

HOPE COMMUNITY CHARTER SCHOOL

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2021

HOPE COMMUNITY CHARTER SCHOOL

***Hope Community Charter School
Board of Trustees
Camden, New Jersey***

***Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021***

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
HOPE COMMUNITY CHARTER SCHOOL
CAMDEN, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021***

Prepared By

***Hope Community Charter School
Finance Department***

And

Barre & Company, CPA's

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INTRODUCTORY SECTION



HOPE COMMUNITY CHARTER SCHOOL • CAMDEN, NJ

836 South 4th Street, Camden, New Jersey, 08103 | tel. (856) 379-3448

February 20, 2022

Honorable President and
Members of the Board of Trustees
Hope Community Charter School
County of Camden
Camden, New Jersey

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Hope Community Charter School (“Charter School”) for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Hope Community Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the charter school as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the charter school’s financial activities have been included.

GAAP requires that management provide narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

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

- **The Introductory Section:** Contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- **The Financial Section:** Begins with the Independent Auditors’ Report and includes the Management’s Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School’s financial position and operating results, and other schedules providing detailed budgetary information;
- **The Statistical Section:** Includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;

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

1. REPORTING ENTITY AND ITS SERVICES

The Hope Community Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3, as amended. All funds of the Charter School are included in this report. The Charter School has no component units.

The Charter School provides a full range of educational services appropriate to grade Levels Kindergarten through Grade 6. The Charter School's enrollment, as of October 15th, for the current and past five fiscal years are detailed below:

Average Daily Enrollment (ADE)

<u>Fiscal Year</u>	<u>Actual Student Enrollment</u>	<u>Percent Change - ADE</u>
2020-2021	132	15.17%
2019-2020	118	-25.32%
2018-2019	158	-20.00%
2017-2018	206	6.18%
2016-2017	183	-2.11%

2. ECONOMIC CONDITION AND OUTLOOK

The State of New Jersey continues to face serious budgetary constraints. This impact the amount of state aid allocated to charter schools. This reality was taken into account when adopting the general state fund for 2020-2021. Nothing was done to compromise the quality of the programs in place in the Charter School during the regular instructional day. The budget of was prepared to ensure that all students have textbooks, materials, supplies, equipment and program they need to meet New Jersey's Core Curriculum Content Standard.

3. MAJOR INITIATIVES

Hope Community Charter School continues to focus on the school's mission. Hope Community Charter School's mission is to provide a safe, caring, literacy rich learning environment that guides and inspires students in building a solid academic foundation. Literacy will be the path to a solid academic foundation by developing, in each student, a highly literate and effective communicator who is self-reflective, responsible decision-maker. To fulfill this mission, Hope Community Charter School deliberately works to improve instruction and student outcomes by growing and developing our staff, providing new resources and programs for our students and providing remedial instruction when needed.

4. INTERNAL ACCOUNTING CONTROLS

Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft and misuse and to ensure that adequate accounting data are complete to allow for the preparation of financial statement in conformity with General Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits requires estimates and judgements by management.

As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. 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 internal controls, including that portion related to federal and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws 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 legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30, 2021.

6. ACCOUNTING SYSTEM AND REPORTS

The Charter School's accounting records reflect generally accepted accounting principles, are promulgated by the Governmental Accounting Standards Board (GASB). The Charter School's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

7. FINANCIAL POLICIES

The intent of the School Board is to ensure that the Charter School manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance, and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and General Fund revenues are the significant revenue sources considered susceptible to accrual.

OTHER INFORMATION

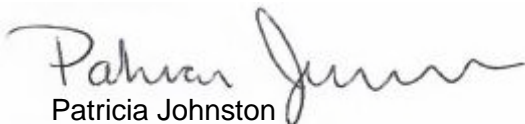
INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Barre & Company, LLC, Certified Public Accountants, was appointed by the Board of Education. In addition to *meeting* the requirements set forth in the State statutes, the audit was also 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* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules 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.

