

Hatikvah

INTERNATIONAL ACADEMY CHARTER SCHOOL

בית הספר הצ'רטר הבינלאומי - התקווה

Хатиква *L'espoir* *Esperanza* हतीक्वाह Ἀτικβῆ 希望 *Yakaar*



**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

**PREPARED BY
HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL**

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

Table of Contents

Introductory Section

Letter of Transmittal	1-7
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10

Financial Section

Report of Independent Auditors.....	12-14
-------------------------------------	-------

Required Supplementary Information – Part I

Management’s Discussion and Analysis	16-23
--	-------

Basic Financial Statements

A Charter School-wide Financial Statements:

A-1 Statement of Net Position	25a
A-2 Statement of Activities	26

B Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	29
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	30
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31

Proprietary Funds:

B-4 Statement of Net Position	33
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position.....	34
B-6 Statement of Cash Flows	35

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

Table of Contents

Fiduciary Funds:	
Fiduciary Funds	Not Applicable

Notes to the Basic Financial Statements.....	38-78
--	-------

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:

C-1 Budgetary Comparison Schedule – General Fund.....	80
C-2 Budgetary Comparison Schedule – Special Revenue Fund.....	81

Notes to the Required Supplementary Information

C-3 Budget-to-GAAP Reconciliation.....	83
--	----

Required Supplementary Information – Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):

L-1 Schedule of the Charter School Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System (PERS).....	84
L-2 Schedule of Charter School Contributions – Public Employee’s Retirement System (PERS)	85
L-3 Schedule of the Charter School Proportionate Share of the Net Pension Liability – Teacher’s Pension and Annuity Fund (TPAF).....	86

M. Schedule Related to Accounting and Reporting for OPEB (GASB 75)

M-1 Schedule of the State’s Proportionate Share of the Net OPEB Liability Associated with the Charter School and Changes in the Total OPEB Liability Related Ratios - (PERS and TPAF).....	87
Notes to Required Supplementary Information – Pension Schedules	88

Other Supplementary Information

D. Schedule of Charter School Contributions - PERS.....	Not Applicable
---	----------------

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

Table of Contents

E. Special Revenue Fund:

E-1 Combining Schedule of Program Revenues and Expenditures Budgetary Basis	92
E-2 Schedule of Preschool Education Aid Budgetary Basis	Not Applicable

F. Capital Projects Fund.....	Not Applicable
-------------------------------	----------------

G. Proprietary Funds:

Enterprise Fund:

G-1 Combining Statement of Net Position	95
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	96
G-3 Combining Statement of Cash Flows	97

H. Fiduciary Fund:

H Fiduciary Fund	Not Applicable
------------------------	----------------

I. Long - Term Debt:

I-1 Schedule of Mortgage Obligations.....	Not Applicable
I-2 Schedule of Obligations Under Capital Leases.....	Not Applicable
I-3 Debt Service Fund Budgetary Comparison Schedule	Not Applicable

J. Introduction to the Statistical Section (Unaudited)

Financial Trends

J-1 Net Position by Component	102
J-2 Changes in Net Position.....	103
J-3 Fund Balances – Governmental Funds	104
J-4 Changes in Fund Balances – Governmental Funds	115
J-5 General Fund Other Local Revenue by Source	106

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

Table of Contents

J. Introduction to the Statistical Section (Unaudited) - *continued*

Revenue Capacity

J-6 to J-9.....Not Applicable

Debt Capacity

J-10 Ratios of Outstanding Debts by Type.....107

J-11 to J-13.....Not Applicable

Demographic and Economic Information

J-14 Demographics and Economic Statistics.....108

J-15 Principal Employers.....109

Operating Information

J-16 Full-time Equivalent Charter School Employees by Function/Program110

J-17 Operating Statistics111

J-18 School Building Information112

J-19 Schedule of Required Maintenance Expenditures by School Facility113

J-20 Insurance Schedule114

Charter School Performance Framework Financial Indicators

J-21 Near Term Indicators115

J-22 Sustainability Indicators.....116

K. 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*..... 118-120

K-2 Independent Auditor's Report on Compliance for Each Major State Program; Required by the State of New Jersey OMB's Circular Letter 15-08..... 121-122

K-3 Schedule of Expenditures of Federal Awards, Schedule A.....123

K-4 Schedule of Expenditures of State Financial Assistance, Schedule B.....124

K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance..... 125-127

K-6 Schedule of Findings and Questioned Costs 128-131

K-7 Summary Schedule of Prior Audit Findings.....132



7 Lexington Avenue, East Brunswick, New Jersey 08816, Tel: (732) 254 8300

December 28, 2021

The Commissioner
New Jersey Department of Education
Riverview Executive Plaza – Bldg. 100
P. O. Box 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of the Hatikvah International Academy Charter School (the “Charter School” or “HIACS”) for the fiscal year ended June 30, 2021.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and are reported in a manner designed to fairly present the financial position and result of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included. Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Hatikvah International Academy Charter School’s MD&A can be found immediately following the Independent Auditor’s Report.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School’s organizational chart and a list of principal officials. The financial section includes the independent auditor’s report, management’s discussion and analysis (MD&S) and the basic financial statements including the Charter School-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

1) Reporting Entity and its Services

The Hatikvah International Academy Charter School is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the Charter School are included in this report.

The Charter School is approved to provide a full range of educational services appropriate to grade levels K to 8. These include regular education as well as special education for handicapped youngsters. During the 2020-2021 school year (eleventh year in operation as a public charter school), Hatikvah International Academy Charter School enrolled Kindergarten through 8th grade students.

2) Economic Condition and Outlook

The Hatikvah International Academy Charter School is located in the Township of East Brunswick which is proudly hailed as one of New Jersey's 25 great towns (NJ Monthly Magazine, March 2009). Its 22.5 square miles is home to a diverse population of approximately 48,976. A strategic location and a progressive outlook have fostered a dynamic growth of attractive and desirable residential developments, an excellent school system, shopping centers, state-of-the-art office complexes, and medical services. Development in the center of the township, away from the heavily traveled and developed commercial area on Route 18, has seen an influx of doctors, dentists and other ancillary medical providers in the Cranbury Road section. Currently, there are 279 doctors, representing every specialty, with office space in the township. The University Radiology Group, P.C. Central Jersey's largest radiology group consisting of 51 radiologists and doctors, is headquartered in the Township and has expanded its facility to house a second MRI diagnostic machine. There are 127 dentists with offices in East Brunswick. Physical therapists, ambulance service companies and other medical service providers including 4 medical labs operate offices in the Township as well.

East Brunswick has a multitude of housing choices on the eastern side of town with single family homes, townhouses, condominiums and apartment complexes. The western side is the sparsely developed 6.7 square mile Rural Preservation Zone. Most homes in East Brunswick are single family residences. Current real estate values for single family homes range from \$150,000 to over \$1,000,000 for a custom home with tennis court and pool.

2) Economic Condition and Outlook - *continued*

Residential offerings are diverse and include one of the township's star attractions, Crystal Springs Aquatic Facility, a blue water swimming area with a lazy river, Olympic size lap pool, several wading pools, and a water slide.

In addition, the Township boasts two private swim clubs, many tennis courts, five private health clubs and fourteen public parks on 600 acres. Tamarak Golf Club, which includes two 18-hole courses and is owned by Middlesex County, is also located in the Township. A community theater group, Playhouse 22, performs major Broadway shows and children's shows.

The East Brunswick Public Library is the busiest single municipal building in the state of State New Jersey, open more hours each week than any other public library in the state. It has achieved national recognition for the quality of its collections, programs and services to all segments of the community. The Library operates its own municipal cable television station, EBTv, seen by more than 75 percent of East Brunswick homes on Comcast cable's Channel 3, EBTv produces 200 original programs each year as well as a Community Bulletin Board that updates subscribers on Township news and activities of community organizations. It is the only government-run station in the state to produce a weekly video news magazine. The Library has been voted the Best Public Library in Central New Jersey" by readers of the Home News Tribune every year since the inception of the newspaper's "Best of the Best" award.

The township experienced a 22% decrease in its labor force from 26,511 in 2008 to 26,452 in 2009 as reported by the U.S. Department of Labor, Bureau of Statistics. The employment rate for 2009 was 92.4% as compared with 95.9% in 2008, and the unemployment rate for 2009 increase to 7.6% from 4.1% in 2008.

Economic data provided by the Township of East Brunswick indicates that the construction value of building permits issued for new units, additions and remodeling as of August 31, 2010 totaled approximately \$23 million and the total number of permits issued totaled 1,972 for the same period. The construction value and permits issued for the entire 2009 calendar year respectively totaled approximately \$30.2 million and 2,733 as compared to \$48.4 million and 2,773 for the 2008 calendar year. This represents a decrease of 40 permits and a decrease in construction value of \$18.2 million.

Growth

The Charter School has just completed its eleventh year of operations. During the 2020-2021 school-year, the school served 75 kindergarten students, 75 first grade students, 75 second grade students, 50 third grade students, 50 fourth grade students and 50 fifth grade students and 50 sixth grade 50 seventh grade and 50 eighth grade students.

3) Major Initiatives

The Charter School has honored its commitment to serve all students' needs. In terms of Special Education, during the 2020-2021 school year, the Charter School had 8 inclusion classes in grades one through seventh. In addition to the academic programs provided, the Charter School offered students eligible for special education and related services with speech, occupational therapy, as well as counseling. The Charter School's I & RS Committee meets as often as necessary to review and discuss students that may be at risk. The Committee offers parents strategies and creates action plans to help foster increased academic success. The Charter School offers ELL Services to students whose native language is not English. Academic support; resources, and strategies are provided to teachers and parents.

During the 2020-2021 school year, the Charter School enrolled Kindergarten through 8th grade students. In order to better meet the rigor of the New Jersey Learning Standards, the faculty also continued to have year-long professional development. One hundred percent of K-8 students participated in student designed service-learning projects. In 2018, the school received a five-year renewal from the Department of Education.

4) Internal Accounting Controls

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure 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 system of internal control 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 requires estimates and judgments by management. As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate system of internal controls is in place to ensure compliance with applicable laws and regulations related to those programs. This system of internal control is also subject to periodic evaluation by the Charter School's management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of the system of internal controls, including that portion related to federal awards and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

5) 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 the statutory requirements of charter school budgets. Annual appropriated budgets are adopted for general and special revenue funds. 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. No reservation of fund balance was made at June 30, 2021.

During the 2020-2021 fiscal school, the Charter School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

6) Accounting System and Report

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and charter school.

The accounting system is organized on the basis of funds in accordance with the Uniform Charter of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in "Notes to the Financial Statements", Note 1.

7) Financial Statement Information at Fiscal Year End

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 the General Fund, and Special revenue funds for the fiscal year ended June 30, 2021 fiscal year:

7) **Financial Statement Information at Fiscal Year End** - *continued*

**Summary of the General Fund
and Special Revenue Fund Revenues**

Revenue	2021	2020	Increase/ (decrease)	% Change
Local sources	\$ 5,403,350	\$ 4,861,380	\$ 541,970	11.15%
State sources	2,532,070	2,365,692	166,378	7.03%
Federal sources	261,042	158,955	102,087	64.22%
	<u>\$ 8,196,462</u>	<u>\$ 7,386,027</u>	<u>\$ 810,435</u>	<u>10.97%</u>

The Charter School experienced a general increase in revenue of about 10.97% which was primarily due to the additional federal COVID19 related funding received during the fiscal year ended June 30, 2021.

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2021:

**Summary of the General Fund
and Special Revenue Fund Expenditures**

Expenditures	2021	2020	Increase/ (decrease)	% Change
Instruction	\$ 3,565,222	\$ 3,360,078	\$ 205,144	6.11%
Administrative	2,873,892	2,527,792	346,100	13.69%
Support	1,607,469	1,274,958	332,511	26.08%
Capital outlay	-	57,715	(57,715)	100.00%
	<u>\$ 8,046,583</u>	<u>\$ 7,220,543</u>	<u>\$ 826,040</u>	<u>11.44%</u>

The 11.44% increase in expenditures was partly due to the general increase in the Charter School's enrollment and also the additional COVID-19 federal funding.

