

FOUNDATION ACADEMY CHARTER SCHOOL
AUDITOR'S MANAGEMENT REPORT
FISCAL YEAR ENDED JUNE 30, 2024

Barre & Company LLC
Certified Public Accountants & Consultants

FOUNDATION ACADEMY CHARTER SCHOOL

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS FINANCIAL, COMPLIANCE AND PERFORMANCE

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BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

Report of Independent Auditors


Honorable President and
Members of the Board of Trustees
Foundation Academy Charter School
County of Mercer, New Jersey

We have audited, in accordance with generally accepted audit standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Trustees of the Foundation Academy Charter School in the County of Mercer for the year ended June 30, 2024, and have issued our report thereon dated December 6, 2024.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Foundation Academy Charter School Board of Trustees' management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-O1181

Union, New Jersey
December 6, 2024

Administrative Findings – Financial, Compliance and Performance

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Trustees, and the records of the various funds under the auspices of the Board of Trustees.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the Charter School's ACFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Diana Ubaldo	Business Administrator	\$100,000.00
Monique Bonnier	Treasurer	\$200,000.00

Tuition Charges

A review of financial statements indicated that the Charter School charged no tuition for any student attending the Charter School and all proceeds for a before/after school program were accounted for in an Enterprise Fund.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the designee in the Charter School and were certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the treasurer of school moneys with a warrant made to his order for the full amount of each payroll.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting (Continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted during our review.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23A-16.2(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of the all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 1.90% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

No exceptions or discrepancies were noted in the general classification of expenditures.

B. Administrative Classification Findings

No exceptions or discrepancies were noted in the administrative classification of expenditures.

Board Secretary's Records

Our review of the financial and accounting records maintained by the business office disclosed no exceptions or discrepancies.

Treasurer's Records

There were no items noted during our review of the records of the Treasurer.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance and/or questionable cost.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

The Charter School's Special Projects were approved as listed on Schedule A and Schedule B located in the ACFR.

Our audit of the federal and state funds on a test basis, indicated the obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects did not indicate any areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements (electronic, but Charter Schools can print out the DOENET screen for an auditor) filed with the Department of Education for Charter School employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and the school contracts in general, are available on the following website:

https://nj.gov/dca/dlgs/programs/NJ_LAPL.shtml

Current statute is posted on the New Jersey Legislature website at:

<http://www.njleg.state.nj.us/>

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$20,200 effective 2021-22.

The Charter School board of trustees has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Administrative Findings – Financial, Compliance and Performance

School Purchasing Programs (Continued)

Based on the results of my examination, I did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance of *N.J.S.A. 18A:18A-4*, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for “Professional Services” per *N.J.S.A. 18A:18A-5*.

School Food Service

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. The charter school utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17- 34*, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable Fixed Price or Non-Competitive Emergency Procurement contract/addendum were reviewed and audited.

All vendor discounts, rebates, and credits from vendors and/or the FSMC were June 30, 2024 tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

Net cash resources did exceed three months average expenditures.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

No Exceptions Noted.

Administrative Findings – Financial, Compliance and Performance

Student Body Activities

During our review of the student activity funds, there were no items noted. Enrollment Counts and Submissions to the Department

Our audit procedures included a test of enrollment information reported on October 15, 2023 and the last day of school for on-roll, special education, bilingual and low-income.

Follow-up on Prior Year Findings

Not Applicable

Acknowledgment

We received the complete cooperation of all the officials of the Charter School and we greatly appreciate the courtesies extended to the members of the audit team.

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY
FOUNDATION ACADEMY CHARTER SCHOOL
FOOD SERVICE FUND
NUMBER FOR MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Program	Meal Category	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	(Over) Under Claim
National School Lunch (Regular Rate)	NJEIE	2,171				3.85	
	Paid	15,085	9,051	9,051	-	0.08	\$ -
	Reduced	18,321	10,993	10,993	-	3.92	-
	Free	115,187	69,112	69,112	-	4.32	-
	TOTAL	148,593	89,156	89,156	-		-
School Breakfast (Severe Need Rate)	NJEIE	1,387				2.35	
	Paid	9,443	5,666	5,666	-	0.38	\$ -
	Reduced	12,421	7,453	7,453	-	2.43	-
	Free	78,771	47,263	47,263	-	2.73	-
	TOTAL	100,635	60,381	60,381	-		\$ -
TOTAL NET OVERCLAIM							\$ -