8. ACKNOWLEDGEMENTS

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

Respectfully submitted,

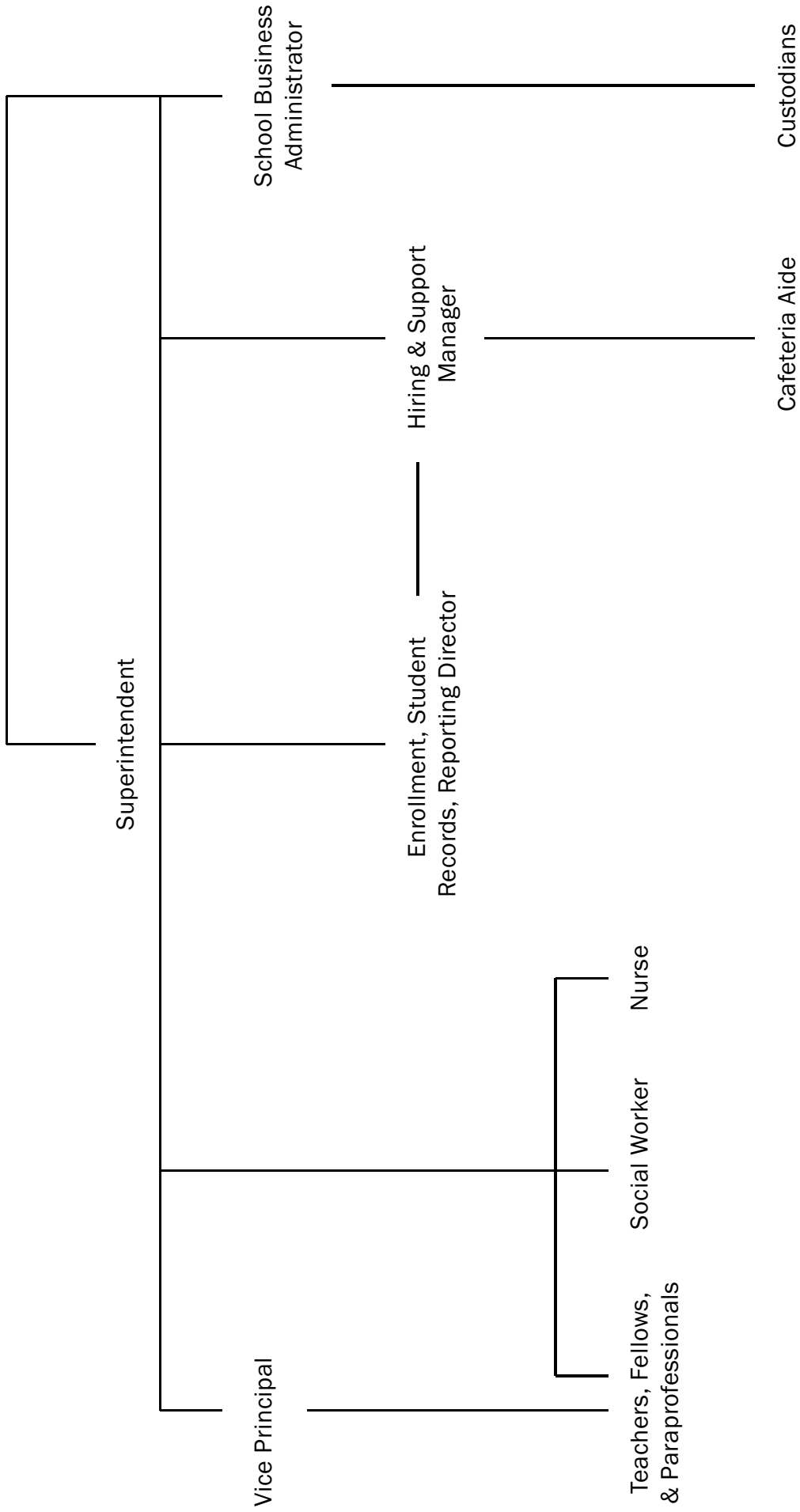


Patricia Johnston
School Business Administrator
Board Secretary



HOPE COMMUNITY CHARTER SCHOOL

Board of Trustees



**HOPE COMMUNITY CHARTER SCHOOL
CAMDEN, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2021**

MEMBERS OF THE BOARD OF TRUSTEES

Term Expires

Robert Delengowski.....	2022
Board Chair	
Matthew Myers.....	2022
Board Vice-Chair	
Barbara Wallace	2022
Trustee	

OTHER OFFICIALS

Patricia Johnston – Board Secretary/Business Administrator

Robin-Ruiz – Executive Director

Derek Mead – Treasurer

**HOPE COMMUNITY CHARTER SCHOOL
CAMDEN, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company LLC
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

Capehart & Scatchard
Laurel Corporate Center
8000 Midlantic Drive, Suite 300S
Mount Laurel, New Jersey 08054

Official Depository

BB&T Bank
Camden, New Jersey

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
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Independent Auditor’s Report

Honorable President
Members of the Board of Trustees
Hope Community Charter School
County of Camden
Camden, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Hope Community Charter School (Charter School), in the County of Camden, State of New Jersey, 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.

