision-making authority.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

O. Fund Balances (Cont'd)

4) Assigned - amounts intended to be used by the Charter School for specific purposes but do not meet the criteria to be classified as restricted or committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.

5) Unassigned - includes all spendable amounts not contained in the other classifications.

P. Revenues - Exchange and Nonexchange Transactions

Revenue resulting from Exchange Transactions, in which each party gives and receives essentially equal value, is recorded on the actual accrual basis when the Exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School available means within sixty days of the fiscal year end.

Nonexchange Transactions, in which the Charter School receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from Nonexchange Transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: state and local revenues available as an advance, interest, and tuition.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

R. Allocation of Indirect Expenses

The Charter School reports all Direct Expenses by function in the Statement of Activities. Direct Expenses are those that are clearly identifiable with a function. Indirect Expenses are allocated to functions but are reported separately in the Statement of Activities. Employee Benefits, including the employer's share of Social Security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the Indirect Expense column of the Statement of Activities. Depreciation expense that could not be attributable to a specific function is considered an Indirect Expense and is reported separately in the Statement of Activities. Interest on long-term debt is considered an Indirect Expense and is reported separately on the Statement of Activities.

S. Accrued Salaries and Wages

Certain Charter School employees, who provide services to the Charter School over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

T. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

U. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent 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 then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (Cont'd)

V. GASB Pronouncements

Recently Issued Accounting Pronouncements to be Implemented in Future Years

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Statement No. 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

3. Cash, Cash Equivalents and Investments

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-414 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the ACT, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2024, the Charter School's bank balance of \$3,799,051 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 3,799,051
Uninsured and Collateralized	-
	<u>\$ 3,799,051</u>

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

3. Deposits and Investments (Cont'd)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2024, the Charter School had no investments.

Restricted Cash

The restricted cash is the required Charter School Escrow Reserve. In accordance with the New Jersey Charter School agreement the Charter School has established an escrow that is restricted for the possible costs associated with the dissolution of the charter school. Within five years of the signing of the agreement, the reserve must reach a balance of \$75,000. At June 30, 2024, the balance of the escrow is \$75,000.

4. Receivables

Receivables at June 30, 2024, consisted of state aid, accrued interest, intergovernmental, and other. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

	Governmental Fund Financial Statements	Charter School-Wide Financial Statements
State aid	\$ 170,375	\$ 171,062
Federal aid	370,569	386,708
Other	<u>184,955</u>	<u>184,955</u>
	725,899	742,725
Less: allowance for credit losses	-	-
Total receivables, net	<u>\$ 725,899</u>	<u>\$ 742,725</u>

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

5. Interfund Balances

Transfers between funds are used to repay expenses paid by another fund. Due to General Fund from Special Revenue Fund representing cash advance.

The following interfund balances remained on the fund financial statements at June 30, 2024:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 702,625	\$ -
Special Revenue Fund	<u>-</u>	<u>702,625</u>
Total	<u>\$ 702,625</u>	<u>\$ 702,625</u>

6. Capital Assets

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

	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2024</u>
Governmental Activities:				
Not Being Depreciated				
Land	\$ 1,415,722	\$ -	\$ -	\$ 1,415,722
Construction in Progress	161,678	34,121	(161,678)	34,121
Being Depreciated:				
Building and Building Improvements	5,052,403	1,291,001	-	6,343,404
Machinery and Equipment	<u>103,208</u>	<u>101,507</u>	<u>-</u>	<u>204,715</u>
	<u>6,733,011</u>	<u>1,426,629</u>	<u>(161,678)</u>	<u>7,997,962</u>
Less: Accum Depr-build & build improv	(1,032,404)	(222,764)	-	(1,255,168)
Less: Accum Depr-mach & equip	<u>(81,890)</u>	<u>(18,571)</u>	<u>-</u>	<u>(100,461)</u>
	<u>(1,114,294)</u>	<u>(241,335)</u>	<u>-</u>	<u>(1,355,629)</u>
Governmental Activities Capital Fixed Assets, Net	<u>\$ 5,618,717</u>	<u>\$ 1,185,294</u>	<u>\$ (161,678)</u>	<u>\$ 6,642,333</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Building Improvements	\$ -	\$ -	\$ -	\$ -
Equipment	2,550	-	-	2,550
Less Accumulated Depreciation	<u>(1,530)</u>	<u>(255)</u>	<u>-</u>	<u>(1,785)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,020</u>	<u>\$ (255)</u>	<u>\$ -</u>	<u>\$ 765</u>

Depreciation expense was charged to functions as follows:

Operation and maintenance	\$ <u>241,335</u>
Total	\$ <u>241,335</u>

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

7. Long-Term Obligations

Changes in Long-Term Obligations for the year ended June 30, 2024, are as follows:

	Balance July 01, 2023	Increases/ Decreases	Balance June 30, 2024	Amounts Due Within One Year
<u>Governmental Activities:</u>				
Mortgages Payable	4,027,593	(181,149)	3,846,444	187,211
Pension Liability - PERS	544,394	(58,416)	485,978	-
	<u>\$ 4,571,987</u>	<u>\$ (239,565)</u>	<u>\$ 4,332,422</u>	<u>\$ 187,211</u>

For governmental activities, the pension liability - PERS are liquidated by the Charter School's general fund.

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

There are no serial bonds outstanding at June 30, 2024.

B. Bonds Authorized Not Issued

As of June 30, 2024, the Board had no bonds authorized.

C. Mortgage Payable

On November 29, 2016 the school purchased the building in the amount of \$4,312,500. The school obtained a first mortgage from TD Bank in the amount of \$3,056,250 with interest of 3.04% due November 1, 2041 requiring monthly principle and interest payments of \$14,662. The mortgage is collateralized by the land, building and equipment. In addition, the school obtained a second mortgage from NJEDA in the amount of \$1,018,750 with the interest at 2.50% due December 1, 2021 requiring monthly principle and interest payments of \$5,416. This mortgage is subject to a first mortgage held by TD Bank.

On June 9, 2020, the School purchased an additional building located at 500 Grand Avenue, Asbury Park, NJ in the amount of \$1,325,000. The School obtained a first mortgage from TD Bank in the amount of \$712,000 with interest at 3.70% due July 1, 2040 requiring monthly principal and interest payments of \$4,223. The mortgage is collateralized by the land, building and equipment. In addition, the School obtained a second mortgage from TD Bank in the amount of \$178,000 with interest at 3.50% due July 1, 2030 requiring monthly principal and interest payments of \$1,037 This mortgage is subject to a first mortgage held by TD Bank.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

7. Long-Term Obligations (Cont'd)

Principal and interest on these mortgages due as follows:

Year ended June 30,	Principal	Interest
2025	\$ 187,211	\$ 116,845
2026	193,015	111,041
2027	766,150	97,797
2028	153,743	85,318
2029	158,813	80,248
2030-2034	944,025	307,207
2035-2039	975,719	157,366
2040-2042	467,768	18,180
Total	<u>\$ 3,846,444</u>	<u>\$ 974,002</u>

8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2024, the Charter School reported a liability of \$485,978 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The Charter School's proportion of the net pension liability was based on the Charter School's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Charter School's proportion measured as of June 30, 2023, was .0033551878%, which was a decrease of .0002521292% from its proportion measured as of June 30, 2022.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

For the year ended June 30, 2024, the Charter School recognized full accrual pension expense of \$77,654 in the charter school-wide financial statements consisting of employer contributions of \$44,843 and non-employer contributions of \$32,811. This pension expense was based on the pension plans June 30, 2023 measurement date. At June 30, 2024, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 4,647	\$ 1,987
Changes of assumptions	1,068	29,452
Net difference between projected and actual earnings on pension plan investments	2,238	-
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	156,354	63,877
Charter School contributions subsequent to the measurement date	44,843	-
Total	<u>\$ 209,150</u>	<u>\$ 95,316</u>

\$44,843 reported as deferred outflows of resources resulting from Charter School contributions subsequent to the measurement date is estimated based on unadjusted 2023-2024 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2025 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 75,368
2025	42,068
2026	(58,786)
2027	10,520
2028	(179)
Total	<u>\$ 68,991</u>

Special Funding Situation - Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation.

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the Charter School as of June 30, 2024. At June 30, 2024, the State's proportionate share of the employer pension expense and related revenue, associated with the Charter School, calculated by the plan as of the June 30, 2023 measurement date was \$1,516.