8) **Cash Management**

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

9) **Risk Management**

The Board carries various forms of insurance, including but not limited to general liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation.

10) **Other Information**

Independent Audit

State statute requires an annual audit by independent Certified Public Accountants or registered Municipal Accountants. The Charter School appointed the accounting firm of Olugbenga Olabintan, CPA. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*".

The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) **Acknowledgments**

A note of appreciation is extended to the Finance Committee of the Charter School for their ongoing support and commitment to fiscal integrity and to the Hatikvah International Academy Charter School Board of Trustees for their selfless dedication to improving student achievement.

A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of the Hatikvah International Academy Charter School are truly noteworthy. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

Respectfully submitted,

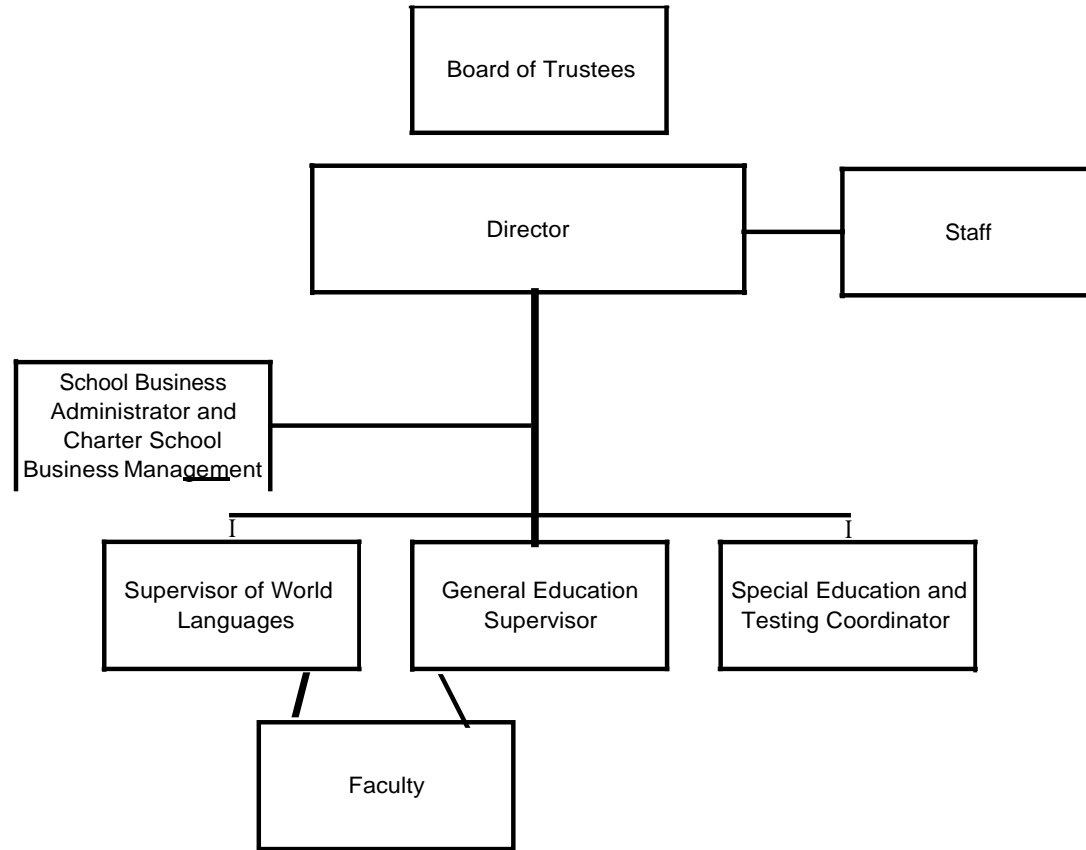
Marcia Grayson

Dr. Marcia Grayson
Director

Daniel Gresack

Mr. Daniel Gresack
Board President

Organizational Chart 2020-2021



HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

ROSTER OF TRUSTEES AND OFFICERS

JUNE 30, 2021

Members of Board of Trustees

Daniel Gresack	President
Harish Hathiramani	Vice President
Eli Schaap	Trustee; Chair of Finance Committee; Nominating Committee
Marc Herman	Trustee
Shawntell Manning	Trustee
Arie Behar	Trustee
Dr. Dake Zhang	Trustee

Administration

Dr. Marcia Grayson	Director; Ex Officio Non-voting
Kathleen Mone	School Business Administrator/ Board Secretary; Ex Officio Non-voting
Claudia Fiel	Teacher Representative; Non-voting
Nicole Disporto	Alternate Teacher Representative; Non-voting

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

CONSULTANTS AND ADVISORS

Independent Auditors

Olugbenga Olabintan
Certified Public Accountants/Consultants
137 Camden Street
Newark, NJ 07103

Attorney

Thomas O. Johnston, Esq
75 Midland Avenue, Suite 1
Montclair, NJ 07042

Official Depository

TD Bank
East Brunswick, New Jersey

Sovereign Bank
East Brunswick, New Jersey

FINANCIAL SECTION

Olugbenga Olabintan

Certified Public Accountant/Consultant

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Independent Auditors' Report

The Honorable President and
Members of the Board of Trustees
Hatikvah International Academy Charter School
County of Middlesex
East Brunswick, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Hatikvah International Academy Charter School, in the County of Middlesex, State of New Jersey (the "Charter School") as of and for the fiscal year ended June 30, 2021, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 *and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter School as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw your attention to Note 2 to the financial statements, which discloses adoption of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Our opinion is not modified with respect to this matter.

Other Matters

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* as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

The combining and individual fund financial statement information, and the schedules of expenditures of federal awards and state financial assistance required by the *Title 2 U.S. Code of Federal*

Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, are the responsibility of management and were derived from and relates 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 information is fairly presented, in all material respects, in relation to the basis financial statements as a whole.

The introductory section 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 28, 2021 on our consideration of the 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Olugbenga Olabintan, CPA

December 28, 2021
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENTS DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) provides an analysis of the Charter School's overall financial position and results of operations.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Introduction

This section of the Hatikvah International Academy Charter School's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis- for State and Local Governments*. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- The fiscal year ended June 30, 2021 was the Charter School's eleventh year of operations.
- Net position of governmental activities ended the fiscal year with \$(485,084). The Charter School did not have any business-type activities during the fiscal year.
- General revenues accounted for \$7,918,123 in revenue or 97 percent of total revenues of \$8,204,529. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$286,406 or 3 percent of total revenues.
- The Charter School had \$8,239,730 in expenses related to governmental activities; \$286,406 of these expenses is offset by operating grants and contributions. General revenues (primarily State and Local aid) of \$7,918,123 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2021, of \$970,008. See B-2.
- The Charter School applied for and was approved a \$948,365 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19. The entire loan balance was forgiven during the year ended June 30, 2021.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Using the Basic Financial Statements

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information.

The report is organized so the reader can understand the Hatikvah International Academy Charter School as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Position and the Statement of Activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances. The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in a single column. For the Hatikvah International Academy Charter School, the General Fund is the most significant fund.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities the government operates like a business, such as food service.

Fiduciary fund statements provide information about financial relationship in which the Charter School acts solely as a trustee or agent for the benefits of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the fund used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2021?" The Statements of Net Position and the Statement of Activities answer this question.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Statement of Net Position and Statement of Activities-*continued*

These Statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Charter School's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. The cause of this change may be the result of many factors some financial, some not. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

Governmental Activities – Most of the Charter School's programs and services are reported here including instructions, extracurricular activities, curriculum, staff development, special education and other support services, operation and maintenance of plant, pupil transportation, health services and general administration.

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The food service operations/after care and summer instructional programs enterprise fund is reported as a business activity. However, it should be noted that the Charter School did not have any business-type activities during the year ended June 30, 2021.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's major funds-not the Charter School as a whole. Funds are accounting devices that the Charter School uses to keep track of a multitude of financial transactions. The Charter School's only major governmental fund is the General Fund.

Governmental Funds

Most of the Charter School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the Charter School's general government operations and the basic services it provides.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Governmental Funds- Continued

Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, liabilities exceeded assets by \$485,084 at the close of 2021. This was largely due to the implementation of GASB 68 during the previous year ended June 30, 2015 as mandated by the New Jersey Department of Education. This resulted in recognition of the Charter School's proportionate share of the New Jersey Public Employer's Retirement Systems.

	Governmental Activities		Business Type Acvtivities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 2,136,297	\$ 1,855,134	\$ -	\$ -	\$ 2,136,297	\$ 1,855,134
Capital assets, net	32,914	42,453	-	-	32,914	42,453
Deferred outflows of resources	686,249	720,548	-	-	686,249	720,548
Total assets	2,855,460	2,618,135	-	-	2,855,460	2,618,135
Liabilities						
Current liabilities	1,166,289	1,043,072	-	-	1,166,289	1,043,072
Long term liabilities	1,466,853	1,373,098	-	-	1,466,853	1,373,098
Deferred inflows of resources	707,402	651,848	-	-	707,402	651,848
Total liabilities	3,340,544	3,068,018	-	-	3,340,544	3,068,018
Net position						
Invested in capital assets (net of related debt)	32,914	42,453	-	-	32,914	42,453
Unrestricted	(517,998)	(492,336)	-	-	(517,998)	(492,336)
Total net position	\$ (485,084)	\$ (449,883)	\$ -	\$ -	\$ (485,084)	\$ (449,883)

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

The largest portion of the Charter School's net position is its current assets. The Charter School uses these current assets to provide services.

The total net position of the Charter School decreased by \$35,201 during the current fiscal year ended June 30, 2021. The decrease is attributable to the deficit of \$35,201 in the General Fund. It should be noted that the net effect of the implementation of GASB 68 (as illustrated in Note 7 to the financial statements) is reflected in the net position.

The table that follows reflects the change in net position for fiscal year 2021.

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charge for services						
Operating grants and contributions	\$286,406	\$158,955	\$ -	\$ -	\$ 286,406	\$ 158,955
Total program revenues	<u>286,406</u>	<u>158,955</u>	<u>-</u>	<u>-</u>	<u>286,406</u>	<u>158,955</u>
General revenues:						
Local aid	5,336,022	4,816,680	-	-	5,336,022	4,816,680
Federal and state aid	2,532,070	2,365,692	-	-	2,532,070	2,365,692
Miscellaneous	50,031	44,700	-	-	50,031	44,700
Total general revenues	<u>7,918,123</u>	<u>7,227,072</u>	<u>-</u>	<u>-</u>	<u>7,918,123</u>	<u>7,227,072</u>
Total revenues	<u>8,204,529</u>	<u>7,386,027</u>	<u>-</u>	<u>-</u>	<u>8,204,529</u>	<u>7,386,027</u>
Expenses:						
Instructions	3,565,222	3,391,320	-	-	3,565,222	3,391,320
Administrative & support services	4,664,969	3,854,940	-	-	4,664,969	3,854,940
Unallocated depreciation	9,539	9,539	-	-	9,539	9,539
Enterprise fund	-	-	-	-	-	-
Total expenses	<u>8,239,730</u>	<u>7,255,799</u>	<u>-</u>	<u>-</u>	<u>8,239,730</u>	<u>7,255,799</u>
Change in net position	<u>\$ (35,201)</u>	<u>\$ 130,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,201)</u>	<u>\$ 130,228</u>

Operating grants and contributions increased by 80 percent.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2021.

	Total Cost of Services	Net Cost of Services
Instruction	\$ 3,565,222	\$ 3,324,548
Administrative & Support Services	4,664,969	4,619,237
Unallocated Depreciation	9,539	9,539
Total Expenses	\$ 8,239,730	\$ 7,953,324

Business-Type Activity

The Charter School did not have any business-type activity during the year ended June 30, 2021.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$8,196,462 and expenditures of \$8,046,583.