Auditor’s Responsibility

Our responsibility is to express opinions 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; the standards applicable to financial audit 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 Charter School’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

Charter School'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Hope Community Charter School, in the County of Camden, State of New Jersey, as of June 30, 2021, and the respective changes in the financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2021, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Consistency of Financial Statements

Because of the implementation of GASB Statement No. 84, several funds of the Charter School that were reported as fiduciary fund types in the prior fiscal year are now reported in governmental activities and governmental fund types. 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 following this report, and pension and post-employment benefit schedules in Exhibits L-1 through L-3, and M-1, and the related Notes be presented to supplement the basic financial statements and budgetary comparison information in Exhibits C-1 through C-3. 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 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 response 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.

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 introductory section, combining statements and related major fund supporting statements and schedules, and statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectfully, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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


Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and the office of school of Finance, Department of Education, State of New Jersey, we have also issued our report dated February 20, 2022 on our consideration of the Hope Community Charter School's internal control over financial reporting and 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

Other Reporting Required by Government Auditing Standards (Continued)

That report is an integral part of an audit performed in accordance with *Government Auditing Standards and the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
February 20, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**HOPE COMMUNITY CHARTER SCHOOL
CAMDEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED**

The discussion and analysis of Hope Community Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- ❖ General revenues accounted for \$3,106,306 or 99% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$23,608 or 1% of total revenues of \$3,129,914.
- ❖ The Charter School had \$2,765,624 in expenses; only \$23,608 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$3,106,306 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$2,976,947 in revenues and \$2,694,763 in expenditures. The General Fund's fund balance increased \$282,184 over 2020. This increase was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds 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 ask the question, "How did we do financially during 2021?" The *Statement of*

**HOPE COMMUNITY CHARTER SCHOOL
CAMDEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED
(CONTINUED)**

Statement of Net Position and the Statement of Activities (Continued)

Net Position and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the Charter School is divided into two kinds of activities:

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. 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 statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer 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 governmental funds is reconciled in the financial statements.

**HOPE COMMUNITY CHARTER SCHOOL
CAMDEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED
(CONTINUED)**

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 34 of this report.

The Charter School as a Whole

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

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined Net Position were \$96,915 for 2021 and (\$264,840) for 2020.

Governmental Activities

The Charter School's total revenues were \$3,106,306 for 2021 and \$2,580,888 for 2020, this includes \$74,810 for 2021 and \$73,059 for 2020 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$2,739,352 for 2021 and \$3,248,638 for 2020. Instruction comprises 34% for 2021 and 31% for 2020 of Charter School expenses.

Business-Type Activities

Revenues for the Charter School's business-type activities (Food Service) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$(2,664) for 2021 while expenses exceeded revenues by \$(2,619) for 2020.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were \$23,608 for 2021 and \$66,947 for 2020.

**HOPE COMMUNITY CHARTER SCHOOL
CAMDEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED
(CONTINUED)**

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services.

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

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$3,541,407 for 2021 and \$2,580,888 for 2020 and expenditures were \$3,259,223 for 2021 and \$2,709,414 for 2020. The net change in fund balance was most significant in the general fund, an increase of \$282,184 in 2021 where there was a decrease of (\$128,526) in 2020.

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 schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2021, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2020	Percent of Increase/ (Decrease)
Local Sources	\$ 177,876	5.02%	\$ 73,641	70.65%
State Sources	2,811,532	79.39%	842,405	42.78%
Federal Sources	551,999	15.59%	345,283	167.03%
Total	\$ 3,541,407	100.00%	\$ 1,261,329	

**HOPE COMMUNITY CHARTER SCHOOL
CAMDEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2021, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2020	Percent of Increase/ (Decrease)
Instruction	\$ 1,082,348	33.21%	\$ 224,552	26.18%
Administration	1,103,621	33.86%	296,654	36.76%
Support Services	1,073,254	32.93%	28,603	2.74%
Total	\$ 3,259,223	100.00%	\$ 549,809	

General Fund Budgeting Highlights

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

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Capital Assets (Net of Depreciation) and Debt Administration

At the end of fiscal year 2021, the Charter School had no investments in capital assets and equipment and none for 2020.

For the Future

The Hope Community Charter School is in stable financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, Hope Community Charter School has committed itself to financial stability for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

**HOPE COMMUNITY CHARTER SCHOOL
CAMDEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED
(CONTINUED)**

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Ms. Patricia Johnston, Business Administrator/Board Secretary at Hope Community Charter School, 836 S 4th St, Camden, New Jersey 08103.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.