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	5.16	-
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	5.08	-

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
June 30, 2023	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21, and 5.63 years for the 2023, 2022, 2021, 2020, 2019, and 2018, respectively.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions - The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate

Price	2.75%
Wage	3.25%

Salary Increases:	2.75% - 6.55%
	Based on years of service

Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return 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. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00 %	8.98 %
Non-U.S. Developed Markets Equity	12.75 %	9.22 %
International Small Cap Equity	1.25 %	9.22 %
Emerging Markets Equity	5.50 %	11.13 %
Private Equity	13.00 %	12.50 %
Real Estate	8.00 %	8.58 %
Real Assets	3.00 %	8.40 %
High Yield	4.50 %	6.97 %
Private Credit	8.00 %	9.20 %
Investment Grade Credit	7.00 %	5.19 %
Cash Equivalents	2.00 %	3.31 %
U.S. Treasuries	4.00 %	3.31 %
Risk Mitigation Strategies	3.00 %	6.21 %

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's 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 plan investments was applied to all projected benefit payments in determining the total pension liability.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the net pension liability	637,974	485,978	364,194

Additional Information - The following is a summary of the collective balances of the local group:

	6/30/24	6/30/23
Collective Deferred Outflows of Resources	1,080,204,730	1,660,772,008
Collective Deferred Inflows of Resources	1,780,216,457	3,236,303,935
Collective Net Pension Liability	14,606,489,066	15,219,184,920
Charter School's Portion	.0033551878%	.0036073170%

B. Teachers' Pension and Annuity (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

The vesting and benefit provisions are set by N.J.S.A 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

B. Teachers' Pension and Annuity (TPAF) (Cont'd)

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A. 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A. 18A:66-33*. Therefore, the Charter School is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Charter School does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

B. Teachers' Pension and Annuity (TPAF) (Cont'd)

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the Charter School as of June 30, 2023 was \$7,339,946. The Charter School's proportionate share was \$0.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The State's proportionate share of the net pension liability associated with the Charter School was based on projection of the State's long-term contributions to the pension plan associated with the Charter School relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2023, the State proportionate share of the TPAF net pension liability attributable to the Charter School was .0143828373%, which was an decrease of .00235052% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the State of New Jersey recognized a pension expense in the amount of \$666,367 for the State's proportionate share of the TPAF pension expense attributable to the Charter School. This pension expense was based on the pension plans June 30, 2023 measurement date.

Actuarial Assumptions - The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-4.25%
	based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

B. Teachers' Pension and Annuity (TPAF) (Cont'd)

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022.

Long-term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00 %	8.98 %
Non-U.S. Developed Markets Equity	12.75 %	9.22 %
International Small Cap Equity	1.25 %	9.22 %
Emerging Markets Equity	5.50 %	11.13 %
Private Equity	13.00 %	12.50 %
Real Estate	8.00 %	8.58 %
Real Assets	3.00 %	8.40 %
High Yield	4.50 %	6.97 %
Private Credit	8.00 %	9.20 %
Investment Grade Credit	7.00 %	5.19 %
Cash Equivalents	2.00 %	3.31 %
U.S. Treasuries	4.00 %	3.31 %
Risk Mitigation Strategies	3.00 %	6.21 %

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's 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 plan investments was applied to all projected benefit payments in determining the total pension liability.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

B. Teachers' Pension and Annuity (TPAF) (Cont'd)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability	8,668,237	7,339,946	6,241,689

Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additional Information - The following is a summary of the collective balances of the local group:

	<u>6/30/24</u>	<u>6/30/23</u>
Collective Deferred Outflows of Resources	2,502,380,838	5,004,259,312
Collective Deferred Inflows of Resources	14,830,205,473	19,682,774,794
Collective Net Pension Liability	51,109,961,824	51,676,587,303
Charter School's Portion	.0143828373%	.0167333546%

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

8. Pension Plans (Cont'd)

C. Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Plan is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A.43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Charter School's contributions to the DCRP for June 30, 2024 were \$1,899. There was no liability for unpaid contributions at June 30, 2024.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Charter School.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

9. Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefits Local Education Retired Employees Plan. The State Health Benefits Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefits Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

9. Post-Retirement Benefits (Cont'd)

State Health Benefit State Retired Employees Plan

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not prefund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

9. Post-Retirement Benefits (Cont'd)

Employees covered by benefit terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	152,383
Active plan members	<u>217,212</u>
Total	<u>369,595</u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.54%
Salary Increases through 2026	PERS 2.75%-6.55% PFRS 3.25%-16.25% TPAF 2.75%-4.25%
Discount Rate	3.65%
Healthcare Cost Trend Rates	4.5%-6.5%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

9. Post-Retirement Benefits (Cont'd)

Total Nonemployer OPEB Liability (Cont'd)

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate used to measure the total OPEB liability was 3.65%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the June 30, 2023 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the Charter School calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability of the State for School Retirees	\$61,385,066,712	\$52,361,668,239	\$45,116,926,835
Total OPEB Liability of the State Associated with the Charter School for School Retirees	\$4,719,784	\$4,025,992	\$3,468,957

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

9. Post-Retirement Benefits (Cont'd)

Sensitivity of the total OPEB liability to changes in the health care cost trend rates

The following presents the June 30, 2023 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the Charter School calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability of the State for School Retirees	\$43,468,257,358	\$52,361,668,239	\$63,998,719,320
Total OPEB Liability of the State Associated with the Charter School for School Retirees	\$3,342,194	\$4,025,992	\$4,920,743

Changes in the Total OPEB Liability reported by the State of New Jersey

Balance at at June 30, 2022	\$ 50,646,462,966
Changes for the year:	
Service cost	2,136,235,476
Interest on the total OPEB liability	1,844,113,951
Changes of benefit terms	-
Differences Between Expected and Actual Experience	(980,424,863)
Changes in assumptions	105,539,463
Gross benefit payments by the state	(1,437,516,858)
Contributions from members	<u>47,258,104</u>
Net changes	<u>1,715,205,273</u>
Balance at June 30, 2023	<u>\$ 52,361,668,239</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the board of education recognized OPEB expense of \$181,360 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

9. Post-Retirement Benefits (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

In accordance with GASB 75, the Hope Academy Charter School's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 7,639,717,639	\$ 13,791,541,217
Changes of assumptions	7,445,895,322	14,449,948,556
Contributions made in fiscal year ending 2024 after June 30, 2023 measurement date	-	-
Total	<u>\$ 15,085,612,961</u>	<u>\$ 28,241,489,773</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ (2,611,225,301)
2025	(2,611,225,301)
2026	(2,269,523,460)
2027	(1,338,024,839)
2028	(273,877,609)
Thereafter	(4,052,000,302)
Total	<u>\$ (13,155,876,812)</u>

10. Economic Dependency

The Charter School receives its support from federal, state and local governments. A significant reduction in the level of support, if this were to occur, would have an impact on the Charter School's programs and activities.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

11. Risk Management

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. See J-20.

12. Employee Retention credit

The CARES Act provides an employee retention credit ("CARES Employee Retention credit"), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. However, the ERC was terminated a quarter early by the enactment of the Infrastructure Investment and Jobs Act, P.L. 117-58, at the end of the third calendar quarter of 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter.

During 2024, the Charter School recorded \$213,457 in miscellaneous revenue on C-1 related to the CARES Employee Retention credit, which represents refunds due on the Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for the quarters ended June 30, 2020.

13. Fund Balance Appropriated

General Fund - of the \$4,014,237 General Fund balance at June 30, 2024, \$75,000 is the Charter School Escrow Reserve and \$3,939,237 is unassigned.

Special Revenue Fund - of the \$16,468 Special Revenue Fund balance at June 30, 2024 is restricted for student activities.

14. Contingent Liabilities

The Charter School is a party defendant in some lawsuits, none of a kind unusual for a Charter School of its size and scope of operation. In the opinion of the Charter School's Attorney the potential claims against the Charter School not covered by insurance policies would not materially affect the financial condition of the Charter School.

Hope Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2024

15. Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, December 16, 2024. No such disclosures were required.