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 fiscal 2021, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management teams.

For the General Fund, final budgeted revenues were \$6,884,420 which included a local tax levy of \$5,336,022. Expenditures and other financing uses were budgeted at \$6,726,474. The Charter School anticipated budgeted fund balance of \$970,008 in its 2020-2021 budget year. General Fund actual revenues were higher than expenditures by \$157,946. Actual revenues and other financing sources were \$7,918,123 and expenditures were \$7,760,177, respectively.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

The State of New Jersey reimbursed the Charter School \$208,447 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$825,256 into the TPAF pension - representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. This unbudgeted amount was included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2021, the Charter School had \$32,914 invested in capital assets in its governmental activities.

The Charter School's 2021-2022 budget projects spending approximately \$-0- for capital projects.

Long-term debt

The Charter School had \$1,466,853 and \$1,373,098 at June 30, 2021 and 2020, respectively, in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long-term obligations is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2021-2022. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

COVID-19 and Paycheck Protection Program (PPP) Loan

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business for what may be an extended period of time. The Charter School had to close its physical locations. Future potential impacts may include continued disruptions or restrictions on its employees’ ability to work and impairment of its ability to obtain grants and contributions. Though the impact on the Charter School’s operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund and other state aid and the local tax levy. There have been additional operating expenses (related to COVID-19) in the General Fund planned for and expected at the time of the adoption of the Charter School’s fiscal year 2021-2022 budget.

During the prior fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$948,365 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration.

The loan was funded on April 28, 2020. During the fiscal year ended June 30, 2021, the Charter School was informed by the SBA that the entire PPP loan balance - - \$949,913 (principal amount of \$948,365 plus accrued interest of \$1,548) had been forgiven.

Board Designated Restriction

By a resolution, the Board of the Charter School transferred an amount equivalent to the forgiven loan - \$949,913 from the General Fund to the Special Revenue Fund. The amount was designated for future expenditures and therefore recognized as deferred revenue as of June 30, 2021.

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 reflect the Charter School’s accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
7 Lexington Avenue
East Brunswick, New Jersey 08816
Tel: (732) 254 8300

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

This Statement of Net Position and the Statement of Activities display information about the Charter School as a whole. The Statement of Net Position presents the financial condition of the government and business-type 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 and business-type activities.

Statement of Net Assets

June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 1,843,219	\$ -	\$ 1,843,219
Accounts receivable	179,598	-	179,598
Prepaid expenses	113,480	-	113,480
Interfund receivables	-	-	-
Capital assets (net of accumulated depreciation of \$25,458)	32,914	-	32,914
Total assets	<u>2,169,211</u>	<u>-</u>	<u>2,169,211</u>
Deferred outflows of resources			
Pension deferred outflows	<u>686,249</u>	<u>-</u>	<u>686,249</u>
Total assets and deferred outflows of resources	<u>\$ 2,855,460</u>	<u>\$ -</u>	<u>\$ 2,855,460</u>
Liabilities			
Accounts payable	\$ 51,327	\$ -	\$ 51,327
Intergovernmental payables - state	102,109	-	102,109
Deferred revenue	949,913	-	949,913
Payroll deductions and withholdings	62,940	-	62,940
Net pension liability	1,466,853	-	1,466,853
Total liabilities	<u>2,633,142</u>	<u>-</u>	<u>2,633,142</u>
Deferred inflows of resources			
Pension deferred inflows	<u>707,402</u>	<u>-</u>	<u>707,402</u>
Total liabilities and deferred inflows of resources	<u>3,340,544</u>	<u>-</u>	<u>3,340,544</u>
Net position			
Invested in capital assets	32,914	-	32,914
Unrestricted, undesignated	(517,998)	-	(517,998)
Total net position	<u>(485,084)</u>	<u>-</u>	<u>(485,084)</u>
Total liabilities, deferred inflows of resources & net position	<u>\$ 2,855,460</u>	<u>\$ -</u>	<u>\$ 2,855,460</u>

See independent auditor's report and accompanying notes to basic financial statements.

Statement of Activities

Year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 3,565,222	\$ -	\$ 240,674	\$ (3,324,548)	\$ -	\$ (3,324,548)
Administrative & Support services:						
General administration	3,057,500	-	-	(3,057,500)	-	(3,057,500)
Support services	1,607,469	-	45,732	(1,561,737)	-	(1,561,737)
Capital outlay	-	-	-	-	-	-
Unallocated depreciation	9,539	-	-	(9,539)	-	(9,539)
Total governmental activities	<u>8,239,730</u>	<u>-</u>	<u>286,406</u>	<u>(7,953,324)</u>	<u>-</u>	<u>(7,953,324)</u>
Business-type activities:						
None	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 8,239,730</u>	<u>\$ -</u>	<u>\$ 286,406</u>	<u>(7,953,324)</u>	<u>-</u>	<u>(7,953,324)</u>
General revenues, transfers and special items:						
Local sources				5,336,022	-	5,336,022
Federal and state sources				2,532,070	-	2,532,070
Miscellaneous				50,031	-	50,031
Total general revenues, transfers and special items				<u>7,918,123</u>	<u>-</u>	<u>7,918,123</u>
Change in net position				(35,201)	-	(35,201)
Net position - beginning				(449,883)	-	(449,883)
Net position - ending				<u>\$ (485,084)</u>	<u>\$ -</u>	<u>\$ (485,084)</u>

FUND FINANCIAL STATEMENTS

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenue, and expenditure /expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

The government funds statements tell how general government services were financed in the short-term as well as what remains for future spending. The governmental funds statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Governmental Funds

B-1

Balance Sheet

June 30, 2021

	General Fund	Special Revenue Fund	Totals Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,855,918	\$ (12,699)	\$ 1,843,219
Accounts receivable:	-	-	-
Federal	-	24,112	24,112
State	9,883	-	9,883
Local	145,603	-	145,603
Other	-	-	-
Prepaid expenses	104,131	9,349	113,480
Interfund receivable	-	949,913	949,913
Total assets	\$ 2,115,535	\$ 970,675	\$ 3,086,210
Liabilities and Fund Balances			
Interfund accounts payables	\$ 949,913	\$ -	\$ 949,913
Accounts payable	30,565	20,762	51,327
Intergovernmental payables - Federal	-	-	-
Intergovernmental payables - State	102,109	-	102,109
Payroll deductions and withholdings	62,940	-	62,940
Deferred revenue	-	949,913	949,913
Total liabilities	1,145,527	970,675	2,116,202
Fund balances:			
Unreserved:			
Undesignated	970,008	-	970,008
Total fund balances	970,008	-	970,008
Total liabilities and fund balances	\$ 2,115,535	\$ 970,675	
	-		
Amounts reported for governmental activities 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.			
Cost of capital assets	\$ 58,372		
Accumulated depreciation	(25,458)		
	\$ 32,914		32,914
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)			
			686,249
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)			
			(707,402)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)			
			(1,466,853)
Net position of governmental activities - A-1			\$ (485,084)

See independent auditor's report and accompanying notes to basic financial statements.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Governmental Funds

B-2

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2021

	General Fund	Special Revenue Fund	Total
Revenues:			
Local sources:			
Local tax levy	\$ 5,336,022	\$ -	\$ 5,336,022
Contributions	-	17,297	17,297
Miscellaneous	50,031	-	50,031
Total revenues - local sources	<u>5,386,053</u>	<u>17,297</u>	<u>5,403,350</u>
Federal sources	-	261,042	261,042
State sources	1,498,367	-	1,498,367
Reimbursed TPAF-Social Security (non-budgeted)	208,447	-	208,447
TPAF pension and post retirement medical benefits on-behalf payments (non-budgeted)	825,256	-	825,256
Total revenues	<u>7,918,123</u>	<u>278,339</u>	<u>8,196,462</u>
Current expense:			
Instruction	3,324,548	240,674	3,565,222
Administrative	1,840,189		1,840,189
Support services	1,561,737	45,732	1,607,469
Capital outlay	-	-	-
Reimbursed and on-behalf payments:			
Reimbursed TPAF-Social Security (non-budgeted)	208,447	-	208,447
TPAF pension and post retirement medical benefits on-behalf payments (non-budgeted)	825,256	-	825,256
Total expenditures	<u>7,760,177</u>	<u>286,406</u>	<u>8,046,583</u>
Excess (deficiency) of revenues over (under) expenditures	157,946	(8,067)	149,879
Fund balances, beginning of year	812,062	-	812,062
Prior period adjustment	-	8,067	8,067
Fund balances, beginning of year (restated)	<u>812,062</u>	<u>8,067</u>	<u>820,129</u>
Fund balances, end of year	<u>\$ 970,008</u>	<u>\$ -</u>	<u>\$ 970,008</u>

See independent auditor's report and accompanying notes to basic financial statements.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2021

B-3

Total net change in fund balances - governmental funds (B-2) \$ 149,879

Amounts reported for governmental activities in the statement of activities (A-2) are different because: -

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 expenses in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.

Depreciation expense	\$ (9,539)	
Capital outlays	-	(9,539)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period

(175,541)

Change in net position of governmental activities (A-2)	\$ (35,201)
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See independent auditor's report and accompanying notes to basic financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles are those similar to businesses in the private sector. The Charter School's food service operations, After Care/Summer Instructional Programs are accounted for in the Enterprise Fund where the intent of the Charter School is that the costs of providing goods or services be financed through user charges.

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Proprietary Funds**

B-4

Statement of Net Assets

June 30, 2021

NOT APPLICABLE

**THE CHARTER SCHOOL DID NOT HAVE ANY
ENTERPRISE PROGRAMS DURING THE YEAR.**

See independent auditor's report and accompanying notes to basic financial statements.

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Proprietary Funds**

B-5

Statement of Revenues, Expenditures and Changes in Net Assets

Year ended June 30, 2021

NOT APPLICABLE

**THE CHARTER SCHOOL DID NOT HAVE ANY
ENTERPRISE PROGRAMS DURING THE YEAR.**

See independent auditor's report and accompanying notes to basic financial statements.

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Proprietary Fund**

B-6

Statement of Cash Flows

Year ended June 30, 2021

NOT APPLICABLE

**THE CHARTER SCHOOL DID NOT HAVE ANY
ENTERPRISE PROGRAMS DURING THE YEAR.**

See independent auditor's report and accompanying notes to basic financial statements.

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Fiduciary funds statements provide information about financial relationships in which the Charter School acts solely as trustee or agent for the benefit of others, to whom the resources in question belong.

NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

1 Description of the Charter School and Reporting Entity

Hatikvah International Academy Charter School (the “Charter School”) was incorporated in the State of New Jersey on October 6, 2009 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School’s Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A School Director is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the statutes, the Charter School’s duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure 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. For the Charter School, this includes general operations, food service and student related activities of 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, selection of governing authority, designation of management, and 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. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

The Charter School’s Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Its mission is to establish a character school to serve as a neighborhood resource and as a model for other similar schools. The Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School integrates a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, and an intimate nurturing environment that will enhance positive self-images.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies

This summary of significant accounting policies of the Charter School is presented to assist in understanding the Charter School's financial statements and notes are a representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

The financial statements of the Charter School (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Charter School also applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless they conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below:

A Basis of Presentation

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

Charter School Government-wide Financial 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 Charter School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at 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 and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and 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.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Charter Schools financial reporting in the State of New Jersey.

B Fund Accounting

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 a more detailed level.

Governmental Funds

Governmental funds are those funds 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 will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter Schools' major governmental funds:

General Fund - The General Fund is the primary operating fund of the Charter School. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

As required by the New Jersey 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 and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, 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 legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2021, there was no Capital Projects Fund.

Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those to similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter School. (*However, it should be noted that the Charter School did not have any Proprietary Funds activities during the year ended June 30, 2021*):

Enterprise Funds - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Charter School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing 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 appropriated for capital maintenance, public policy, management control, accountability or other purposes. *The Charter School did not have any Enterprise Funds activities during the year ended June 30, 2021.*

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

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 non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Trust Funds - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims. ***Agency Funds*** – Agency funds (*Payroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

GASB Statement No 84 Fiduciary Activities – As of June 30, 2021, there was no Fiduciary Fund due to the adoption of GASB Statement 84, Fiduciary Activities.

C Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. ***Basis of accounting*** refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or non-current, associated with their activities are included on the balance sheet. Fund equity (i.e., net total assets) is classified as net position.

Basis of Accounting

In the government wide statement of net position and statements of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i.e. the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. 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 determine and “available” means collectible with 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 funds revenues.

D Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, are prepared using the modified accrual basis of accounting. 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. Transfers of appropriations may be made by Charter School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). 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 generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds types. Unencumbered appropriations lapse at fiscal year end.

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 recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial reports.

E Cash, Cash Equivalent and Investments

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

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

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public fund 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 loss funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. established 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, bank (both state and national banks) and saving bank 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 deposit 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.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

F Short-Term Interfund Receivables/Payables

On the fund financial statement, receivable and payables resulting from short-term (due within one year) interfund loans are classified as interfund receivables/payables. Interfund balances within governmental activities and within business-type activities are eliminated on the Government Wide Statements of Net Position.

G Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

H Capital Assets

Capital assets, which include leasehold improvements, equipment, furniture & fixtures and vehicles are reported in the applicable governmental or business-type activities columns of the Government-wide financial statements. Capital assets are defined by the Charter School as assets with initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method.

<u>Description of Capital Assets</u>	<u>Estimated Lives (Years)</u>
Leasehold improvements	10-15
Equipment	5
Furniture and fixtures	5

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

I Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on 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 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.

For governmental fund financial statements, the current portion of unpaid compensated absences is in 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 entire sick leave and vacation leave liabilities are reported on the charter school-wide financial statements.

The Charter School had no compensated absences as of June 30, 2021.

J Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

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

K Deferred Revenue

Deferred revenue in special revenue fund represent cash that has been received but not yet earned.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

L Fund Balance and Equity

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, 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 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 used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Charter School’s policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

M Net Position

Net position represents the difference between assets and liabilities in the Government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position are reported as restricted in the Government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

N Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

O On-Behalf Payments

Revenues and expenditures of the General Fund include payment made by the state of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School's annual budget.

P GASB Pronouncements

Adoption of New Accounting Standard

During the fiscal year ended June 30, 2021, the Charter School adopted **GASB Statement No. 84, *Fiduciary Activities (GASB 84)***. GASB 84 enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Specifically, GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

As part of the adoption, the Charter School no longer considers activities in the Unemployment Fund Account, Payroll Agency Fund and Student Activities as fiduciary activities applicable under GASB 84. As a result, the Charter School no longer presents a Statement of Fiduciary Net Position, and records payroll deductions and withholding payable, unemployment activities in the General Fund in the Governmental Fund financial statements.

Accounting Standard Issued but Not Yet Adopted

The GASB issued Statement No. 87, *Leases in June 2017*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 20, 2020. Management has not yet determined the impact of this statement on the financial statements.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

Q Fair Value of Financial Instruments

The Charter School follows the accounting and disclosure standards pertaining to GASB 72, Fair Value Measurement and Application, for qualifying assets and liabilities. Fair value is defined as the price that the Charter School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

Level 3 – inputs that are unobservable and which require significant judgement or estimation.

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

3 Deposits and Investments

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least 5% of the average daily balance of collected funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The Charter School’s cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School’s deposits and investments are exposed to custodial credit risk. As of June 30, 2021, the Charter School’s carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Operating A/C	\$ 1,855,918	\$ (12,699)	\$ -	\$ -	\$ 1,843,219

Operating cash accounts are held in the Charter School’s name by two banking institutions. At June 30, 2021, the Charter School’s carrying amount of deposits was \$1,843,219 and the bank balance was \$1,867,013. Of the bank balance, \$250,000 of the Charter School’s cash deposits on June 30, 2021 were secured by federal deposit insurance and \$1,617,013 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act (“GUDPA”).

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

3 Deposits and Investments - *continued*

Establishment of an Escrow Account

During the previous year ended June 30, 2019, the Charter School established an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education with a required maximum of \$75,000. The account was funded through a bond agreement which provides the maximum \$75,000 coverage. The bond requires the annual payment of the premium to the bond holder thereby minimizing the cash flow restrictions that would have restricted the \$75,000. The agreement stipulates that the intended use of the escrow amount is “to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur.”

GASB Statement No. 40 requires that the Charter School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Charter School would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with the securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the name of the Charter School.

The Charter School does not have a policy for the management of the custodial risk, other than depositing all of its funds in banks covered by GUDPA.

Investments

New Jersey statutes permit the Charter School to purchase the following types of securities:

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal national Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
3. Bonds or other obligations of the Charter School.
4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2021, the Charter School did not hold any investments.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

4 Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2021:

Governmental activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets, being depreciated:			
Leasehold improvements	\$ 21,355	\$ -	\$ 21,355
Equipment	37,017	-	37,017
	<u>58,372</u>	<u>-</u>	<u>58,372</u>
 Less accumulated depreciation for:			
Leasehold improvements	(3,159)	(3,159)	(6,318)
Equipment	(12,760)	(6,380)	(19,140)
	<u>(15,919)</u>	<u>(9,539)</u>	<u>(25,458)</u>
 Total capital assets net	 <u>\$ 42,453</u>	 <u>\$ (9,539)</u>	 <u>\$ 32,914</u>

Depreciation expense of \$9,539 was charged to an unallocated function.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

5 Leases

Facilities Leases Payable

The Charter School leases its facilities under an operating lease agreement:

7 Lexington Avenue, East Brunswick, New Jersey – A lease between the Charter School and a related party, Friends of Hatikvah International Academy Charter School (FOH). The FOH was a sub-landlord of the facilities until sometimes during the prior year ended June 30, 2018 when it purchased the facilities from the former landlord. Pursuant to the purchase, a new lease was executed with the Charter School effective September 1, 2017. The amount paid under the lease agreement during the year ended June 30, 2021 was \$1,005,000.

Facilities Lease Payable Amendment

The original lease agreement dated August 1, 2017 was amended October 21, 2021 as follows:

- “Effective July 1, 2021, rent shall be increased by the annual sum of \$190,000, payable in equal installments of \$15,833 per month, and which, when added to the monthly base rent of \$86,250, heretofore payable during that period, results in payments by tenant totaling \$102, 083 per month.”
- “The parties hereby acknowledge tenant’s payments to landlord for additional rent in the sum of \$50,000 in or about June 2021. Said payment shall be credited in equal parts, against the rent sum due as set forth in the above amended effective November 2021.”

The following is the minimum future payments due and payable under the terms of the draft lease:

Year Ending June 30:	Space Rent
2022	\$ 1,175,000
2023	1,225,000
2024 to 2026	-
Thereafter	-
	\$ 2,400,000

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

6 Pension Plans

Description of Plans

Substantially all of the employees of the Charter School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the formulas mentioned above, but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

6 Pension Plans - *continued*

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the formulas mentioned above, but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

6 Pension Plans - *continued*

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board.

PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The Charter School's contribution to PERS for the year ended June 30, 2021 was \$98,401.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$208,477 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$825,256 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) 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. However, the state's portion of the net pension liability that was associated with the Charter School was \$14,523,898 as measured on June 30, 2020 and \$11,246,461 as measured on June 30, 2019.

For the year ended June 30, 2021, the Charter School recognized pension expense of \$499,805 and revenue of \$499,805 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension – continued

	June 30, 2020	June 30, 2019
Collective deferred outflows of resources	\$ 9,458,881,999	\$ 9,932,767,606
Collective deferred inflows of resources	\$14,424,322,612	\$17,539,845,423
Collective net pension liability (non-employer State of New Jersey)	\$65,848,796,740	\$61,370,943,870
State's portion of the net pension liability that was associated with the Charter School	\$ 14,523,898	\$ 11,246,461
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.022056%	0.018325%

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: through 2026	1.55% - 4.45% based on years of service
Salary increases: thereafter	2.75% - 5.65% 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.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

Actuarial Assumptions - continued

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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - continued

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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, 2020 are summarized in the following table:

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers’ Pension and Annuity Fund (TPAF) - *continued*

Long-Term Expected Rate of Return - continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the State's total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on 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.

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 will be based on 78% 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 projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf21.pdf>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <https://www.nj.gov/treasury/pensions/gasb-notices.shtml>

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2021, the Charter School reported a liability of \$1,466,853 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2019. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020 and 2019, respectively. At June 30, 2020, the Charter School's proportion was 0.0089950216% which was an increase of 0.0013745234% from its proportion measured as of June 30, 2019 which was 0.0076204982%.

For the year ended June 30, 2021, the Charter School recognized pension expense of \$98,401. At June 30, 2021, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,709	\$ 5,187
Changes in assumptions	47,586	614,185
Net difference between projected and actual earnings on pension plan investments	50,138	-
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	561,816	88,030
Subtotal	686,249	707,402
Charter School's contributions subsequent to the measurement date	98,401	-
Total	\$ 784,650	\$ 707,402

\$98,401 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021. 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 Ending June 30:	Pension Expense
2021	\$ (7,867)
2022	(7,172)
2023	(4,099)
2024	(1,657)
2025	(358)
Thereafter	-
	\$ (21,153)

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - continued

	June 30, 2020	June 30, 2019
Collective deferred outflows of resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective deferred inflows of resources	\$ 7,848,949,467	\$ 7,645,087,574
Collective net pension liability (Non-State Local Group)	\$ 16,307,384,832	\$ 18,018,482,972
Charter School's portion of the net pension liability	\$ 1,466,853	\$ 1,373,098
Charter School's proportion (percentage)	0.00899502%	0.00762050%

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: through 2026	2.00%-6.00% based on years of service
Salary increases: thereafter	3.00%-7.00% based on years of service
Investment rate of return	7.00%

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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

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, 2020) 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) – *continued*

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 will be based on 78% 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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

Sensitivity of the Charter School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective 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:

	2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	\$ 1,861,043	\$ 1,466,853	\$ 1,153,693
	2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Charter School's proportionate share of the pension liability	\$ 1,746,512	\$ 1,373,098	\$ 1,076,045

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <https://www.nj.gov/treasury/pensions/gasb-notices.shtml>

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits

Plan Description and Benefits Provided

The Charter School is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the Charter School.

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 Benefit Local Education Retired Education Plan. The State Health Benefit 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 75, *Accounting and Financial Reporting for 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 years or more 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 non-employer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms.