**FOUNDATION ACADEMY CHARTER SCHOOL
NET CASH RESOURCE SCHEDULE**

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
For the Fiscal Year Ended June 30, 2024**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
ACFR	Current Assets		
B-4	Cash & Cash Equiv.	\$	389,883
B-4	Due from Other Gov'ts		175,203
B-4	Accounts Receivable		-
B-4	Investments		-
ACFR	Current Liabilities		
B-4	Less Accounts Payable		(97,919)
B-4	Less Accruals		-
B-4	Less Due to Other Funds		(96,709)
B-4	Less Deferred Revenue		-
	Net Cash Resources	\$	<u>370,458.00</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	\$	905,622	
B-5	Less Depreciation		-	
	Adj. Tot. Oper. Exp.	\$	<u>905,622.00</u>	(B)

Average Monthly Operating Expense:

B / 10	\$	<u>90,562.20</u>	(C)
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Three times monthly Average:

3 X C	\$	<u>271,686.60</u>	(D)
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TOTAL IN BOX A	\$	370,458.00	
LESS TOTAL IN BOX D	\$	271,686.60	
NET	\$	<u>98,771.40</u>	
From above:			
A is greater than D, cash exceeds 3 X average monthly operating expenses.			
D is greater than A, cash does not exceed 3 X average monthly operating expenses.			

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

FOUNDATION ACADEMY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 16, 2023

Grades	Submission to DOE Reported on Roll	Sample													
		Reported on Workpapers	Verified Signed Registration Forms		Verified # Days Enrolled		Special Ed/ Bilingual		Verified Documentation		Verified # of Days Service Provided		Low Income	Verified Documentation	Errors
					Errors				Errors				Errors		Errors
Kindergarten	87	87	87		87		33	33		33		82	82		
One	86	86	86		86		36	36		36		79	79		
Two	82	82	82		82		20	20		20		72	72		
Three	84	84	84		84		28	28		28		78	78		
Four	85	85	85		85		23	23		23		71	71		
Five	86	86	86		86		8	8		8		66	66		
Six	85	85	85		85		6	6		6		70	70		
Seven	86	86	86		86		4	4		4		63	63		
Eight	81	81	81		81		7	7		7		63	63		
Nine	93	93	93		93		4	4		4		76	76		
Ten	92	92	92		92		3	3		3		66	66		
Eleven	80	80	80		80		3	3		3		64	64		
Twelve	63	63	63		63		2	2		2		52	52		
Totals	1,090	1,090	1,090	-	1,090	-	177	177	-	177	177	902	902	-	
Percentage				0.00%		0.00%			0.00%					0.00%	

SCHEDULE OF AUDITED ENROLLMENTS

FOUNDATION ACADEMY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2024

Grades	Submission to DOE Reported on Roll	Sample										Low Income	Verified Documentation	Errors
		Reported on Workpapers	Verified Signed Registration Forms	Errors	Verified # Days Enrolled	Errors	Special Ed/ Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided	Errors			
Kindergarten	84	84	84		84		33	33		33		80	80	
One	86	86	86		86		33	33		33		79	79	
Two	82	82	82		82		21	21		21		72	72	
Three	84	84	84		84		26	26		26		78	78	
Four	83	83	83		83		15	15		15		70	70	
Five	86	86	86		86		7	7		7		66	66	
Six	83	83	83		83		6	6		6		68	68	
Seven	83	83	83		83		3	3		3		61	61	
Eight	84	84	84		84		6	6		6		65	65	
Nine	89	89	89		89		2	2		2		71	71	
Ten	90	90	90		90		2	2		2		62	62	
Eleven	82	82	82		82		3	3		3		60	60	
Twelve	63	63	63		63		2	2		2		51	51	
Totals	1,079	1,079	1,079	-	1,079	-	159	159	-	159	-	883	883	-
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%

**FOUNDATION ACADEMY CHARTER SCHOOL
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Findings and Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid/Charter School Enrollment System/Charter School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

None