16. Uncertain Tax Positions

The Charter School had no unrecognized tax benefits. Furthermore, the Charter School had no unrecognized tax benefits at June 30, 2024. The Charter School files tax returns in the U.S. federal jurisdiction and New Jersey. The Charter School has no open years prior to June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

HOPE ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Equalization aid (Local share)	\$ 2,113,821	\$ 282,212	\$ 2,396,033	\$ 2,396,033	\$ -
Interest earned	-	-	-	100,698	100,698
Miscellaneous	-	-	-	249,754	249,754
Total - local sources	<u>2,113,821</u>	<u>282,212</u>	<u>2,396,033</u>	<u>2,746,485</u>	<u>350,452</u>
State sources:					
Equalization aid (State share)	2,393,859	(279,277)	2,114,582	2,114,582	-
Special Education Aid	186,280	-	186,280	186,280	-
Security aid	161,326	(1,497)	159,829	159,829	-
Adjustment aid	27,270	-	27,270	27,270	-
Non-public state aid	28,350	-	28,350	28,350	-
TPAF LTDI (on-behalf - Non-budgeted)	-	-	-	449	449
TPAF post-retirement medical (on-behalf - Non-budgeted)	-	-	-	181,360	181,360
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	666,367	666,367
TPAF social security (reimbursed - Non-budgeted)	-	-	-	166,158	166,158
Total state sources	<u>2,797,085</u>	<u>(280,774)</u>	<u>2,516,311</u>	<u>3,530,645</u>	<u>1,014,334</u>
Total revenues	<u>\$ 4,910,906</u>	<u>\$ 1,438</u>	<u>\$ 4,912,344</u>	<u>\$ 6,277,130</u>	<u>\$ 1,364,786</u>
EXPENDITURES:					
Current Expenditures:					
Regular programs - instruction					
Kindergarten - salaries of teachers	\$ 176,565	\$ -	\$ 176,565	\$ 175,899	\$ 666
Grades 1-5 - salaries of teachers	915,225	-	915,225	915,225	-
Grades 6-8 - salaries of teachers	424,911	-	424,911	424,911	-
Other salaries for instruction	491,846	-	491,846	491,846	-
Purchased professional and technical support	50,158	-	50,158	47,058	3,100
General supplies	29,157	-	29,157	29,157	-
Textbooks	41,146	-	41,146	41,146	-
Miscellaneous expenses	29,671	-	29,671	29,671	-
Total regular programs - instruction	<u>2,158,679</u>	<u>-</u>	<u>2,158,679</u>	<u>2,154,913</u>	<u>3,766</u>
Undistributed expenditures - instruction					
School spons. cocurricular activities - instruction					
Purchased professional and technical support	2,478	-	2,478	2,478	-
General supplies	26,743	-	26,743	26,743	-
Total school spons. cocurricular activities - instruction	<u>29,221</u>	<u>-</u>	<u>29,221</u>	<u>29,221</u>	<u>-</u>
Health services					
Salaries	47,676	-	47,676	-	47,676
General Supplies	4,497	-	4,497	4,497	-
Total health services	<u>52,173</u>	<u>-</u>	<u>52,173</u>	<u>4,497</u>	<u>47,676</u>
Other support services - students - extra services					
Purchased professional educational services	23,838	-	23,838	-	23,838
Total other support service - students - regular	<u>74,420</u>	<u>-</u>	<u>74,420</u>	<u>64,419</u>	<u>10,001</u>
Other support services - students - special					
Salaries of other professional staff	132,653	-	132,653	132,653	-
Total other support services - students - special	<u>132,653</u>	<u>-</u>	<u>132,653</u>	<u>132,653</u>	<u>-</u>
Support services - general administration					
Salaries	390,028	-	390,028	390,028	-
Salaries of secretarial and clerical assistants	126,474	-	126,474	124,410	2,064
Legal services	5,310	-	5,310	5,310	-
Other purchased prof. services	92,031	-	92,031	82,937	9,094
Purchased professional and technical support	43,698	-	43,698	43,576	122
Auditor	18,071	-	18,071	16,736	1,335
Communications/telephone	24,970	-	24,970	24,245	725
General supplies	23,365	-	23,365	23,092	273
Interest Expense	122,428	-	122,428	122,250	178
Miscellaneous expenditures	8,128	-	8,128	7,060	1,068
Total support services - general administration	<u>854,503</u>	<u>-</u>	<u>854,503</u>	<u>839,644</u>	<u>14,859</u>
Support services - central services.					
Salaries	137,790	-	137,790	137,790	-
Total support services - central services.	<u>137,790</u>	<u>-</u>	<u>137,790</u>	<u>137,790</u>	<u>-</u>
Other operation & maint. of plant services					
Salaries	53,554	-	53,554	53,553	1
Cleaning, repair, and maint. services	129,965	-	129,965	123,202	6,763
Energy	68,299	-	68,299	65,918	2,381
Rental of land and blds. - other than lease purch. Agreements	-	-	-	-	-
Insurance	110,578	-	110,578	110,578	-
General supplies	8,718	-	8,718	8,705	13
Other objects	29,000	-	29,000	15,489	13,511
Total other operation & maint. of plant services	<u>\$ 400,114</u>	<u>\$ -</u>	<u>\$ 400,114</u>	<u>\$ 377,445</u>	<u>\$ 22,669</u>

HOPE ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student transportation services					
Other undist. expend. Student transportation	\$ 5,000	\$ -	\$ 5,000	\$ 4,401	\$ 599
Total student transportation services	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>4,401</u>	<u>599</u>
Other support services					
Other purchased services	20,000	-	20,000	18,788	1,212
Total other support services	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>18,788</u>	<u>1,212</u>
Unallocated benefits					
Social security contributions	48,366	-	48,366	44,397	3,969
Other retirement contributions - PERS	49,040	-	49,040	47,387	1,653
Other employee benefits	6,467	-	6,467	6,467	-
Unemployment compensation	16,000	-	16,000	14,299	1,701
Health benefits	258,321	-	258,321	258,321	-
Total unallocated benefits	<u>378,194</u>	<u>-</u>	<u>378,194</u>	<u>370,871</u>	<u>7,323</u>
On-behalf contributions:					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	449	(449)
On-behalf TPAF OPEB (post-retirement med) (non-budgeted)	-	-	-	181,360	(181,360)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	666,367	(666,367)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	166,158	(166,158)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,014,334</u>	<u>(1,014,334)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>2,084,068</u>	<u>-</u>	<u>2,084,068</u>	<u>2,994,063</u>	<u>(909,995)</u>
TOTAL GENERAL CURRENT EXPENDITURES	<u>4,242,747</u>	<u>-</u>	<u>4,242,747</u>	<u>5,148,976</u>	<u>(906,229)</u>
CAPITAL OUTLAY					
Instructional equipment	47,921	-	47,921	18,041	29,880
Non-instructional equipment	3,700	-	3,700	3,700	-
Mortgage Payments - Principal	181,149	-	181,149	181,149	-
Purchase of land/improvement	1,111,549	-	1,111,549	995,245	116,304
Total capital outlay	<u>1,344,319</u>	<u>-</u>	<u>1,344,319</u>	<u>1,198,135</u>	<u>146,184</u>
Total general fund	<u>5,587,066</u>	<u>-</u>	<u>5,587,066</u>	<u>6,347,111</u>	<u>(760,045)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(676,160)	1,438	(674,722)	(69,981)	(604,741)
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	(676,160)	1,438	(674,722)	(69,981)	(604,741)
Fund Balance, July 1	4,084,218	-	4,084,218	4,084,218	-
Fund Balance, June 30	<u>\$ 3,408,058</u>	<u>\$ 1,438</u>	<u>\$ 3,409,496</u>	<u>\$ 4,014,237</u>	<u>\$ (604,741)</u>
Recapitulation:					
Restricted Fund Balance:					
Escrow				75,000	
Assigned Fund Balance:					
Year-end encumbrances				-	
Designated for subsequent year's expenditures				-	
Unrestricted/undesignated				<u>\$ 3,939,237</u>	

HOPE ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ -	\$ 15,000	\$ 15,000	\$ 24,000	\$ 9,000
State sources	-	81,141	81,141	81,141	-
Federal sources	1,359,288	(305,868)	1,053,420	1,054,488	1,068
Total Revenues	1,359,288	(209,727)	1,149,561	1,159,629	10,068
EXPENDITURES					
Instruction:					
Personal services-salaries	122,000	69,408	191,408	191,408	-
Purchased professional and technical services	140,816	(33,442)	107,374	107,374	-
General supplies	7,977	62,249	70,226	70,226	-
Tuition	-	-	-	-	-
Other objects	102,932	(62,620)	40,312	40,312	-
Total instruction	373,725	35,595	409,320	409,320	-
Support services:					
Personal services - salaries	429,702	(259,031)	170,671	170,671	-
Purchased professional and technical services	78,760	(8,866)	69,894	69,894	-
Other purchased services	73,000	(5,183)	67,817	67,817	-
Employee benefits	34,087	(6,875)	27,212	27,212	-
Travel	-	-	-	-	-
Supplies- materials	39,800	18,701	58,501	58,501	-
Student Activities	-	3,097	3,097	3,097	-
Total support services	655,349	(258,157)	397,192	397,192	-
EXPENDITURES:					
Facilities acquisition and const. serv.:					
Regular programs instruction	330,214	(172,238)	157,976	157,976	-
Non-instructional equipment	-	189,238	189,238	189,238	-
Total facilities acquisition and const. serv.	330,214	17,000	347,214	347,214	-
Total expenditures	1,359,288	(205,562)	1,153,726	1,153,726	-
Excess (deficiency) of revenues Over (under) expenditures	\$ -	\$ (4,165)	\$ (4,165)	\$ 5,903	\$ 10,068
Fund Balance, July 1				10,565	
Fund Balance, June 30				\$ 16,468	