At June 30, 2019, the following employees were covered by the benefit terms:

Active plan member = 216,804

Inactive plan members entitled to but not yet receiving benefits = 149,304

Inactive plan members or beneficiaries currently receiving benefits = -0-

Total plan members = 366,108

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – *continued*

Total Non-employer OPEB Liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The Charter School’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the [NJ State’s CAFR \(https://www.nj.gov/treasury/omb/publications/archives.shtml\)](https://www.nj.gov/treasury/omb/publications/archives.shtml)

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

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	2.50%	
	TPAF/ABP	PERS
Salary increases:		
Through 2026	1.55 to 4.45% based on years of service	2.00 to 6.00% based on years of service
Thereafter	1.55 to 4.45% based on years of service	3.00 to 7.00% based on years of service

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – *continued*

Actuarial Assumptions and Other Inputs - *continued*

Preretirement mortality rates were based on the Pub-2010 Healthy “teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, and July 1, 2014 - June 30, 2018 for TPAF, PFRS and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for the fiscal year 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

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

	Increase/(Decrease) Total OPED Liability
Balance as of June 30, 2019 measurement date	\$ 41,729,081,045
Changes recognized for the fiscal year:	
Service cost	\$ 1,790,973,822
Interest on total OPEB liability	1,503,341,357
Difference between expected and actual experiences	11,544,750,637
Effect of changes of assumptions	12,386,549,981
Gross benefits paid by the State	(1,180,515,618)
Contributions from the members	35,781,384
Net changes	\$ 26,080,881,563
 Balance as of June 30, 2020 measurement date	 \$ 67,809,962,608

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2020 and 2019, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2020		
	At 1% Decrease (1.21%)	At 1% Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPED liability attributable to the Charter School	\$ 5,918,478	\$ 4,909,280	\$ 4,120,253
	2019		
	At 1% Decrease (2.50%)	At 1% Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPED liability attributable to the Charter School	\$ 2,628,654	\$ 2,225,042	\$ 1,904,435

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2020 and 2019, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a healthcare trend rate that is I-percentage-point lower or I-percentage-point higher than the current rate:

	2020		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 3,962,936	\$ 4,909,280	\$ 6,036,165
	2019		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 1,833,335	\$ 2,225,042	\$ 2,743,581

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

For the fiscal year ended June 30, 2021 the Charter School recognized OPEB expense of \$794,629 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 10,295,318,750	\$ (9,170,703,615)
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	11,534,251,250	(7,737,500,827)
Subtotal	21,829,570,000	(16,908,204,442)
Contributions made in fiscal year 2019 after June 30, 2018 measurement date	TBD	N/A
Total	\$ 21,829,570,000	\$ (16,908,204,442)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period - Fiscal Year Ending June 30:	Total
2021	\$ 43,440,417
2022	\$ 43,440,417
2023	\$ 43,440,417
2024	\$ 43,440,417
2025	\$ 43,440,417
Thereafter	\$ 4,704,163,473
	\$ 4,921,365,558

9 Compensated Absences

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

9 **Compensated Absences - *continued***

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years. Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

As of June 30, 2021, Charter School-wide compensated absences amounted to \$-0-.

10 **Deferred Compensation**

The Charter School offers its employees a deferred compensation plan created in accordance with the IRS code 403(b). The plan which is administered by AXA Equitable permits participants to defer a portion of their salaries until future years.

11 **Economic Dependency**

The Charter School receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Charter School's programs and activities.

12 **Contingent Liabilities**

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School's attorney advises the following: "We advise you that we have not been engaged to give substantive attention to, nor represent the School in connection with, any pending or overtly threatened litigation likely to be filed involving the School, to which we have devoted substantial attention."

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

13 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; injuries to employees; and natural disasters.

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

New Jersey Unemployment Compensation - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”.

Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State. The following table is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and ending balance of the Charter School’s expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ -	\$ 34,439	\$ 34,439	\$ -
2019-2020	-	33,489	33,489	-
2018-2019	679	29,662	30,341	-

14 Related Party

Friends of Hatikvah (FOH), is a non-profit organization which was founded to provide support to the Charter School. During the year ended June 30, 2021, FOH is the sub-landlord on the lease for the current facilities occupied by the Charter School – the sub-tenant.

15 Fund Balance Appropriated – General Fund (Exhibit B- 1)

Of the \$969,936 General Fund balance at June 30, 2021, \$0- is reserved for encumbrances; \$969,936 is unreserved and undesignated.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

16 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2021 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 918,092
Special Revenue Fund	949,913	-
Trust and Agency Fund	-	31,821
	\$ 949,913	\$ 949,913

The above balances are the results of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in negative position. Liquidation of this inter-fund balances is expected within the next fiscal year.

17 Receivables

Receivables as of June 30, 2021 consisted of accounts, intergovernmental, grants and miscellaneous receivables. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

Federal and state aid	
TPAF/FICA reimbursements receivable	\$ 9,755
Federal grants receivable	-
Local	
Non-resident districts	399,239
Other receivables	-
Grand total	\$ 408,994

**18 Note Payable – Paycheck Protection Program (PPP) Loan Forgiven/
Board Designated Restriction**

During the prior fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$948,365 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Charter School is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

**18 Note Payable – Paycheck Protection Program (PPP) Loan Forgiven/
Board Designated Restriction - *continued***

The loan was funded on April 28, 2020. During the fiscal year ended June 30, 2021 the Charter School was informed by the SBA that the entire PPP loan balance - \$949,913 (principal amount of \$948,365 plus accrued interest of \$1,548) had been forgiven. The loan amount was recognized as unrestricted federal government grant revenue.

Board Designated Restriction

By a resolution, the Board of the Charter School transferred an amount equivalent to the forgiven loan - \$949,913 from the General Fund to the Special Revenue Fund. The amount was designated for future expenditures and therefore recognized as deferred revenue as of June 30, 2021.

19 Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor’s report which is the date the financial statements were available to be issued. Based on this evaluation, the Charter School has determined that no subsequent event requires disclosure in the financial statements.

20 Risk and Uncertainties – COVID-19 and Its Impact

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business.

The Charter School’s operations are heavily dependent on both federal and state grant revenues. Its physical locations were closed from March 2020 through September 2020. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such it is uncertain as to the full impact that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity and operations. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the COVID-19 pandemic. Nevertheless, the COVID-19 pandemic presents material uncertainty and risk with respect to the Charter School, its performance, and its financial results.

However, it should be noted that as of December 28, 2021, the date of this report, the Organization’s various federal and state grants have not been materially impacted.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

20 Risk and Uncertainties – COVID-19 and Its Impact - *continued*

Further, it should be noted that the United States government has expedited the process of vaccinating its people against the virus and it appears the restrictions on movement imposed earlier are gradually easing.

21 Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds. The reconciliation is as follows:

Fund balance per B-1	\$ 970,008
Capital assets	32,914
Pension deferred outflows	686,249
Pension deferred inflows	(707,402)
Deferred pension liability as of June 30, 2021	<u>(1,466,853)</u>
Net position (per A-1) as of June 30, 2021	<u><u>\$ (485,084)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Local Sources:					
Local tax levy	\$ 5,336,022	\$ -	\$ 5,336,022	\$ 5,336,022	\$ -
Contributions	-	-	-	-	-
Miscellaneous	37,000	13,031	50,031	50,031	-
Total revenues -local sources	<u>5,373,022</u>	<u>13,031</u>	<u>5,386,053</u>	<u>5,386,053</u>	<u>-</u>
State sources					
State aids	1,649,080	(150,713)	1,498,367	1,498,367	-
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	208,447	208,447
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	196,645	196,645
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	627,489	627,489
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,122	1,122
	<u>1,649,080</u>	<u>(150,713)</u>	<u>1,498,367</u>	<u>2,532,070</u>	<u>1,033,703</u>
Total revenues	<u>7,022,102</u>	<u>(137,682)</u>	<u>6,884,420</u>	<u>7,918,123</u>	<u>1,033,703</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	3,111,255	\$ (60,076)	3,051,179	3,051,179	-
Other salaries for instruction	78,340	(7,719)	70,621	70,621	-
Purchased professional technical services	122,651	(25,808)	96,843	96,843	-
Other purchased services	-	-	-	-	-
General educational supplies	108,248	(37,554)	70,694	70,694	-
Textbooks	21,590	13,601	35,191	35,191	-
Miscellaneous expenses	32,386	(32,366)	20	20	-
	<u>3,474,470</u>	<u>(149,922)</u>	<u>3,324,548</u>	<u>3,324,548</u>	<u>-</u>

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Salaries	673,924	(22,904)	651,020	651,020	-
Total benefit costs	1,011,150	(22,719)	988,431	988,431	-
Professional /technical service	105,654	(32,207)	73,447	73,447	-
Other purchased services	58,486	(6,199)	52,287	52,287	-
Communications and telephones	14,485	3,932	18,417	18,417	-
Interest on current loan	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Miscellaneous expenses	26,552	30,035	56,587	56,587	-
	<u>1,890,251</u>	<u>(50,062)</u>	<u>1,840,189</u>	<u>1,840,189</u>	<u>-</u>
Support services:					
Salaries	209,184	57,094	266,278	266,278	-
Purchased prof/tech service	55,055	5,520	60,575	60,575	-
Other purchased services	-	-	-	-	-
Rent on land and buildings	955,000	50,000	1,005,000	1,005,000	-
Insurance-fidelity, liability property	52,896	(742)	52,154	52,154	-
Supplies and materials	124,015	(23,590)	100,425	100,425	-
Energy & utilities	94,916	(17,611)	77,305	77,305	-
Miscellaneous expenses	-	-	-	-	-
Transportation other than to/from school	-	-	-	-	-
Total support services	<u>1,491,066</u>	<u>70,671</u>	<u>1,561,737</u>	<u>1,561,737</u>	<u>-</u>

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital outlay:					
Instructional equipment	-	-	-	-	-
Non-instructional equipment	1,000	(1,000)	-	-	-
Purchase land/improvements	-	-	-	-	-
Total capital outlay	<u>1,000</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	208,447	(208,447)
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	196,645	(196,645)
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	627,489	(627,489)
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,122	(1,122)
Total expenditures	<u>6,856,787</u>	<u>(130,313)</u>	<u>6,726,474</u>	<u>7,760,177</u>	<u>(209,569)</u>
Excess (deficiency) of revenues over (under) expenditures	165,315	(7,369)	157,946	157,946	824,134
Fund balances, beginning of year	<u>812,062</u>	<u>-</u>	<u>812,062</u>	<u>812,062</u>	<u>-</u>
Fund balances, end of year	<u>\$ 977,377</u>	<u>\$ (7,369)</u>	<u>\$ 970,008</u>	<u>\$ 970,008</u>	<u>\$ 824,134</u>

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Special Revenue Fund**

C-2

Budget Comparison Schedule

Year ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$ 261,042	\$ -	\$ 261,042	\$ 261,042	\$ -
Local sources	17,297	-	17,297	17,297	-
Total revenues -all sources	<u>278,339</u>	<u>-</u>	<u>278,339</u>	<u>278,339</u>	<u>-</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	189,797	-	189,797	189,797	-
Purchased Prof. and technical services	-	-	-	-	-
Other purchased services	-	-	-	-	-
General supplies	50,877	-	50,877	50,877	-
Miscellaneous expenditures	-	-	-	-	-
Total instruction	<u>240,674</u>	<u>-</u>	<u>-</u>	<u>240,674</u>	<u>-</u>
Support services					
Support services salaries	16,567	-	16,567	16,567	-
Employee benefits	28,800	-	28,800	28,800	-
Purchased professional services	-	-	-	-	-
Other purchased services	365	-	365	365	-
Supplies	-	-	-	-	-
Miscellaneous expenditures	-	-	-	-	-
Total support services	<u>45,732</u>	<u>-</u>	<u>45,732</u>	<u>45,732</u>	<u>-</u>
Capital Outlay:					
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 286,406</u>	<u>\$ -</u>	<u>\$ 45,732</u>	<u>\$ 286,406</u>	<u>\$ -</u>

NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Note to Required Supplementary Information
Budget to GAAP Reconciliation

C-3

Year ended June 30, 2021

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1] [C-2]	\$ 7,918,123	\$ 278,339
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$ 7,918,123	\$ 278,339
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] [C-2]	\$ 7,760,177	\$ 278,339
Differences - budget to GAAP 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.		-	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		-	-
Net transfer (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 7,760,177	\$ 278,339