HOPE COMMUNITY CHARTER SCHOOL
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Cash and Cash Equivalents	\$ 611,224	\$ -	\$ 611,224
Internal Balances	10,229	(10,229)	-
Receivables	160,717	4,494	165,211
Restricted Assets:			
Cash and Cash Equivalents	75,203		75,203
Total Assets	<u>857,373</u>	<u>(5,735)</u>	<u>851,638</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	<u>344,089</u>		<u>344,089</u>
Total Deferred Outflows of Resources	<u>344,089</u>	<u>-</u>	<u>344,089</u>
LIABILITIES:			
Payable to State Government	182,003		182,003
Accounts Payable	24,494		24,494
Net Pension Liability	<u>362,893</u>		<u>362,893</u>
Total Liabilities	<u>569,390</u>	<u>-</u>	<u>569,390</u>
DEFERRED INFLOWS OF RESOURCES:			
Pensions	<u>529,422</u>		<u>529,422</u>
Total Deferred Inflows of Resources	<u>529,422</u>	<u>-</u>	<u>529,422</u>
NET POSITION:			
Restricted for:			
Charter School Escrow	75,202		75,202
Unrestricted (Deficit)	<u>27,448</u>	<u>(5,735)</u>	<u>21,713</u>
Total Net Position (Deficit)	<u>\$ 102,650</u>	<u>\$ (5,735)</u>	<u>\$ 96,915</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HOPE COMMUNITY CHARTER SCHOOL
 Statement of Activities
 For The Fiscal Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 648,951	\$ 283,706	\$ -	\$ -	\$ -	\$ (932,657)	\$ -	\$ (932,657)
Administration	502,720	195,431	-	-	-	(698,151)	-	(698,151)
Support Services	1,073,254	35,290	-	-	-	(1,108,544)	-	(1,108,544)
Total Governmental Activities	2,224,925	\$ 514,427	-	-	-	(2,739,352)	-	(2,739,352)
BUSINESS-TYPE ACTIVITIES:								
Food Service	26,272	-	-	23,608	-	-	(2,664)	(2,664)
Total Business-Type Activities	26,272	-	-	23,608	-	-	(2,664)	(2,664)
Total Primary Government	\$ 2,251,197	\$ -	\$ -	\$ 23,608	\$ -	\$ (2,739,352)	\$ (2,664)	\$ (2,742,016)
GENERAL REVENUES								
General Purposes						\$ -	\$ -	\$ -
Federal and State Aid Not Restricted						2,928,430		2,928,430
Miscellaneous Income						177,876		177,876
Total General Revenues						3,106,306		3,106,306
Change in Net Position						366,954	(2,664)	364,290
Net Position - Beginning of Year						(264,304)	(3,071)	(267,375)
Net Position (Deficit) - Ending						\$ 102,650	\$ (5,735)	\$ 96,915

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

SECTION B – FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

HOPE COMMUNITY CHARTER SCHOOL
 Governmental Funds
 Balance Sheet
 June 30, 2021

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 610,689	\$ 535	\$ 611,224
Restricted	75,203		75,203
Receivables:			
Interfund Receivables	103,093		103,093
Receivables From Other Governments	50,242	110,475	160,717
Total Current Assets	839,227	111,010	950,237
Total Assets	\$ 839,227	\$ 111,010	\$ 950,237
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 92,864	\$ 92,864
Payable to State Government	182,003		182,003
Accounts Payable	6,348	18,146	24,494
Total Current Liabilities	188,351	111,010	299,361
Total Liabilities	188,351	111,010	299,361
Fund Balances:			
Restricted For:			
Charter School Escrow	75,202		75,202
Unassigned:			
General Fund	575,674		575,674
Total Fund Balances	650,876	-	650,876
Total Liabilities and Fund Balances	\$ 839,227	\$ 111,010	
NET POSITION:			
Net pension liability of \$362,893, deferred inflows of resources of \$529,422 less deferred outflows of resources of \$344,089 related to pensions are not reported in the governmental funds			(548,226)
Net Position of Governmental Activities			\$ 102,650

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HOPE COMMUNITY CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 108,869	\$ -	\$ 108,869
Interest on Investments	54		54
Miscellaneous	56,492	12,461	68,953
Total Local Sources	165,415	12,461	177,876
Intermediate Sources			
State Sources	2,811,532		2,811,532
Federal Sources		551,999	551,999
Total Revenues	2,976,947	564,460	3,541,407
EXPENDITURES:			
Current:			
Instruction	648,951	433,397	1,082,348
Administration	1,103,621		1,103,621
Support Services	942,191	131,063	1,073,254
Total Expenditures	2,694,763	564,460	3,259,223
NET CHANGE IN FUND BALANCES	282,184	-	282,184
FUND BALANCES, JULY 1	368,692	-	368,692
FUND BALANCES, JUNE 30	\$ 650,876	\$ -	\$ 650,876