HOPE ACADEMY CHARTER SCHOOL
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to Required Supplementary Information
For the Year Ended June 30, 2024

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 6,277,130	[C-2]	\$ 1,159,629
Difference - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(666,367)		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 5,610,763</u>	[B-2]	<u>\$ 1,159,629</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 6,347,111	[C-2]	\$ 1,153,726
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(666,367)		-
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 5,680,744</u>	[B-2]	<u>\$ 1,153,726</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

HOPE ACADEMY CHARTER SCHOOL
Required Supplementary Information
Schedule of the Charter School's Proportionate Share of the Net Pension Liability-PERS
For the Year Ended June 30, 2024

Last 10 Fiscal Years*

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Charter School's proportion of the net pension liability	N/A	N/A	0.0033551878%
Charter School's proportionate share of the net pension liability	\$ 279,291	\$ 544,394	\$ 485,978
Charter School's covered-employee payroll	N/A	N/A	\$ -
Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	65.23%

The amounts presented were determined as of the fiscal year-end that occurred one year before the Charter School's fiscal year end.

* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

HOPE ACADEMY CHARTER SCHOOL
Required Supplementary Information
Schedule of the Charter School Contributions-PERS
For the Year Ended June 30, 2024

Last 10 Fiscal Years*

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contributions	\$ 27,610	\$ 45,490	\$ 44,843
Contributions in relation to the contractually required contribution	<u>27,610</u>	<u>45,490</u>	<u>44,843</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered-employee payroll	\$ -	\$ -	\$ 403,189
Contributions as a percentage of covered-employee payroll	N/A	N/A	11.12%

The amounts presented were determined as of the fiscal year-end that occurred one year before the Charter School's fiscal year end.

* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

HOPE ACADEMY CHARTER SCHOOL
Required Supplementary Information
Schedule of the Charter School's Proportionate Share of Net Pension Liability-TPAF
For the Year Ended June 30, 2024

Last 10 Fiscal Years*

	<u>2023</u>	<u>2024</u>
State's proportion of the net pension liability associated with the District	N/A	0.0143828373%
State's proportionate share of the net pension liability associated with the District	\$ -	\$ 7,339,946
Charter School's covered-employee payroll	\$ -	\$ 3,248,494
Proportionate share of the net pension liability as a percentage of Charter School's covered-employee payroll	N/A	226%
Plan fiduciary net position as a percentage of the total pension liability	N/A	34.68%

The Charter School has a special funding situation and is not required to make any payments for this liability therefore it is not recorded on the ACFR.

The amounts presented were determined as of the fiscal year-end that occurred one year before the Charter School's fiscal year end.

* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

HOPE ACADEMY CHARTER SCHOOL
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2024
(Unaudited)

Last 10 Fiscal Years*

	<u>2023</u>	<u>2024</u>
State's proportion of the OPEB liability associated with the Charter School		
Service cost	\$ 392,963	\$ 309,047
Interest cost	93,803	141,791
Changes of benefit terms	-	-
Differences between expected and actual experiences	461,771	134,333
Changes in assumptions	(949,529)	8,115
Member contributions	2,981	3,634
Gross benefit payments	<u>(92,915)</u>	<u>(110,528)</u>
Net change in total OPEB liability	(90,926)	486,392
State's Total OPEB liability - beginning	<u>3,630,526</u>	<u>3,539,600</u>
State's Total OPEB liability - ending	<u><u>\$ 3,539,600</u></u>	<u><u>\$ 4,025,992</u></u>
Charter School's covered employee payroll	<u>N/A</u>	<u>\$ 3,248,494</u>
Total State's OPEB liability as a percentage of covered employee payroll	N/A	124%

* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

Hope Academy Charter School
Notes to the Required Supplementary Information - Part III
For the Year Ended June 30, 2024

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 7.00% as of June 30, 2022, to 7.00% as of June 30, 2023.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 7.00% as of June 30, 2022, to 7.00% as of June 30, 2023.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 3.54% as of June 30, 2022, to 3.65% as of June 30, 2023.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules
Not Applicable

E. Special Revenue Fund

HOPE ACADEMY CHARTER SCHOOL
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2024

	Local 23/24	NJ High-Impact Tutoring 23/24	Title I 23/24	ARP Learning Coach 23/24	ARP MH 23/24
Revenues:					
Local sources	\$ 15,000	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	33,659	150,347	18,417	1,068
Total revenues	<u>15,000</u>	<u>33,659</u>	<u>150,347</u>	<u>18,417</u>	<u>1,068</u>
Expenditures:					
Instruction:					
Salaries	15,000	31,268	103,267	4,393	-
Purchased professional services	-	-	16,400	-	-
General supplies	-	-	7,640	5,890	-
Tuition	-	-	-	-	-
Other Objects	-	-	-	-	-
Total instruction	<u>15,000</u>	<u>31,268</u>	<u>127,307</u>	<u>10,283</u>	<u>-</u>
Support services:					
Other support services -					
students - special:					
Salaries	-	-	14,065	5,500	-
Purchased prof. and tech. services	-	-	-	1,878	-
Other purchased services	-	-	-	-	-
Employee benefits	-	2,391	8,975	756	-
Travel	-	-	-	-	-
Supplies and materials	-	-	-	-	1,068
Student activities	-	-	-	-	-
Total support services	<u>-</u>	<u>2,391</u>	<u>23,040</u>	<u>8,134</u>	<u>1,068</u>
Equipment:					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 15,000</u>	<u>\$ 33,659</u>	<u>\$ 150,347</u>	<u>\$ 18,417</u>	<u>\$ 1,068</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HOPE ACADEMY CHARTER SCHOOL
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2024

	ARP Homeless 23/24	Student Activities 23/24	ESSER II MH 23/24	ARP ESSER 23/24	ARP Summer Learning 23/24
Revenues:					
Local sources	\$ -	\$ 9,000	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	829	-	8,147	365,142	20,818
Total revenues	<u>829</u>	<u>9,000</u>	<u>8,147</u>	<u>365,142</u>	<u>20,818</u>
Expenditures:					
Instruction:					
Salaries	-	-	-	19,450	13,425
Purchased professional services	-	-	-	7,950	-
General supplies	-	-	-	9,807	-
Tuition	-	-	-	-	-
Other Objects	-	-	-	11,112	-
Total instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,319</u>	<u>13,425</u>
Support services:					
Other support services -					
students - special:					
Salaries	-	-	-	88,671	2,000
Purchased prof. and tech. services	-	-	-	39,262	1,554
Other purchased services	-	-	-	61,996	1,561
Employee benefits	-	-	-	8,271	1,180
Travel	-	-	-	-	-
Supplies and materials	829	-	8,147	39,045	1,098
Student activities	-	3,097	-	-	-
Total support services	<u>829</u>	<u>3,097</u>	<u>8,147</u>	<u>237,245</u>	<u>7,393</u>
Equipment:					
Regular programs instruction	-	-	-	79,578	-
Non-instructional equipment	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,578</u>	<u>-</u>
Total expenditures	<u>\$ 829</u>	<u>\$ 3,097</u>	<u>\$ 8,147</u>	<u>\$ 365,142</u>	<u>\$ 20,818</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>-</u>	<u>5,903</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1	<u>-</u>	<u>10,565</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 16,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HOPE ACADEMY CHARTER SCHOOL
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2024