Note 1) The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

L-1

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS
Last Eight Fiscal Years
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Fiscal Year Ended June 30,</u>		<u>2015</u>	<u>2014</u>	<u>2013</u>
				<u>2017</u>	<u>2016</u>			
Charter School's proportion of the net pension liability (assets)	0.0089950216%	0.0076204982%	0.0068541854%	0.0049059082%	0.0064009400%	0.0063957155%	0.0040784314%	0.0038125785%
Charter School's proportionate share of the net pension liability (assets)	\$ 1,466,853	\$ 1,373,098	\$ 1,349,555	\$ 1,142,017	\$ 1,895,774	\$ 1,435,710	\$ 763,594	\$ 728,660
Charter School's covered employee payroll	\$ 476,302	\$ 433,002	\$ 393,637	\$ 375,745	\$ 357,852	\$ 444,440	\$ 392,932	\$ 202,991
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	307.97%	317.11%	342.84%	303.93%	529.76%	323.04%	194.33%	358.96%
Plan fiduciary net position as a percentage of the total pension liability - local	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note

Until a full ten year trend is compiled, information will be presented for those years for which information is available.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

L-2

Schedule of the Charter School's Contributions - PERS
Last Eight Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 98,401	\$ 75,293	\$ 70,875	\$ 48,564	\$ 58,802	\$ 54,986	\$ 33,622	\$ 28,727
Contribution in relation to the contractually required contribution	<u>(98,401)</u>	<u>(75,293)</u>	<u>(70,875)</u>	<u>(48,564)</u>	<u>(58,802)</u>	<u>(54,986)</u>	<u>(33,622)</u>	<u>(28,727)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	<u>\$ 476,302</u>	<u>\$ 433,002</u>	<u>\$ 393,637</u>	<u>\$ 375,745</u>	<u>\$ 357,852</u>	<u>\$ 444,440</u>	<u>\$ 392,932</u>	<u>\$ 202,991</u>
Contributions as a percentage of covered employee payroll	20.66%	17.39%	18.01%	12.92%	16.43%	12.37%	8.56%	14.15%

Note

Until a full ten year trend is compiled, information will be presented for those years for which information is available.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

L-3

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF
Last Eight Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 14,523,898	\$ 11,246,461	\$ 9,644,030	\$ 8,494,969	\$ 8,871,986	\$ 5,256,729	\$ 2,693,043	\$ 683,179
Total	<u>\$ 14,523,898</u>	<u>\$ 11,246,461</u>	<u>\$ 9,644,030</u>	<u>\$ 8,494,969</u>	<u>\$ 8,871,986</u>	<u>\$ 5,256,729</u>	<u>\$ 2,693,043</u>	<u>\$ 683,179</u>
Charter School's covered employee payroll	\$ 1,850,204	\$ 1,682,003	\$ 1,601,908	\$ 1,529,094	\$ 1,456,280	\$ 1,212,892	\$ 951,070	\$ 628,174
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

**Note
TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the Charter School (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the Charter School.

Note
Until a full ten year trend is compiled, information will be presented for those years for which information is available.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

M-1

Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the Charter School
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Last Five Fiscal Years

	Fiscal Year Ending				
	2020	2019	2018	2017	2016
Total OPEB Liability					
Service cost	\$ 422,010	\$ 314,078	\$ 288,979	\$ 348,326	**
Interest cost	91,209	72,807	76,817	62,163	**
Differences between expected and actual experiences	1,357,139	271,183	(418,016)	-	**
Changes of assumptions	896,757	33,176	(183,617)	(345,014)	**
Member contributions	2,590	2,025	1,479	1,601	**
Gross benefit payments	(85,467)	(68,302)	(42,785)	(43,480)	**
Net change in total OPEB liability	2,684,238	624,967	(277,143)	23,596	**
Total OPEB liability - beginning	2,225,042	1,600,075	1,877,218	1,853,622	**
Total OPEB liability, ending	<u>\$ 4,909,280</u>	<u>\$ 2,225,042</u>	<u>\$ 1,600,075</u>	<u>\$ 1,877,218</u>	<u>\$ 1,853,622</u>
Covered employee payroll - PERS and TPAF	\$ 1,032,950	\$ 742,715	\$ 473,326	\$ 472,225	**
Total OPEB liability as a percentage of covered employee payroll	475%	300%	338%	398%	0.00%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.01%	0.01%	0.00%	0.00%	0.00%
Charter School's contributions	\$ -	\$ -	\$ -	\$ -	\$ -

** Information not available.

Until a full ten year trend is compiled, information will be presented for those years for which information is available.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to Required Supplementary Information
Year Ended June 30, 2021

1. Pension – Public Employees’ Retirement System (PERS)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

2. Pension – Teachers’ Pension and Annuity Fund (TPAF)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

3. Other Post-Retirement Benefit Plan – Public Employees’ Retirement System (PERS) and Teachers’ Pension and Annuity Fund (TPAF)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

OTHER SUPPLEMENTARY INFORMATION

**SCHOOL LEVEL SCHEDULES
NOT APPLICABLE**

SPECIAL REVENUE FUND

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Special Revenue Fund

E-1

Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis

Year ended June 30, 2021

	Title IA 2020-2021	IDEA Part B 2020-2021	IDEA Preschool 2020-2021	CARES Act 2020-2022	CRF 2020-2021	ESSER II 2020-2023	Local Grant 2020-2021	Student Activity Fund	Total
Revenues									
Federal sources	\$ 75,674	\$ 101,157	\$ 2,317	\$ 42,123	\$ 15,659	\$ 24,112	\$ -	\$ -	\$ 261,042
Local sources	-	-	-	-	-	-	16,932	365	17,297
Total revenues -all sources	<u>\$ 75,674</u>	<u>\$ 101,157</u>	<u>\$ 2,317</u>	<u>\$ 42,123</u>	<u>\$ 15,659</u>	<u>\$ 24,112</u>	<u>\$ 16,932</u>	<u>\$ 365</u>	<u>\$ 278,339</u>
Expenditures									
Instruction									
Salaries of teachers	\$ 75,674	\$ 72,000	\$ -	\$ 42,123	\$ -	\$ -	\$ -	\$ -	\$ 189,797
Purchased Prof. and technical services	-	-	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-	-	-	-
General supplies	-	357	2,317	-	15,659	24,112	-	8,432	50,877
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-
Total instruction	<u>75,674</u>	<u>72,357</u>	<u>2,317</u>	<u>42,123</u>	<u>15,659</u>	<u>24,112</u>	<u>-</u>	<u>8,432</u>	<u>240,674</u>
Support services									
Support services salaries	-	-	-	-	-	-	16,567	-	16,567
Employee benefits	-	28,800	-	-	-	-	-	-	28,800
Purchased professional services	-	-	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-	365	-	365
Supplies	-	-	-	-	-	-	-	-	-
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-
Total support services	<u>-</u>	<u>28,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,932</u>	<u>-</u>	<u>45,732</u>
Facilities acquisition and construction services									
Instructional equipment	-	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 75,674</u>	<u>\$ 101,157</u>	<u>\$ 2,317</u>	<u>\$ 42,123</u>	<u>\$ 15,659</u>	<u>\$ 24,112</u>	<u>\$ 16,932</u>	<u>\$ 8,432</u>	<u>\$ 286,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,067)</u>	<u>(8,067)</u>
Fund balances, beginning of year		-	-	-	-	-	-	-	-

CAPITAL PROJECTS FUND

At June 30, 2021, there was no capital project fund.

ENTERPRISE FUND
Not Applicable

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Enterprise Funds**

G-1

Combining Statement of Net Assets

June 30, 2021

NOT APPLICABLE

**THE CHARTER SCHOOL DID NOT HAVE ANY
ENTERPRISE PROGRAMS DURING THE YEAR.**

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Enterprise Fund**

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Assets

Year ended June 30, 2021

NOT APPLICABLE

**THE CHARTER SCHOOL DID NOT HAVE ANY
ENTERPRISE PROGRAMS DURING THE YEAR.**

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Enterprise Fund**

G-3

Statement of Cash Flows

Year ended June 30, 2021

NOT APPLICABLE

**THE CHARTER SCHOOL DID NOT HAVE ANY
ENTERPRISE PROGRAMS DURING THE YEAR.**

FIDUCIARY FUND
Not Applicable

LONG-TERM DEBT
Not Applicable

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

Long-Term Debt
Schedule of Obligations Under Renovation Loan

Year ended June 30, 2021

<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2020</u>	<u>Acquired Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2021</u>
NONE					
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-1

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 32,914	\$ 42,453	\$ 25,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(517,998)	(492,336)	(605,630)	(691,008)	(851,449)	(620,768)	(473,640)	180,962	173,824	45,138
Total governmental activities net assets	<u>\$ (485,084)</u>	<u>\$ (449,883)</u>	<u>\$ (580,111)</u>	<u>\$ (691,008)</u>	<u>\$ (851,449)</u>	<u>\$ (620,768)</u>	<u>\$ (473,640)</u>	<u>\$ 180,962</u>	<u>\$ 173,824</u>	<u>\$ 45,138</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School-wide										
Invested in capital assets, net of related debt	\$ 32,914	\$ 42,453	\$ 25,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(517,998)	(492,336)	(605,630)	(691,008)	(851,449)	(620,768)	(473,640)	180,962	173,824	45,138
Total charter school net position	<u>\$ (485,084)</u>	<u>\$ (449,883)</u>	<u>\$ (580,111)</u>	<u>\$ (691,008)</u>	<u>\$ (851,449)</u>	<u>\$ (620,768)</u>	<u>\$ (473,640)</u>	<u>\$ 180,962</u>	<u>\$ 173,824</u>	<u>\$ 45,138</u>

Notes

GASB requires that ten year of statistical data be presented.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,565,222	\$ 3,391,320	\$ 3,174,400	\$ 3,172,612	\$ 2,712,502	\$ 2,172,064	\$ 1,750,218	\$ 1,550,005	\$ 1,167,056	\$ 969,979
Support services:										
General administration	3,057,500	2,579,982	2,436,023	2,101,967	1,855,100	1,666,525	1,032,648	955,385	622,256	463,926
School administrative services	1,399,022	1,084,990	991,776	649,088	811,915	897,458	788,509	716,682	407,494	376,788
On-behalf TPAF/FICA reimbursements	208,447	189,968	176,743	153,693	146,923	102,071	98,373	87,035		60,821
Capital outlay	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	9,539	9,539	6,380	-	-	-	-	-	-	-
Total governmental activities expenses	<u>8,239,730</u>	<u>7,255,799</u>	<u>6,785,322</u>	<u>6,077,360</u>	<u>5,526,440</u>	<u>4,838,118</u>	<u>3,669,748</u>	<u>3,309,107</u>	<u>2,196,806</u>	<u>1,871,514</u>
Business-type activities:										
Total business-type activities expense										
Total charter school expenses	<u>\$ 8,239,730</u>	<u>\$ 7,255,799</u>	<u>\$ 6,785,322</u>	<u>\$ 6,077,360</u>	<u>\$ 5,526,440</u>	<u>\$ 4,838,118</u>	<u>\$ 3,669,748</u>	<u>\$ 3,309,107</u>	<u>\$ 2,196,806</u>	<u>\$ 1,871,514</u>
Program revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 286,406	\$ 158,955	\$ 137,885	\$ 172,940	\$ 203,779	\$ 241,509	\$ 63,167	\$ 80,507	\$ 80,170	\$ 398,596
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>286,406</u>	<u>158,955</u>	<u>137,885</u>	<u>172,940</u>	<u>203,779</u>	<u>241,509</u>	<u>63,167</u>	<u>80,507</u>	<u>80,170</u>	<u>398,596</u>
Business-type activities:										
Total business type activities program revenues										
Total charter school program revenues	<u>\$ 286,406</u>	<u>\$ 158,955</u>	<u>\$ 137,885</u>	<u>\$ 172,940</u>	<u>\$ 203,779</u>	<u>\$ 241,509</u>	<u>\$ 63,167</u>	<u>\$ 80,507</u>	<u>\$ 80,170</u>	<u>\$ 398,596</u>