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HOPE COMMUNITY CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 And Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Total net change in fund balances - governmental fund (from B-2)	\$	282,184
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p style="margin-left: 20px;">Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		
		84,770
Change in net position of governmental activities	\$	366,954

The accompanying Notes to Basic Financial Statements are integral part of this statement.

PROPRIETARY FUNDS

HOPE COMMUNITY CHARTER SCHOOL
 Proprietary Fund
 Statement of Net Position
 June 30, 2021

	Business-Type Activities
	Food Service
ASSETS:	
Current Assets:	
Receivables:	
Receivables From Other Governments	\$ 4,494
 Total Current Assets	 4,494
Total Assets	\$ 4,494
LIABILITIES:	
Current Liabilities:	
Interfund Accounts Payable	\$ 10,229
 Total Current Liabilities	 10,229
Total Liabilities	10,229
NET POSITION:	
Unrestricted (Deficit)	(5,735)
Total Net Position	(5,735)
Total Liabilities and Net Position	\$ 4,494

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HOPE COMMUNITY CHARTER SCHOOL
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2021

	Business-Type Activities Enterprise Fund
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ -
Total Operating Revenues	-
OPERATING EXPENSES:	
Salaries	5,439
Cost of Sales- Reimbursable Programs	20,833
Cost of Sales- Non-Reimbursable Programs	-
Total Operating Expenses	26,272
OPERATING LOSS	(26,272)
NONOPERATING REVENUES:	
Board Contributions	-
State Source:	
State School Lunch Program	601
Federal Source:	
Federal Breakfast Program	8,143
Federal Lunch Program	14,864
Federal Snack Program	-
Total Nonoperating Revenues	23,608
CHANGE IN NET POSITION	(2,664)
TOTAL NET POSITION (DEFICIT), JULY 1	(3,071)
TOTAL NET POSITION (DEFICIT), JUNE 30	\$ (5,735)

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HOPE COMMUNITY CHARTER SCHOOL
 Proprietary Funds
 Statement of Cash Flows
 For The Fiscal Year Ended June 30, 2021

	Business-Type Activities
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Payments to Suppliers and Employees	(23,608)
Net Cash Provided / (Used) by Operating Activities	(23,608)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	23,608
Operating Transfers In	-
Net Cash Provided by Noncapital Financing Activities	23,608
Net Increase / (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents, July 1	-
Cash and Cash Equivalents, June 30	\$ -
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss Used for Operating Activities	\$ (26,272)
Depreciation	
Changes in Assets and Liabilities:	
Decrease in Interfund Accounts Receivable	
Increase in Intergovernmental Accounts Receivable	(4,494)
Increase in Other Receivables	
Increase in Interfund Accounts Payable	7,158
Increase in Accounts Payable	
Net Cash Used by Operating Activities	\$ (23,608)

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Hope Community Charter School (“Charter School”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

B. Reporting Entity

The Charter School is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School is governed by an independent Board of Trustees, which consists of parents, founders, and other community representatives in accordance with its charter, which was appointed by the State Department of Education. An administrator is appointed by the Board and is responsible for the administrative control of the Charter School. Hope Community Charter School has an approximate enrollment at June 30, 2021 of 118.

The primary criterion for including activities within the Charter School’s reporting entity are set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- The organization is legally separate (can sue or be sued in their own name);
- The Charter School holds the corporate powers of the organization;
- The Charter School appoints a voting majority of the organization’s board
- The Charter School is able to impose a financial benefit/burden on the Charter School
- There is a fiscal dependency by the organization on the Charter School.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

C. Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, as amended provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended. The Charter School had no component units as of for the year ended June 30, 2021.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the Charter School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures of expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The Charter School's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the Charter School accompanied by a total column. Fiduciary activities of the Charter School are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Charter School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenue are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Charter School are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as programs revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting, Measurement Focus and Financial Statement Presentation (Continued)

Governmental Fund Financial Statements (Continued)

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The Charter School’s deferred outflows of resources and deferred inflows of resources are noncurrent). The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Charter School, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the Charter School. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Charter School and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, reconciliation is presented on the page following each fund level statement that summarize the adjustments necessary to convert the fund level statements into the governmental-wide presentations.