	SDA Emergency 23/24	CSP 23/24	ARP BSD 23/24	I.D.E.A Regular Program Part B 23/24	I.D.E.A Preschool Part B Preschool 23/24	Total 2024
Revenues:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,000
State sources	81,141	-	-	-	-	81,141
Federal sources	-	368,079	2,481	83,024	2,477	1,054,488
Total revenues	<u>81,141</u>	<u>368,079</u>	<u>2,481</u>	<u>83,024</u>	<u>2,477</u>	<u>1,159,629</u>
Expenditures:						
Instruction:						
Salaries	-	-	2,304	-	2,301	191,408
Purchased professional services	-	-	-	83,024	-	107,374
General supplies	-	46,889	-	-	-	70,226
Tuition	-	-	-	-	-	-
Other Objects	-	29,200	-	-	-	40,312
Total instruction	<u>-</u>	<u>76,089</u>	<u>2,304</u>	<u>83,024</u>	<u>2,301</u>	<u>409,320</u>
Support services:						
Other support services -						
students - special:						
Salaries	-	60,435	-	-	-	170,671
Purchased prof. and tech. services	-	27,200	-	-	-	69,894
Other purchased services	-	4,260	-	-	-	67,817
Employee benefits	-	5,286	177	-	176	27,212
Travel	-	-	-	-	-	-
Supplies and materials	-	8,314	-	-	-	58,501
Student activities	-	-	-	-	-	3,097
Total support services	<u>-</u>	<u>105,495</u>	<u>177</u>	<u>-</u>	<u>176</u>	<u>397,192</u>
Equipment:						
Regular programs instruction	-	78,398	-	-	-	157,976
Non-instructional equipment	81,141	108,097	-	-	-	189,238
Total equipment	<u>81,141</u>	<u>186,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,214</u>
Total expenditures	<u>\$ 81,141</u>	<u>\$ 368,079</u>	<u>\$ 2,481</u>	<u>\$ 83,024</u>	<u>\$ 2,477</u>	<u>\$ 1,153,726</u>
Excess (deficiency) of revenues						
Over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,903</u>
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,565</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,468</u>

F. Capital Projects Fund
Not Applicable

G. Proprietary Funds
(See B-4 to B-6)

H. Fiduciary Funds
Not Applicable

I. Long-Term Debt

HOPE ACADEMY CHARTER SCHOOL
Long-Term Debt
Mortgage on Buildings
For the Year Ended June 30, 2024

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2023	Issued	Payment/ Retired	Balance June 30, 2024
			Date	Amount					
Mortgage - 601 Grand Ave	11/29/2016	\$ 3,056,250							
			2025	\$ 103,737	3.04%				
			2026	107,004	3.04%				
			2027	110,373	3.04%				
			2028	113,849	3.04%				
			2029	117,433	3.04%				
			2030	121,131	3.04%				
			2031	124,945	3.04%				
			2032	128,880	3.04%				
			2033	132,938	3.04%				
			2034	137,124	3.04%				
			2035	141,441	3.04%				
			2036	145,895	3.04%				
			2037	150,489	3.04%				
			2038	155,228	3.04%				
			2039	160,115	3.04%				
			2040	165,157	3.04%				
			2041	170,358	3.04%				
2042	82,460	3.04%	2,469,591	-	101,034	2,368,557			
2nd Mortgage - 601 Grand Ave	11/29/2016	1,018,750	2025	47,722	2.50%				
			2026	48,928	2.50%				
			2027	617,314	2.50%	760,075	-	46,111	713,964
Mortgage - 500 Grand Ave	6/9/2020	712,000.00							
			2025	28,532	3.70%				
			2026	29,606	3.70%				
			2027	30,720	3.70%				
			2028	31,876	3.70%				
			2029	33,076	3.70%				
			2030	34,321	3.70%				
			2031	35,612	3.70%				
			2032	36,953	3.70%				
			2033	38,343	3.70%				
			2034	39,786	3.70%				
			2035	41,284	3.70%				
			2036	42,837	3.70%				
			2037	44,450	3.70%				
			2038	46,122	3.70%				
			2039	47,858	3.70%				
2040	49,793	3.70%	638,297	-	27,128	611,169			
2nd Mortgage - 500 Grand Ave	6/9/2020	178,000.00	2025	7,220	3.50%				
			2026	7,477	3.50%				
			2027	7,743	3.50%				
			2028	8,018	3.50%				
			2029	8,304	3.50%				
			2030	8,599	3.50%				
			2031	105,393	3.50%	159,630	-	6,876	152,754
						\$ 4,027,593	\$ -	\$ 181,149	\$ 3,846,444

STATISTICAL SECTION

**Hope Academy Charter School
Statistical Section**

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the Charter School's financial performance and well being have changed over time.	95-100
Revenue Capacity These schedules contain information to help the reader assess the Charter School's most significant local revenue source, the property tax.	N/A
Debt Capacity These schedules present information to help the reader assess the affordability of the Charter School's current levels of outstanding debt and the Charter School's ability to issue additional debt in the future.	N/A
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Charter School's financial activities take place.	101
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the district provides and the activities it performs.	102-105
Performance Framework	106

***Sources:** Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.*

HOPE ACADEMY CHARTER SCHOOL
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 180,690	\$ 161,671	\$ 440,105	\$ 691,783	\$ 741,131	\$ 1,269,607	\$ 1,301,362	\$ 1,375,225	\$ 1,591,124	\$ 2,795,889
Restricted	-	-	-	-	-	-	6,837	9,181	85,565	91,468
Unrestricted	494,856	886,286	947,915	1,120,534	1,328,121	1,577,895	2,189,883	2,949,802	3,655,201	3,567,093
Total governmental activities net position	675,546	1,047,957	1,388,020	1,812,317	2,069,252	2,847,502	3,498,082	2,166,504	5,331,890	6,454,450
Business-type activities										
Net investment in capital assets	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	51,720	62,325	38,736	26,339	27,413	31,718	19,202	73,704	70,687	78,917
Total business-type activities net position	51,720	62,325	38,736	26,339	27,413	31,718	19,202	63,667	70,687	78,917
Charter School-wide										
Net investment in capital assets	180,690	161,671	440,105	691,783	741,131	1,269,607	1,301,362	1,375,225	1,591,124	2,795,889
Restricted	-	-	-	-	-	-	6,837	9,181	85,565	91,468
Unrestricted	546,576	948,611	986,651	1,146,873	1,355,534	1,609,613	2,209,085	3,023,506	3,725,888	3,646,010
Total charter school-wide net position	\$ 727,266	\$ 1,110,282	\$ 1,426,756	\$ 1,838,656	\$ 2,096,665	\$ 2,879,220	\$ 3,517,284	\$ 2,230,171	\$ 5,402,577	\$ 6,533,367

Source: ACFR Schedule A-1 and Charter School records.

HOPE ACADEMY CHARTER SCHOOL
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,695,594	\$ 1,668,512	\$ 1,677,519	\$ 1,871,371	\$ 2,083,770	\$ 2,184,840	\$ 2,545,030	\$ 3,086,564	\$ 3,198,376	\$ 2,564,233
Support Services:										
School support services	1,017,742	908,291	640,505	493,446	650,608	640,938	585,424	1,116,703	1,138,897	646,770
Pupil transportation	-	-	-	-	-	-	-	-	-	4,401
General administration	649,632	720,048	873,959	1,008,098	1,070,503	1,089,576	1,252,099	1,132,643	1,385,191	1,169,182
Other support services	-	-	-	-	-	-	-	-	-	718,029
Capital outlay	53,708	24,299	178,482	114,516	27,458	162,400	194,396	334,432	151,883	-
Non-budgeted expenditures	19,019	19,019	95,732	506,394	391,247	316,132	512,952	617,102	508,173	347,967
Interest expense	-	-	-	-	-	-	-	-	-	122,250
Total governmental activities expenses	<u>3,435,695</u>	<u>3,340,169</u>	<u>3,466,197</u>	<u>3,993,825</u>	<u>4,223,586</u>	<u>4,393,886</u>	<u>5,089,901</u>	<u>6,287,444</u>	<u>6,382,520</u>	<u>5,572,832</u>
Business-type activities:										
Food service	132,874	146,673	190,129	186,335	188,206	163,807	129,781	282,029	289,877	335,716
Total business-type activities expense	<u>132,874</u>	<u>146,673</u>	<u>190,129</u>	<u>186,335</u>	<u>188,206</u>	<u>163,807</u>	<u>129,781</u>	<u>282,029</u>	<u>289,877</u>	<u>335,716</u>
Total charter school-wide expenses	<u>3,568,569</u>	<u>3,486,842</u>	<u>3,656,326</u>	<u>4,180,160</u>	<u>4,411,792</u>	<u>4,557,693</u>	<u>5,219,682</u>	<u>6,569,473</u>	<u>6,672,397</u>	<u>5,908,548</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Central and other support services	-	-	-	-	-	-	-	-	-	3,097
Operating grants and contributions	78,028	71,166	39,496	456,324	359,682	307,621	484,525	602,891	592,080	347,967
Total governmental activities program revenues	<u>78,028</u>	<u>71,166</u>	<u>39,496</u>	<u>456,324</u>	<u>359,682</u>	<u>307,621</u>	<u>484,525</u>	<u>602,891</u>	<u>592,080</u>	<u>351,064</u>
Business-type activities:										
Charges for services										
Food service	3,302	2,494	2,915	4,093	6,133	3,520	-	-	-	5,105
Operating grants and contributions	141,777	154,784	163,675	169,845	183,147	164,592	117,265	336,531	286,860	338,841
Total business type activities program revenues	<u>145,079</u>	<u>157,278</u>	<u>166,590</u>	<u>173,938</u>	<u>189,280</u>	<u>168,112</u>	<u>117,265</u>	<u>336,531</u>	<u>286,860</u>	<u>343,946</u>
Total charter school-wide program revenues	<u>\$ 223,107</u>	<u>\$ 228,444</u>	<u>\$ 206,086</u>	<u>\$ 630,262</u>	<u>\$ 548,962</u>	<u>\$ 475,733</u>	<u>\$ 601,790</u>	<u>\$ 939,422</u>	<u>\$ 878,940</u>	<u>\$ 695,010</u>