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2021		2020		2019		2018		Fiscal Year Ended June 30,		2015		2014		2013		2012			
									2017	2016										
Net (expense)/revenue																				
Governmental activities	\$	(7,953,324)	\$	(7,096,844)	\$	(6,647,437)	\$	(5,904,420)	\$	(5,322,661)	\$	(4,596,609)	\$	(3,606,581)	\$	(3,228,600)	\$	(2,116,636)	\$	(1,472,918)
Business-type activities		-		-		-		-		-		-		-		-		-		-
Total charter school-wide net expense	\$	<u>(7,953,324)</u>	\$	<u>(7,096,844)</u>	\$	<u>(6,647,437)</u>	\$	<u>(5,904,420)</u>	\$	<u>(5,322,661)</u>	\$	<u>(4,596,609)</u>	\$	<u>(3,606,581)</u>	\$	<u>(3,228,600)</u>	\$	<u>(2,116,636)</u>	\$	<u>(1,472,918)</u>
General revenues and other changes in net position																				
Governmental activities:																				
Property taxes levied for general purposes, net	\$	5,336,022	\$	4,816,680	\$	4,583,359	\$	4,021,518	\$	3,573,003	\$	3,280,792	\$	2,887,658	\$	2,370,871	\$	71	\$	723,223
Grants and contributions		2,532,070		2,365,692		2,174,327		1,960,801		1,507,482		1,162,347		827,412		858,721		3,110,378		286,786
Miscellaneous income		50,031		44,700		648		82,542		11,495		6,342		503		3,025		3,025		37,774
Total governmental activities		<u>7,918,123</u>		<u>7,227,072</u>		<u>6,758,334</u>		<u>6,064,861</u>		<u>5,091,980</u>		<u>4,449,481</u>		<u>3,715,573</u>		<u>3,232,617</u>		<u>3,113,474</u>		<u>1,047,783</u>
Business-type activities:																				
Total business-type activities																				
Total charter school-wide	\$	<u>7,918,123</u>	\$	<u>7,227,072</u>	\$	<u>6,758,334</u>	\$	<u>6,064,861</u>	\$	<u>5,091,980</u>	\$	<u>4,449,481</u>	\$	<u>3,715,573</u>	\$	<u>3,232,617</u>	\$	<u>3,113,474</u>	\$	<u>1,047,783</u>
Change in net position																				
Governmental activities	\$	(35,201)	\$	130,228	\$	110,897	\$	160,441	\$	(230,681)	\$	(147,128)	\$	108,992	\$	4,017	\$	996,838	\$	(425,135)
Business-type activities		-		-		-		-		-		-		-		-		-		-
Total charter school	\$	<u>(35,201)</u>	\$	<u>130,228</u>	\$	<u>110,897</u>	\$	<u>160,441</u>	\$	<u>(230,681)</u>	\$	<u>(147,128)</u>	\$	<u>108,992</u>	\$	<u>4,017</u>	\$	<u>996,838</u>	\$	<u>(425,135)</u>

Notes

GASB requires that ten year of statistical data be presented.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
 County of Middlesex New Jersey

J-3

Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Unreserved	\$ 970,008	\$ 812,062	\$ 646,578	\$ 449,931	\$ 225,982	\$ 246,471	\$ 234,907	\$ 180,962	\$ 173,824	\$ 45,138
Total general fund	<u>\$ 970,008</u>	<u>\$ 812,062</u>	<u>\$ 646,578</u>	<u>\$ 449,931</u>	<u>\$ 225,982</u>	<u>\$ 246,471</u>	<u>\$ 234,907</u>	<u>\$ 180,962</u>	<u>\$ 173,824</u>	<u>\$ 45,138</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes

GASB requires that ten year of statistical data be presented.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-4

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Unaudited)

Function	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Local tax levy	\$ 5,336,022	\$ 4,816,680	\$ 4,583,359	\$ 4,021,518	\$ 3,573,003	\$ 3,280,792	\$ 2,887,658	\$ 2,370,800	\$ 1,256,132	\$ 1,256,132
Contributions	17,297	-	-	55,920	10,000	10,000	17,594	27,953	77,979	-
Miscellaneous	50,031	44,700	648	82,542	11,495	6,342	503	3,025	39,935	1,075
State sources	2,532,070	2,365,692	2,174,327	1,960,801	1,507,482	1,162,347	827,412	858,721	996,621	373,033
Federal sources	261,042	158,955	137,885	117,020	193,779	231,509	45,573	52,625	24,314	36,917
Total revenue	8,196,462	7,386,027	6,896,219	6,237,801	5,295,759	4,690,990	3,778,740	3,313,124	2,394,981	1,667,157
Expenditures										
Instruction	3,565,222	3,391,320	3,174,400	3,172,612	2,712,502	2,172,064	1,750,218	1,550,005	1,167,056	969,979
Administration	2,873,892	2,527,792	2,324,754	2,038,459	1,644,908	1,507,833	1,087,695	955,385	694,866	463,926
Support services	1,607,469	1,274,958	1,168,519	802,781	958,838	999,529	886,882	800,596	404,373	434,488
Capital Outlay	-	26,473	31,899	-	-	-	-	-	-	3,121
Total expenditures	8,046,583	7,220,543	6,699,572	6,013,852	5,316,248	4,679,426	3,724,795	3,305,986	2,266,295	1,871,514
Net change in fund balances	\$ 149,879	\$ 165,484	\$ 196,647	\$ 223,949	\$ (20,489)	\$ 11,564	\$ 53,945	\$ 7,138	\$ 128,686	\$ (204,357)

Source: Charter School's Records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
 County of Middlesex New Jersey

J-5

General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 (Unaudited)

Function	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Other local revenues										
Unrestricted donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71	\$ 22,123	\$ 123,956
Miscellaneous	50,031	44,700	648	82,542	11,495	6,342	503	3,025	39,935	1,075
Total other local revenue	<u>\$ 50,031</u>	<u>\$ 44,700</u>	<u>\$ 648</u>	<u>\$ 82,542</u>	<u>\$ 11,495</u>	<u>\$ 6,342</u>	<u>\$ 503</u>	<u>\$ 3,096</u>	<u>\$ 62,058</u>	<u>\$ 125,031</u>

Source: Charter School's Records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-10

Ratio of Outstanding Debt By Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Type	Total Charter School	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			

NONE

Note: The Charter School did not have any outstanding debt during the period.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-14

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	48,202	\$ 2,422,680,722	\$ 50,261	7.10%
2013	48,459	2,435,888,553	50,267	7.10%
2014	48,749	2,558,640,014	52,486	7.10%
2015	48,976	2,618,599,792	53,467	7.10%
2016	48,630	2,600,100,210	53,467	7.10%
2017	48,630	2,600,100,210	53,467	3.70%
2018	48,630	2,600,100,210	53,467	3.70%
2019	48,630	2,600,100,210	53,467	3.70%
2020	48,630	2,600,100,210	53,467	3.70%
2020	48,630	2,600,100,210	53,467	3.70%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Personal capital income by municipality estimated based upon the 2010 Cesus published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-15

Principal Employers
Current Year
(Unaudited)

2021

<u>Employer</u>	<u>Employees</u>	<u>Rank</u> <u>[Optional]</u>	<u>Percentage of</u> <u>Total Municipal</u> <u>Employment</u>
Robert Wood Johnson Hospital	5000-5249	1	0.00%
Novo Nordisk	4500-4749	2	0.00%
Wakefern Food Corporation	3500-3749	3	0.00%
Bristol-Myers Squibb	3000-3249	4	0.00%
St. Peter's Healthcare System	2750-2999	5	0.00%
J.F.K. Medical Center	2500-2749	6	0.00%
Silverline Building Products	2250-2299	7	0.00%
Ericsson	2000-2249	8	0.00%
Johnson & Johnson	2000-2249	9	0.00%
Raritan Bay Medical Center	2000-2249	10	0.00%
			<hr/> <hr/> 0.00%

Source: Middlesex County Department of Economic & Business Development, 2012.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-16

Full-Time Equivalent Charter School Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction										
Regular	48	48	48	46	45	39	18	18	19	14
Special education	6	6	6	6	6	6	5	5	3	2
Vocational										
Other instruction	12	12	12	12	11	11	10	10	8	6
Support Services:										
Student & instruction related services	3	3	3	3	3	3	3	3	-	-
General administration	3	3	3	3	3	3	3	3	3	2
School administrative services	3	3	3	3	3	3	3	3	-	-
Other administrative services										
Central services										
Administrative Information Technology										
Plant operations and maintenance	1	1	1	1	1	1	1	1	1	1
Pupil transportation										
Other support services	-	-	-	-	-	-	-	-	1	1
Total	<u>76</u>	<u>76</u>	<u>76</u>	<u>74</u>	<u>72</u>	<u>66</u>	<u>43</u>	<u>43</u>	<u>35</u>	<u>26</u>

Source: Charter School Personnel Records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-17

Operating Statistics

**Last Ten Fiscal Years
(Unaudited)**

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
						Kindergarten	Elementary				
2012	148	1,868,393	12,624	40.39%	22	1:11	1:11	148	145	#DIV/0!	97.97%
2013	192	2,266,295	11,804	21.30%	30	1:11	1:11	192	181	29.73%	94.27%
2014	269	3,305,986	12,290	45.88%	33	1:11	1:11	269	252	40.10%	93.68%
2015	299	3,724,795	12,458	12.67%	33	1:11	1:11	299	282	11.15%	94.31%
2016	333	4,679,426	14,052	25.63%	56	1:11	1:11	333	311	11.37%	93.39%
2017	376	5,316,248	14,139	13.61%	62	1:11	1:11	376	368	12.91%	97.87%
2018	438	6,013,852	13,730	13.12%	64	1:11	1:11	438	429	16.49%	97.95%
2019	489	6,667,673	13,635	10.87%	66	1:11	1:11	489	479	11.64%	97.96%
2020	518	7,194,070	13,888	7.89%	66	1:11	1:11	518	508	5.93%	98.07%
2021	548	8,046,583	14,684	11.85%	66	1:11	1:11	518	508	0.00%	98.00%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- 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).

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-18

School Building Information
Last Ten Fiscal Years
(Unaudited)

	2021	2020	2019	2018	Fiscal Year Ended June 30,			2014	2013	2012
					2017	2016	2015			
Square Feet	56,675	56,675	56,675	56,675	56,675	56,675	56,675	56,675	9,878	8,378
Capacity (students)	675	675	675	450	400	400	400	400	200	150
Enrollment	548	518	489	438	376	333	299	269	192	148

Source: School Records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-19

Schedule of Required Maintenance Expenditures
By School Facility
Last Ten Fiscal Years
(Unaudited)

2012	322,373
2013	252,806
2014	636,111
2015	729,508
2016	825,107
2017	775,626
2018	599,638
2019	961,730
2020	1,051,960
2021	1,295,459
Total	<u>\$ 7,450,318</u>

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Charter School records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-20

Insurance Schedule

June 30, 2021
(Unaudited)

	<u>Coverage</u>
Commercial general liability:	
Property damage - aggregate limit	\$ 2,000,000
Property damage - each occurrence	1,000,000
Personal injury and advertising injury	1,000,000
Medical Expense (any one person)	10,000
Fire damage limit, any one fire	100,000
Property:	
Equipment breakdown limit	\$ 20,000
Perishable goods	100,000
Demolition	100,000
Expediting expenses	100,000
Hazardous substances	100,000
Workers Compensation & Employer's Liability:	
Bodily injury by accident	\$ 1,000,000
Bodily injury by disease - policy limit	1,000,000
Bodily injury by disease - each employee	1,000,000
Additional coverages:	
Identity theft	\$ 25,000
Terrorism travel reimbursement	25,000
Temporary meeting space reimbursements	25,000
Workplace violence counseling	25,000
Key individual replacement expenses	50,000
Automobile:	
Autos - hired or borrowed	\$ 1,000,000

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-21

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2021
(Unaudited)