The Charter School funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. 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. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Charter School’s policy to consider restricted

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting, Measurement Focus and Financial Statement Presentation (Continued)

Governmental Fund Financial Statements (Continued)

fund balance to have been depleted before any of the components of unassigned fund balance. Further, when the components of unassigned fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, Unassigned fund balance is applied last.

The Charter School reports the following major governmental funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all financial except those 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.

As required by the New Jersey Department of Education, the Charter School includes 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a statement of Revenues, Expense and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting, Measurement Focus and Financial Statement Presentation (Continued)

Proprietary Fund Financial Statements (Continued)

Under the accrual basis of accounting, revenue are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Charter School reports the following major proprietary fund:

Food Service Fund: The food service fund accounts for the financial transactions related to the food service operations of the Charter School.

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The Charter School's fiduciary funds are Agency Funds. Agency Funds are used to account for and report assets held by the Charter School as an agent for individuals, private organizations, and other governments. Agency Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local government, including New Jersey school districts and their charter schools. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, or FY2020-2021. 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. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the New Jersey Department of Education. Budgets 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

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

N.J.A.C. 6:20-2A(m)1. All budget amendments must be approved by Charter School Board resolutions.

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrances accounting is also employed as an extension of formal budgetary integration in the governmental fund 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 recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. The budget, as detailed on Exhibit C-1 and C-2, includes all amendments to the adopted budget, if any.

F. Encumbrances

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

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

G. Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey Charter Schools are limited as to the type

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments (Continued)

of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey Charter Schools.

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

For purposes of the statement of cash flows, the Charter School considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investments pools to be cash equivalents.

H. Inventories

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

I. Interfund Receivable/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

J. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Charter School is eligible to realize the revenue.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations (Continued)

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund

financial statements. In general, government 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, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

L. Accounting Estimates

The preparation of financial statements in conformity with principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

M. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions

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 pension plan's fiduciary net position of the Public Employee's Retirement Systems (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to deductions from the PER's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

P. Fund Balance

In accordance with Government Accounting Standards Board, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-Spendable: This classification includes amounts that cannot be spend because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislations.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the Charter School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the Charter School's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the Charter School's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Q. Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net Investment in Capital Assets: This components represent capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted: This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted: This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Impact of Recently Issued Accounting Principles

During fiscal year 2021 through 2022, the Charter School has adopted the following GASB Statements

The GASB has adopted the following as of June 30, 2021

GASB No. 84, Fiduciary Activities, was effective for the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

Impact of Recently Issued Accounting Principles

GASB No. 87, Leases, will be effective with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

A. Deposits and Investments

Deposits

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

As of June 30, 2021, cash and cash equivalents of the Charter School consisted of the following:

General Fund	Special Revenue	Fiduciary Funds	Total
\$ 685,892	\$ 535	\$ -	\$ 686,427

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Deposits and Investments (Continued)

Deposits (Continued)

The Charter School had no investments at June 30, 2021.

The carrying amount of the Board's cash and cash equivalents at June 30, 2021 was \$686,427 and the bank balance was \$777,636. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Charter School's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Charter School would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2021, none of the cash and cash equivalents for Hope Community Charter School were exposed to custodial credit risk.

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

Investments

New Jersey statutes (N.J.S.A.18A:20-37) permit the Charter School to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its board members, the Charter School may use moneys which may be in hand for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Charter School;

Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(1) Government money market mutual funds;

- a. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Deposits and Investments (Continued)

Investments (Continued)

- b. Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;
- (2) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by charter schools;
- (3) Local government investment pools;
- (4) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
- (5) Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2021.

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2021.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2021.

A. Receivables

Accounts receivable at June 30, 2021 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable the Charter School's governmental and business-type activities as of June 30, 2021, consisted of the following:

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

B. Receivables (Continued)

	Governmental Funds			Proprietary Fund		Fiduciary Funds	Total
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Total Business Type Activities		
State Aid	\$ 150,529	\$ 100,287	\$ 250,816	\$ 219	\$ 219		\$251,035
Federal Aid	-	4,275	4,275	4,275	4,275		8,550
Other	-	10,188	10,188	-	-		10,188
Gross Receivables	150,529	114,750	265,279	4,494	4,494		269,773
Less: Allowance for Uncollectibles	-	-	-	-	-		-
Total Receivables, Net	\$ 150,529	\$ 114,750	\$ 265,279	\$ 4,494	\$ 4,494		\$269,773