HOPE ACADEMY CHARTER SCHOOL
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue										
Governmental activities	\$ (3,357,667)	\$ (3,269,003)	\$ (3,426,701)	\$ (3,537,501)	\$ (3,863,904)	\$ (4,086,265)	\$ (4,605,376)	\$ (5,684,553)	\$ (5,790,440)	\$ (5,221,768)
Business-type activities	12,205	10,605	(23,539)	(12,397)	1,074	4,305	(12,516)	54,502	(3,017)	8,230
Total charter school-wide net expense	<u>(3,345,462)</u>	<u>(3,258,398)</u>	<u>(3,450,240)</u>	<u>(3,549,898)</u>	<u>(3,862,830)</u>	<u>(4,081,960)</u>	<u>(4,617,892)</u>	<u>(5,630,051)</u>	<u>(5,793,457)</u>	<u>(5,213,538)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Tuition charges	574,921	539,439	535,785	562,243	758,933	911,852	1,043,212	1,332,994	1,822,683	2,396,033
Federal and State Aid Restricted	2,936,983	3,059,255	3,013,381	3,244,708	3,344,635	3,743,091	4,035,226	4,988,369	4,600,557	3,651,940
Miscellaneous income	34,391	42,720	158,160	30,532	17,271	49,310	14,321	27,677	113,766	371,355
Total governmental activities	<u>3,546,295</u>	<u>3,641,414</u>	<u>3,707,326</u>	<u>3,837,483</u>	<u>4,120,839</u>	<u>4,704,253</u>	<u>5,092,759</u>	<u>6,349,040</u>	<u>6,537,006</u>	<u>6,419,328</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	52	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>3,546,347</u>	<u>3,641,414</u>	<u>3,707,326</u>	<u>3,837,483</u>	<u>4,120,839</u>	<u>4,704,253</u>	<u>5,092,759</u>	<u>6,349,040</u>	<u>6,537,006</u>	<u>6,419,328</u>
Change in Net Position										
Governmental activities	188,628	372,411	280,625	299,982	256,935	617,988	487,383	664,487	746,566	1,197,560
Business-type activities	12,257	10,605	(23,539)	(12,397)	1,074	4,305	(12,516)	54,502	(3,017)	8,230
Total charter school-wide	<u>\$ 200,885</u>	<u>\$ 383,016</u>	<u>\$ 257,086</u>	<u>\$ 287,585</u>	<u>\$ 258,009</u>	<u>\$ 622,293</u>	<u>\$ 474,867</u>	<u>\$ 718,989</u>	<u>\$ 743,549</u>	<u>\$ 1,205,790</u>

Source: ACFR Schedule A-2 and Charter School records.

HOPE ACADEMY CHARTER SCHOOL
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Unassigned	1,153,326	1,568,796	1,669,352	1,821,697	1,917,191	2,127,172	2,694,718	3,355,881	4,009,218	3,939,237
Total general fund	<u>1,153,326</u>	<u>1,568,796</u>	<u>1,669,352</u>	<u>1,821,697</u>	<u>1,992,191</u>	<u>2,202,172</u>	<u>2,769,718</u>	<u>3,430,881</u>	<u>4,084,218</u>	<u>4,014,237</u>
All Other Governmental Funds										
Restricted										
Special revenue fund	-	-	-	-	-	-	-	-	-	16,468
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,468</u>

Source: ACFR Schedule B-1 and Charter School records.

HOPE ACADEMY CHARTER SCHOOL
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Tuition charges	\$ 574,921	\$ 539,439	\$ 535,785	\$ 562,243	\$ 758,933	\$ 911,852	\$ 1,043,212	\$ 1,309,817	\$ 1,800,926	\$ 2,396,033
Miscellaneous	41,891	145,424	158,160	30,532	17,271	49,310	32,617	50,854	135,523	374,452
State sources	2,637,767	2,790,436	2,822,145	3,039,504	3,125,862	3,610,851	3,538,724	3,957,313	4,069,384	2,945,419
Federal sources	369,744	237,281	230,732	252,026	247,328	238,767	565,915	1,148,016	741,284	1,054,488
Total revenue	<u>3,624,323</u>	<u>3,712,580</u>	<u>3,746,822</u>	<u>3,884,305</u>	<u>4,149,394</u>	<u>4,810,780</u>	<u>5,180,468</u>	<u>6,466,000</u>	<u>6,747,117</u>	<u>6,770,392</u>
Expenditures										
Instruction										
Regular Instruction	1,358,919	1,344,338	1,279,558	1,447,363	1,519,573	1,642,031	1,811,011	2,140,034	2,333,559	2,564,233
Support Services:										
Instruction support services	-	-	-	-	-	-	-	-	-	466,858
Health Services	-	-	-	-	-	-	-	-	-	31,709
Other support services	956,980	865,571	640,505	572,278	650,608	640,938	585,424	1,234,154	1,186,444	148,203
Administration	-	-	-	-	-	-	-	-	-	4,401
General administrative services	1,011,428	1,062,902	1,232,993	1,361,039	1,615,768	1,647,230	2,004,237	2,044,226	2,236,292	1,226,055
Operation and maintenance of grounds	-	-	-	-	-	-	-	-	-	377,445
Employee benefits	-	-	-	-	-	-	-	-	-	347,967
Capital outlay	53,708	24,299	243,210	351,280	192,951	192,477	212,250	384,079	336,101	1,667,599
Total expenditures	<u>3,381,035</u>	<u>3,297,110</u>	<u>3,396,266</u>	<u>3,731,960</u>	<u>3,978,900</u>	<u>4,122,676</u>	<u>4,612,922</u>	<u>5,802,493</u>	<u>6,092,396</u>	<u>6,834,470</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>243,288</u>	<u>415,470</u>	<u>350,556</u>	<u>152,345</u>	<u>170,494</u>	<u>688,104</u>	<u>567,546</u>	<u>663,507</u>	<u>654,721</u>	<u>(64,078)</u>
Net change in fund balances	<u>\$ 243,288</u>	<u>\$ 415,470</u>	<u>\$ 350,556</u>	<u>\$ 152,345</u>	<u>\$ 170,494</u>	<u>\$ 688,104</u>	<u>\$ 567,546</u>	<u>\$ 663,507</u>	<u>\$ 654,721</u>	<u>\$ (64,078)</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.88%

Source: ACFR Schedule B-2 and Charter School records

Note: Noncapital expenditures are total expenditures less capital outlay.

HOPE ACADEMY CHARTER SCHOOL
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest	Miscellaneous	Annual Totals
2015	\$ 744	\$ 41,147	\$ 41,891
2016	1,153	144,271	145,424
2017	1,410	156,750	158,160
2018	1,670	28,862	30,532
2019	1,880	15,391	17,271
2020	2,159	47,151	49,310
2021	2,195	12,126	14,321
2022	2,274	25,403	27,677
2023	59,502	76,021	135,523
2024	100,698	249,754	350,452

Source: Charter School records

HOPE ACADEMY CHARTER SCHOOL
Demographic and Economic Statistics
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	N/A
2020	N/A	N/A	N/A	N/A
2021	N/A	N/A	N/A	N/A
2022	N/A	N/A	N/A	N/A
2023	16,116	26,370	13,516	7.4
2024	15,391	N/A	N/A	N/A

Source: Charter School records

HOPE ACADEMY CHARTER SCHOOL
Full-time Equivalent Charter School Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Instruction										
Regular	18.0	22.0	23.0	23.0	24.0	25.0	27.0	29.0	31.0	34.0
Support Services:										
General administration	6.0	6.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	6.0
Other support services	7.5	4.0	3.0	5.0	7.0	7.0	9.0	9.0	8.0	7.0
Special Schools										
Food Service	0.0	0.0	2.0	2.0	1.0	1.0	1.0	3.0	3.0	3.0
Child Care										
Total	<u>31.5</u>	<u>32.0</u>	<u>32.0</u>	<u>34.0</u>	<u>36.0</u>	<u>37.0</u>	<u>41.0</u>	<u>45.0</u>	<u>47.0</u>	<u>50.0</u>