	2021	2020	2019
Cash	\$ 1,843,219	\$ 1,286,517	\$ 263,249
Current assets	293,078	568,617	430,635
Capital assets	32,914	42,453	25,519
Total assets	<u>2,169,211</u>	<u>1,897,587</u>	<u>719,403</u>
Current liabilities	153,436	93,159	47,306
Long term liabilities	-	-	-
Total liabilities	<u>153,436</u>	<u>93,159</u>	<u>47,306</u>
Net position	<u>\$ 2,015,775</u>	<u>\$ 1,804,428</u>	<u>\$ 672,097</u>
Total revenue	\$ 8,196,462	\$ 7,386,027	\$ 6,896,219
Total expenses	(8,046,583)	(7,220,543)	(6,699,572)
Change in net position	<u>\$ 149,879</u>	<u>\$ 165,484</u>	<u>\$ 196,647</u>
Depreciation expense	\$ 9,539	\$ 9,539	\$ 6,380
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	548	518	489
March 30th budgeted enrollment	500	500	500

	2021	2020	2019	Three Year Cumulative
NEAR TERM INDICATORS:				
Current ratio	13.92	19.91	14.67	48.50
Unrestricted days cash	83.61	65.03	14.34	162.99
Enrollment variance	110%	104%	98%	104%
Default	N/A	N/A	N/A	N/A

Source: Charter School Records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-22

Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2021
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 1,843,219	\$ 1,286,517	\$ 263,249
Current assets	293,078	568,617	430,635
Total assets	<u>2,136,297</u>	<u>1,855,134</u>	<u>693,884</u>
Current liabilities	153,436	93,159	47,306
Long term liabilities	-	-	-
Total liabilities	<u>153,436</u>	<u>93,159</u>	<u>47,306</u>
Net position	<u>\$ 1,982,861</u>	<u>\$ 1,761,975</u>	<u>\$ 646,578</u>
Total revenue	\$ 8,196,462	\$ 7,386,027	\$ 6,896,219
Total expenses	(8,046,583)	(7,220,543)	(6,699,572)
Change in net position	<u>\$ 149,879</u>	<u>\$ 165,484</u>	<u>\$ 196,647</u>
Depreciation expense	\$ 9,539	\$ 9,539	\$ 6,380
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	548	518	489
March 30th budgeted enrollment	500	500	500

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Three Year Cumulative</u>
SUSTAINABILITY INDICATORS:				
Total margin	2%	2%	3%	2%
Liabilities to asset	N/A	N/A	N/A	N/A
Cash flow	\$ 556,702	\$ 1,023,268	\$ 53,114	\$ 1,633,084
Debt service coverage ratio	N/A	N/A	N/A	N/A

Source: Charter School Records

SINGLE AUDIT SECTION

Olugbenga Olabintan

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K-1

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Chairperson and
Members of the Board of Trustees
Hatikvah International Academy Charter School
County of Middlesex
East Brunswick, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hatikvah International Academy Charter School, in the County of Middlesex, State of New Jersey ("the Charter School") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon, dated December 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of 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 determination of financial statement amounts. 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 Office of School 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.

Olugbenga Olabintan, CPA

December 28, 2021
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

Olugbenga Olabintan

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K-2

Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance Required by the State of New Jersey OMB's Circular 15-08

The Honorable Chairperson and
Members of the Board of Trustees
Hatikvah International Academy Charter School
County of Middlesex,
East Brunswick, New Jersey

Compliance

We have audited the Hatikvah International Academy Charter School in the County of Middlesex, State of New Jersey ("the Charter School") compliance with the types of compliance requirements described in the *State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the year ended June 30, 2021. The Charter School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major state programs based on our audit of the types of compliance requirements referred to above. 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; *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, and State of New Jersey Department of Treasury OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Department of Treasury OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major State Program

In our opinion, the 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 state program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with State of New Jersey Department of Treasury OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Accordingly, this report is not suitable for any other purpose.

Olugbenga Olabintan, CPA

December 28, 2021
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant

A handwritten signature in black ink, appearing to read 'Olugbenga Olabintan', written over a horizontal line.

Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

Federal Grant/ Pass-Through Grantor/ Program Title	Assistance Listing (AL) Number	Federal Award Identification Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2020	Deferred Revenue at June 30, 2020	Due to Grantor at June 30, 2020	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2021	Deferred Revenue at June 30, 2021	Due to Grantor at June 30, 2021
Special Revenue Fund:															
U.S. Department of Education, Pass-Through Programs:															
Passed-Through State of New Jersey Department of Education															
Title IA - FY 2020-2021	84.010	S010A200030	7/1/20-9/30/21	\$ 75,674	\$ -	\$ -	\$ -	\$ -	\$ 75,674	\$ (75,674)	\$ -	\$ -	\$ -	\$ -	\$ -
IDEA Part B - FY 2020-2021	84.027	H027A200100	7/1/20-9/30/21	101,157	-	-	-	-	101,157	(101,157)	-	-	-	-	-
IDEA Preschool - FY 2020-2021	84.173	H173A200114	7/1/20-9/30/21	2,317	-	-	-	-	2,317	(2,317)	-	-	-	-	-
CARES Emergency Relief Grant	84.425D	S4250200027	3/13/20-9/30/22	42,123	-	-	-	-	42,123	(42,123)	-	-	-	-	-
CRRSA - ESSER II	84.425D	S4250200027	3/13/20-9/30/23	24,112	-	-	-	-	-	(24,112)	-	(24,112)	-	-	-
Total U.S. Department of Education, Pass-Through Programs					-	-	-	-	221,271	(245,383)	-	(24,112)	-	-	-
U.S. Department of Treasury, Pass-Through Program:															
Passed-Through State of New Jersey Department of Education															
Coronavirus Relief Fund Grant	21.019	SLT0228	7/1/20-12/31/20	15,659	-	-	-	-	15,659	(15,659)	-	-	-	-	-
Total for U.S. Department of Treasury, Pass-Through Program					-	-	-	-	15,659	(15,659)	-	-	-	-	-
U.S. Small Business Administration, Direct Program:															
Paycheck Protection Program	59.073	Not Available	4/1/20-12/31/2023	949,913	-	-	-	949,913	-	-	-	-	-	949,913	-
Total for U.S. Small Business Administration, Direct Program					-	-	-	949,913	-	-	-	-	-	949,913	-
Total Special Revenue Fund					-	-	-	949,913	-	236,930	(261,042)	-	(24,112)	949,913	-
Total Expenditures of Federal Awards					\$ -	\$ -	\$ -	\$ 949,913	\$ -	\$ 236,930	\$ (261,042)	\$ -	\$ (24,112)	\$ 949,913	\$ -
Less Amounts Not Subject to Single Audit:															
Paycheck Protection Program															
Total Expenditures of Federal Awards Subject to Single Audit															
(261,042)															

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

Schedule of Expenditures of State Awards

Year ended June 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2020	Deferred Revenue at June 30, 2020	Due to Grantor at June 30, 2020	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2021	Deferred Revenue at June 30, 2021	Due to Grantor at June 30, 2021
State Department of Education														
General Fund:														
Equalization Aid	21-495-034-5020-078	7/1/20-6/30/21	\$ 6,513,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,760,741	\$ (6,513,029)	\$ -	\$ (145,603)	\$ -	\$ 102,109
Equalization Aid	20-495-034-5020-078	7/1/19-6/30/20	5,940,730	(399,239)	-	84,962	-	-	399,239	-	(84,962)	-	-	-
Special Education Aid	21-495-034-5020-089	7/1/20-6/30/21	172,522	-	-	-	-	-	172,522	(172,522)	-	-	-	-
Security Aid	21-495-034-5020-084	7/1/20-6/30/21	54,602	-	-	-	-	-	54,602	(54,602)	-	-	-	-
State Non-Public Aid	21-100-034-5020-060	7/1/20-6/30/21	94,236	-	-	-	-	-	94,236	(94,236)	-	-	-	-
TPAF/FICA Reimbursements	21-495-034-5094-003	7/1/20-6/30/21	208,447	-	-	-	-	-	198,564	(208,447)	-	(9,883)	-	-
TPAF/FICA Reimbursements	20-495-034-5094-003	7/1/19-6/30/20	189,213	(9,755)	-	-	-	-	9,755	-	-	-	-	-
TPAF Post Retirement Medical Contribution	21-495-034-5094-001	7/1/20-6/30/21	196,645	-	-	-	-	-	196,645	(196,645)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	21-495-034-5094-002	7/1/20-6/30/21	627,489	-	-	-	-	-	627,489	(627,489)	-	-	-	-
TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	1,122	-	-	-	-	-	1,122	(1,122)	-	-	-	-
Total General Fund				(408,994)	-	84,962	-	-	8,514,915	(7,868,092)	(84,962)	(155,486)	-	102,109
Total State Financial Assistance				\$ (408,994)	\$ -	\$ 84,962	\$ -	\$ -	\$ 8,514,915	(7,868,092)	\$ (84,962)	\$ (155,486)	\$ -	\$ 102,109
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution										196,645				
TPAF Pension Contribution - Normal & NCGI										627,489				
TPAF Pension Contribution - Long-Term Disability Insurance										1,122				
Total Expenditures of State Financial Assistance Subject to Single Audit										\$ (7,042,836)				

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance of the Charter School. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Charter School's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made. The general fund is presented in the accompanying schedules on the modified accrual basis. 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 net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0- for the general fund and \$-0- for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3).

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

3. Relationship to Basic Financial Statements - continued

Federal awards and state financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 7,868,092	\$ 7,868,092
Special Revenue Fund	261,042	-	261,042
Enterprise Fund	-	-	-
Total	<u>\$ 261,042</u>	<u>\$ 7,868,092</u>	<u>\$ 8,129,134</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 contribution in the amount of \$208,447 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. The amount reported as TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions in the amount of \$825,256 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2021.

6. Paycheck Protection Program Not Subject to Federal Single Audit

The Paycheck Protection Program (PPP) is administered by the US Small Business Administration (SBA) which has indicated that the PPP is not subject to single audit under the Federal Uniform Guidance. The PPP fund received by the Charter School is therefore excluded from federal major program determination. The Schedule of Expenditures of Federal Awards provides a reconciliation of federal expenditure reported in the Charter School's financial statements and the amount subject to federal single audit and major program determination.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

7. On Behalf Programs Not Subject to State Single Audit

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's financial statements and the amount subject to State single audit and major program determination.

8. De Minimis Indirect Cost

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part I Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified that are not
 Considered to be material weaknesses? _____ Yes None reported

Noncompliance material to basic financial statements noted? _____ Yes No

Federal Awards:

In accordance with the new 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), the audit threshold was raised from \$500,000 to \$750,000. Thus, for fiscal years ending after December 26, 2015, organizations that expend less than \$750,000 in federal awards during a year are exempt from the single audit requirement for that year.

For the fiscal year ended June 30, 2021, the Charter School was determined to expend less than \$750,000 in federal awards and was therefore exempt from the federal single audit requirements for 2021.

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

Part I Summary of Auditors' Results - *continued*

State Financial Assistance Section

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

Auditee qualifies as low-risk auditee? yes No

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

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08? Yes No

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
21-495-034-5120-078	Equalization Aid
21-495-034-5120-089	Special Education Aid
21-495-034-5120-084	Security Aid
21-495-034-5120-085	State Adjustment Aid

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements in accordance with Government Auditing Standards and with the audit requirements prescribed by the Division of Administration and Finance, New Jersey Department of Education.

NONE

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

Part III – Schedule of Federal Awards and State Financial Assistance

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08.

Schedule of Federal Awards

The Charter School was determined to expend less than \$750,000 in federal awards and was therefore exempt from the federal single audit requirements for 2021.

Schedule of State Financial Assistance

NONE

No state financial assistance findings and questioned costs noted that are required to be reported in accordance with NJ OMB Circular 15-08.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2021

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (¶.511 (a)(b)) and NJOMB's Circular 15-08.

There were no prior year's audit findings.