Interfund Receivables and Payables

Transfers between funds are used to repay expenses paid by another fund. The following interfund balances remained on the fund financial statements at June 30, 2021:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 103,093	\$ -
Special Revenue Fund		92,864
Proprietary Fund		10,229
Total	\$ 103,093	\$ 103,093

A. Capital Assets

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by charter schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives. As of June 30, 2021, the Charter School had no capital assets.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Rental Lease

In June, 2017, Hope Community Charter School entered into a Lease Agreement with The Parish of The Cathedral of the Immaculate Conception, of Camden, NJ. The term of the Lease was for five (5) years, beginning on July 1, 2017, and extending through June 30, 2022. The lease requires future annual rental payments as follows:

Year Ended	Amount
June 30, 2022	256,485
Total future rental payments	<u>\$ 256,485</u>

NOTE 3: PENSION PLANS

Substantially all the Board’s employees participate in one of the two contributory, defined benefit public employee systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; In addition, certain employees may participate in the Defined Contribution Retirement Program (DCRP).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Benefits Provided (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ration of the contributions of an individual employer to the total

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (Continued)

**Allocation Methodology and Reconciliation to Financial Statements
(Continued)**

contributions to PERS during the measurement period July 01, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2020 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarially determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$ 24,344 for fiscal year 2021.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (Continued)

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

At June 30, 2021, the Charter School reported a liability of \$ 362,893 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, which was rolled forward to June 30, 2020. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020 measurement date, the Charter School's proportion was 0.00222533% which was an increase of -0.00206086% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the Charter School recognized pension expense of \$ 88,436 . At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 11,773	\$ 151,947
Difference Between Expected and Actual Experience	\$ 6,608	\$ 1,283
Changes in Proportion	\$ 313,304	\$ 374,063
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	\$ 12,404	\$ -
	<u>\$ 344,089</u>	<u>\$ 527,293</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2020, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (CONTINUED)

Changes in Proportion (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (68,132)
2023	(62,116)
2024	(35,497)
2025	(14,355)
2026	(3,105)
	<u>\$ (183,204)</u>

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 valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
through 2026	2.00-6.00% based on years of service
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.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 01, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension 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 PERS' 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-U.S. 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%

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (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 and the nonemployer contributing entity 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2020, calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability 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:

Measurement Date Ended June 30, 2020			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School proportionate share of the Net Pension Liability	\$ 460,414	\$ 365,747	\$ 285,419

Measurement Date Ended June 30, 2019			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(5.28%)	(6.28%)	(7.28%)
Charter School proportionate share of the Net Pension Liability	\$ 982,335	\$ 777,679	\$ 605,227

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (CONTINUED)

A. Teacher’s Pension Annuity Fund (TPAF)

Pension Description

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

Benefit Provided

The vesting and benefit provision are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested of 2% of related interest earned on the contributions. In the case of death before retirement, member’s beneficiaries are entitled to full interest credited to the member’s accounts. The following represents the membership tiers for TPAF:

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

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

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (CONTINUED)

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

Contributions

The contributions policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do 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 local participating employers, such as the Charter School.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2021, the State of New Jersey contributed \$ 39,944 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 229,556 .

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (CONTINUED)

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the Charter School was \$ 6,670,699 . The net pension liability was measured as of June 30, 2020, and the total pension liability used 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 Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Charter School's proportion was 0.0101303%. Since this was the Charter School's first year of participation, there is no comparison as to increase or decrease from the preceding year.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the District	6,670,699
Total	\$ 6,670,699

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the Charter School in the amount of \$ 229,556 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 7,815,939,253	\$ 14,241,964,752
Difference Between Expected and Actual Experience	986,767,511	182,357,860
Changes in Proportion and differences between employer contributions and proportionate share of contributions	167,666,229	167,666,229
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	656,175,235	
	\$ 9,626,548,228	\$ 14,591,988,841

The \$9,626,548,228 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$14,591,988,841 reported as deferred inflow of resources resulted from the difference between projected and actual.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (CONTINUED)

Special Funding Situation (Continued)

Fiscal Year	Total
Ending June 30,	Total
2022	\$ (262,056,928)
2023	(188,358,995)
2024	(774,174,971)
2025	(1,939,112,462)
2026	(1,466,451,639)
Thereafter	(335,285,618)
	<u>\$ (4,965,440,613)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 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%
Wages	3.25%
Salary Increases:	
Through 2026	1.55 - 4.45%
	based on years of service
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. 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-2019.