Source: Charter School Personnel Records

HOPE ACADEMY CHARTER SCHOOL
Operating Statistics
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/ Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2015	204.0	3,327,327	16,310	-8.55%	18.0	11.0:1	203.5	195.3	-0.53%	95.16%
2016	207.0	3,272,811	15,811	-3.06%	22.0	9.4:1	206.4	197.2	1.39%	95.94%
2017	207.0	3,153,056	15,232	-3.66%	23.0	9.4:1	206.9	197.2	0.00%	95.95%
2018	218.0	3,256,364	14,937	8.07%	23.0	10.6:1	2016.6	210.7	4.69%	97.30%
2019	236.0	3,673,290	15,565	4.20%	25.0	9.8:1	231.8	225.3	9.28%	93.07%
2020	250.0	3,819,320	15,277	-1.85%	25.0	10.0:1	249.1	239.9	7.46%	95.96%
2021	252.0	4,400,672	17,463	14.31%	27.0	9.3:1	250.9	240.2	0.01%	0.00%
2022	265.0	5,418,414	20,447	17.09%	29.0	9.1:1	257.6	247.7	2.68%	96.16%
2023	281.0	5,756,295	20,485	0.19%	31.0	9.06:1	274.1	263.7	10.73%	96.22%
2024	292.0	4,360,359	14,933	-27.10%	34.0	8.59:1	280.7	270.2	11.88%	96.27%

Sources: Charter School records

Note: Enrollment based on annual October charter school count for FYE 2024.

- a Operating expenditures equal total expenditures less debt service, on behalf and capital outlay per schedule C -1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

HOPE ACADEMY CHARTER SCHOOL
School Building Information
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District Building										
<u>601 Grand Avenue</u>										
Academy Charter High School										
Square Feet	32,630	32,630	32,630	32,630	32,630	32,630	32,630	32,630	32,630	32,630
Capacity (students)										
Enrollment	206	207	207	218	236	250	250	250	250	292
 <u>500 Grand Avenue</u>										
Square Feet						6,450	6,450	6,450	6,450	6,450
Capacity (students)										
Enrollment										

Source: Charter School Records

HOPE ACADEMY CHARTER SCHOOL
Insurance Schedule
June 30, 2024

	<u>Coverage</u>	<u>Deductible</u>
<u>School Package Policy</u>		
General Liability	\$ 5,000,000	\$ -
Employee Benefits Liability Limit	5,000,000	2,500
School Leaders Professional Liability	5,000,000	5,000
Sexual Abuse and Molestation	10,000,000	
Boiler Machinery	100,000,000	
Employee Dishonesty	500,000	
Money and Securities	2,500,000	
Environmental Impairment Liability	1,000,000	
Fund Aggregate	25,000,000	
Critical Incident Management	25,000	
		-

Source: Charter school records

HOPE ACADEMY CHARTER SCHOOL
Charter School Performance Framework, Financial Performance, Fiscal Ratios
Audited Performance Indicators
Unaudited

	2022 Audit	2023 Audit	2024 Audit	Source
Cash (unrestricted)	2,644,407	3,755,673	3,359,487	Audit: Exhibit A-1
Current Assets (include cash)	4,504,655	4,918,357	4,894,367	Audit: Exhibit A-1
Current Liabilities	992,164	753,907	785,510	Audit: Exhibit A-1
Total Expenses	5,210,215	5,427,418	5,908,548	Audit: Exhibit A-2
Change in Net Position	718,989	743,549	1,205,790	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	258	281	274	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	265	287	272	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	147,423	144,435	241,335	Auditor/Workpapers
Interest Expense	121,351	127,604	122,250	Auditor/Workpapers
Principal Payments	171,639	176,116	181,149	Auditor/Workpapers
Interest Payments	121,351	127,604	122,250	Auditor/Workpapers

3 YR CUM							
Performance Indicators		2022	2023	2024		Calculation****	Target****
Near Term Indicators							
1a.	Current Ratio (working capital ratio)	4.54	6.52	6.23		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	Unrestricted days cash on hand	185	253	208		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	Enrollment Variance	97%	98%	101%	99%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	Default on loans or delinquent in debt payments	NO	NO	NO		Auditor	not in default
Sustainability Indicators							
2a***	3 Year Cumulative Cash Flow	254,348	1,111,266	(396,186)	969,428	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	Debt Service Coverage Ratio	3.37	3.34	5.17		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

- * For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available
 ** Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 *** 2024 =2024 Cash - 2023 Cash; 2023 =2023 Cash-2022 Cash; 2022 =2022 Cash-2021 Cash
 **** Refer to NJ Performance Framework

Meets Standard

Does Not Meet Standard

Falls Far Below Standard

SINGLE AUDIT SECTION



K-1

**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***

Honorable President and
Members of the Board of Trustees
Hope Academy Charter School
County of Monmouth
Asbury Park, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hope Academy Charter School in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise of the Hope Academy Charter School basic financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

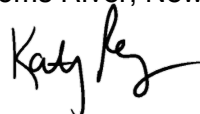
As part of obtaining reasonable assurance about whether the Hope Academy Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

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 Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Jump, Perry and Company, L.L.P.
Toms River, New Jersey



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

December 16, 2024

K-2

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and
Members of the Board of Trustees
Hope Academy Charter School
County of Monmouth
Asbury Park, New Jersey

Report on Compliance for Each Major Federal and State Program
Opinion on Each Major Federal and State Program

We have audited Hope Academy Charter School's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Hope Academy Charter School's major federal and state programs for the year ended June 30, 2024. Hope Academy Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hope Academy Charter School 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 and state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State 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) and the New Jersey OMB Circular 15-08. 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 Hope Academy Charter School 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 Hope Academy Charter School'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 Hope Academy Charter School's federal and state 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 Hope Academy Charter School'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 and New Jersey OMB Circular 15-08 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 Hope Academy Charter School's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, and New Jersey OMB Circular 15-08, 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 Hope Academy Charter School'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 Hope Academy Charter School'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 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Hope Academy Charter School'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.

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 and state 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 and state 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 and state 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 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Jump, Perry and Company L.L.P.
Toms River, NJ



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

December 16, 2024

HOPE ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards, Schedule A
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2023	Cash Received/(paid)	Budgetary Expenditures	Deferred Revenue at June 30, 2024	Accounts Receivable at June 30, 2024	Due to Grantor at June 30, 2024
U.S. Department of Treasury Passed-through New Jersey Department of Education: High Impact Tutoring	21.027	E2400391	7/1/23-6/30/24	48,000	-	30,761	(33,659)	-	(2,898)	-
U.S. Department of Education Passed-through New Jersey Department of Education: Title I, Basic Allocation	84.010	S010A220030	7/1/22-6/30/23	\$ 157,837	\$ (18,666)	\$ 18,666	\$ -	\$ -	\$ -	\$ -
Title I, Basic Allocation	84.010	S010A230030	7/1/23-6/30/24	194,169	-	133,087	(150,347)	-	(17,260)	-
Title II - Part A	84.367A	S367A220029	7/1/22-6/30/23	14,709	(7,209)	7,209	-	-	-	-
Charter School Program - RC	84.282A	S282A230020	7/1/23-6/30/24	1,500,000	(119,031)	327,706	(368,079)	-	(159,404)	-
Special Education Cluster: I.D.E.A. Part B Basic-Regular	84.027A	H027A220100	7/1/22-6/30/23	70,682	(18,699)	18,699	-	-	-	-
I.D.E.A. Part B Basic-Regular	84.027A	H027A230100	7/1/23-6/30/24	83,024	-	83,024	(83,024)	-	-	-
I.D.E.A. Part B Preschool-Regular	84.173A	H173A220114	7/1/22-6/30/23	3,585	(3,485)	3,485	-	-	-	-
I.D.E.A. Part B Preschool-Regular	84.173A	H173A230114	7/1/23-8/31/24	2,477	-	2,180	(2,477)	-	(297)	-
Subtotal of Special Education Cluster					(22,184)	107,388	(85,501)	-	(297)	-
Elementary and Secondary Education Cluster: ARP ESSER	84.425U	S425U240027	3/13/20-9/30/24	1,173,922	(38,814)	224,370	(365,142)	-	(179,586)	-
ARP ESSER - Accelerated Learning Coach & Ed	84.425U	S425U240027	3/13/20-9/30/24	50,000	(4,858)	13,711	(18,417)	-	(9,564)	-
ARP ESSER - Evidence Based Summer Learning & Enr	84.425U	S425U240027	3/13/20-9/30/24	40,000	-	20,818	(20,818)	-	-	-
ARP ESSER - Evidence Based Comprehensive Beyond	84.425U	S425U240027	3/13/20-9/30/24	40,000	-	921	(2,481)	-	(1,560)	-
ARP ESSER - NJTSS Mental Health Support	84.425U	S425U240027	3/13/20-9/30/24	40,000	-	1,068	(1,068)	-	-	-
ARP ESSER - Homeless	84.425W	S425W240031	3/13/20-9/30/24	2,875	(661)	1,490	(829)	-	-	-
ESSER II - CR Mental Health	84.425D	S425D240027	3/13/20-9/30/23		(3,914)	12,061	(8,147)	-	-	-
Subtotal Elementary and Secondary Education Cluster					(48,247)	274,439	(416,902)	-	(190,710)	-
Total U.S. Department of Education					(215,337)	868,495	(1,020,829)	-	(367,671)	-
U.S. Department of Agriculture Passed-through New Jersey Department of Agriculture: Child Nutrition Cluster: Supply Chain Assistance Funding	10.555	241NJ304N1099	7/1/23-6/30/24	11,213	16,546	11,213	(18,902)	8,857	-	-
P-EBT Administrative Cost Grant	10.649	2022225900941	7/1/23-6/30/24	653	-	653	(653)	-	-	-
School Snack Program	10.553	231NJ304N1199	7/1/22-6/30/23	5,649	-	5,649	(5,649)	-	-	-
School Breakfast Program	10.553	231NJ304N1199	7/1/22-6/30/23	102,533	(11,218)	11,218	-	-	-	-
School Breakfast Program	10.553	241NJ304N1199	7/1/23-6/30/24	126,771	-	119,586	(126,771)	-	(7,185)	-
National School Lunch Program	10.555	231NJ304N1199	7/1/22-6/30/23	159,393	(7,888)	7,888	-	-	-	-
National School Lunch Program	10.555	241NJ304N1199	7/1/23-6/30/24	172,802	-	163,848	(172,802)	-	(8,954)	-
Subtotal of Child Nutrition Cluster					(2,560)	320,055	(324,777)	8,857	(16,139)	-
Total Enterprise (Food Service) Fund					(2,560)	320,055	(324,777)	8,857	(16,139)	-
Total Expenditures of Federal Awards					\$ (217,897)	\$ 1,219,311	\$ (1,379,265)	\$ 8,857	\$ (386,708)	\$ -

See accompanying notes to schedules of expenditures.

HOPE ACADEMY CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2024

											MEMO	
State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2024	(Accounts Receivable) at June 30, 2024	Due to Grantor at June 30, 2024	Budgetary Receivable	Cumulative Total Expenditures	
New Jersey Department of Education												
General Fund:												
Special Education Categorical Aid	24-495-034-5120-089	7/1/23-6/30/24	\$ 186,280	\$ -	\$ 186,280	\$ (186,280)	\$ -	\$ -	\$ -	-	(186,280)	
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	2,768,952	(103,502)	103,502	-	-	-	-	-	-	
Equalization Aid	24-495-034-5120-078	7/1/23-6/30/24	2,114,582	-	1,959,372	(2,114,582)	-	(155,210)	-	-	(2,114,582)	
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	159,829	-	159,829	(159,829)	-	-	-	-	(159,829)	
Adjustment Aid	24-495-034-5120-085	7/1/23-6/30/24	27,270	-	27,270	(27,270)	-	-	-	-	(27,270)	
Non-public Aid	21-495-034-5120-000	7/1/23-6/30/24	28,350	-	28,350	(28,350)	-	-	-	-	(28,350)	
TPAF Pension Contribution	24-495-034-5094-002	7/1/23-6/30/24	666,367	-	666,367	(666,367)	-	-	-	-	(666,367)	
TPAF Post-Retirement Medical	24-495-034-5094-001	7/1/23-6/30/24	181,360	-	181,360	(181,360)	-	-	-	-	(181,360)	
TPAF TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23-6/30/24	449	-	449	(449)	-	-	-	-	(449)	
Reimbursed TPAF Social Security Tax Contribution	23-495-034-5094-003	7/1/22-6/30/23	154,275	(15,196)	15,196	-	-	-	-	-	-	
Reimbursed TPAF Social Security Tax Contribution	24-495-034-5094-003	7/1/23-6/30/24	166,158	-	150,993	(166,158)	-	(15,165)	-	-	(166,158)	
Total General Fund				(118,698)	3,478,968	(3,530,645)	-	(170,375)	-	-	(3,530,645)	
Special Revenue Fund:												
SDA Emergency	24-100-034-5120-519	7/1/23-6/30/24	81,141	-	81,141	(81,141)	-	-	-	-	(81,141)	
Total Special Revenue Fund				-	81,141	(81,141)	-	-	-	-	(81,141)	
Enterprise Fund:												
State School Breakfast Program	24-100-010-3350-023	7/1/22-6/30/23	7,674	-	7,277	(7,674)	-	(397)	-	-	(7,674)	
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	5,197	(863)	863	-	-	-	-	-	-	
State School Lunch Program	24-100-010-3350-023	7/1/22-6/30/23	6,390	-	6,100	(6,390)	-	(290)	-	-	(6,390)	
Total Enterprise Fund				(863)	14,240	(14,064)	-	(687)	-	-	(14,064)	
Total State Expenditures Subject to Single Audit Determination				\$ (119,561)	\$ 3,574,349	\$ (3,625,850)	\$ -	\$ (171,062)	\$ -	\$ -	\$ (3,625,850)	
State Expenditures Not Subject to Major Program Determination												
General fund:												
TPAF Pension Contribution	24-495-034-5094-002	7/1/23-6/30/24	666,367	-	666,367	(666,367)	-	-	-	-	(666,367)	
TPAF Post-Retirement Medical	24-495-034-5094-001	7/1/23-6/30/24	181,360	-	181,360	(181,360)	-	-	-	-	(181,360)	
TPAF TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23-6/30/24	449	-	449	(449)	-	-	-	-	(449)	
Total State Expenditures Not Subject to Major Program Determination				-	848,176	(848,176)	-	-	-	-	(848,176)	
Total Expenditures of State Awards Subject to Major Program Determination				\$ (119,561)	\$ 2,726,173	\$ (2,777,674)	\$ -	\$ (171,062)	\$ -	\$ -	\$ (2,777,674)	

See accompanying notes to schedules of expenditures.

Hope Academy Charter School

Notes to the Schedules of Awards and Financial Assistance

June 30, 2024

1. General

The accompanying schedules of expenditures of awards present the activity of all federal and state awards of the Hope Academy Charter School. The Charter School is defined in Note 1 to the Charter School's general purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 2 to the Charter School's basic financial statements.

3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

Hope Academy Charter School

Notes to the Schedules of Awards and Financial Assistance (continued)

June 30, 2024

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(666,367) for the general fund and none for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 2,864,278	\$ 2,864,278
Special Revenue Fund	1,054,488	81,141	1,135,629
Food Service Fund	<u>324,777</u>	<u>14,064</u>	<u>338,841</u>
Total awards and financial assistance	\$ <u>1,379,265</u>	\$ <u>2,959,483</u>	\$ <u>4,338,748</u>

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2024.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 15-08.

6. Indirect Costs

The Charter School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Hope Academy Charter School
 Schedule of Findings and Questioned Costs
 June 30, 2024

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to general-purpose financial statements noted? _____ yes X no

Federal Awards Section

Internal Control over major programs:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section .516(a) of Circular the Uniform Guidance? _____ yes X no

Hope Academy Charter School
Schedule of Findings and Questioned Costs
June 30, 2024

Section I - Summary of Auditor's Results (continued)

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	S425D240027	Elementary and Secondary School Emergency Relief Fund
84.425U	S425U240027	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)
84.425W	S425W240031	American Rescue Plan - Homeless Children and Youth (ARP-HCY)
84.282A	S282A230020	Charter School Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

Hope Academy Charter School

Schedule of Findings and Questioned Costs (continued)

June 30, 2024

Section I - Summary of Auditor's Results (continued)State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued on compliance for major programs: Unmodified Opinion

Internal Control over major programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08?

 yes X no

Identification of major programs:

Grant or State Project Number(s)

Name of State Program

State Aid-Public Cluster

24-495-034-5120-078

24-495-034-5120-084

24-495-034-5120-089

24-495-034-5120-085

Equalization Aid

Security Aid

Special Education Categorical Aid

Adjustment Aid

Hope Academy Charter School

Schedule of Findings and Questioned Costs (continued)

June 30, 2024

Section II - Financial Statements Findings - None

**Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs
- None**

Hope Academy Charter School
Summary Schedule of Prior Audit Findings
June 30, 2024

Summary Schedule of Prior Audit Findings - None.