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

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments (7.00% as of June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension 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' target asset allocation as of June 30, 2020 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. 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 – TPAF

The discount rate used to measure the 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 made based upon the contribution rates in the most recent fiscal year. The State employer contributed 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

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (CONTINUED)

Discount Rate – TPAF (CONTINUED)

make projected future benefit payments of current plan investments was applied to projected benefit payment 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.

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

The following presents the Charter School’s proportionate share of the collective net pension liability as of June 30, 2020, calculated using the discount rate as disclosed below, as well as what the Charter School’s proportionate share of the net pension liability 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:

Measurement Date June 30, 2020			
	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
Charter School's proportionate share of the Net Pension Liability	\$ 7,852,736	\$ 6,685,358	\$ 5,716,046

Measurement Date Ended June 30, 2019			
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
Charter School's proportionate share of the Net Pension Liability	\$ 7,489,807	\$ 6,351,485	\$ 5,407,038

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF’s fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP, which is defined contribution plan. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

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 of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School did not recognize any pension expense for the fiscal year ended June 30, 2021. There were not employee contributions to DCRP for the fiscal year ended June 30, 2021

NOTE 4: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

The school is in a "special funding situation", as described in GASB Statement No. 75 in that OPEB contributions and expense are legally required to be made by and are the sole responsibility of the State of New Jersey.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees 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 No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4: POST-RETIREMENT BENEFITS (Continued)

Plan Description and Benefits Provided (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Inflation Rate	2.50%			
		TPAF/ABP	PERS	PFRS
Salary Increases				
Through 2026		1.55% to 4.45%	2.00% to 6.00%	3.25% to 15.25%
		based on service	based on service	based on service
		years	years	years
Rate thereafter		1.55% to 4.45%	3.00% to 7.00%	Applied to all
		based on service	based on service	future
		years	years	years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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, July 1, 2014 - June 30, 2018, and July 1, 2013- June 30, 2018 for TPAF, PERS and PFRS, 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 rates for fiscal year 2021 through 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 Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

Plan Description and Benefits Provided (Continued)

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

For the fiscal year ended June 30, 2020 the Charter School recognized OPEB expense of \$ 279,733 in the government-wide financial statements for the State's proportionate share of the OPEB Plan's OPEB expenses, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2020 measurement date.

In accordance with GASB Statement 75, as the District'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 the measurement date of June 30, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ 285,409	\$ (254,232)
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	\$ 319,755	(214,501)
Sub Total	605,165	(468,733)
Contributions Made in Fiscal Year 2020 after June 30, 2019 Measurement Date	N/A	N/A
Total	605,165	(468,733)

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

Fiscal Year ending June 30	
2022	\$ 1,204
2023	\$ 1,204
2024	\$ 1,204
2025	\$ 1,204
2026	\$ 1,204
Total Thereafter	\$ 130,410
	\$ 136,431

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: ON BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

As previously mentioned, the Charter School receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The Charter School is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2021, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$273,974 , \$85,859 , and \$458 , respectively.

NOTE 6: 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, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

NOTE 7: CONTINGENCIES

State and Federal Grantor Agencies

The Charter School participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Charter School has not complied with the rules and regulations governing the grants refund of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combines' financial statements for such contingencies.

Litigation

The Charter School is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Charter School's attorney that resolution of these matters will not have a material adverse effect on the financial condition of the Charter School.

Economic Dependency

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

**HOPE COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8: DEFERRED COMPENSATION

The Charter School offers its employees a choice of the following deferred compensation plans created in accordance with the Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 9: FUND BALANCES

General Fund

A. Charter School Escrow Reserve

In accordance with the New Jersey Charter School agreement, the Charter School has established an escrow that is restricted for the possible costs associated with the dissolution of the charter school. Within five years of the signing of the agreement, the reserve must reach a balance of \$75,000. The current balance of the escrow maintained by the Charter School is \$75,202

B. Unassigned

As of June 30, 2021, \$575,672 of general fund balance was unassigned.

NOTE 10: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 20, 2022, the date the financial statements were available to be issued.

NOTE 11: IMPACT OF COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. 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 magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

Although the Charter School cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the Charter School’s results of future operations, financial position, and liquidity in fiscal year 2022.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

HOPE COMMUNITY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Equalization Aid-Local	\$ 108,869	\$ -	\$ 108,869	\$ 108,869	\$ -
Total Local Sources	108,869	-	108,869	108,869	-
Categorical Aid:					
Equalization Aid-State	1,685,875		1,685,875	1,685,875	-
Special Education	76,699		76,699	76,699	-
Security Aid	73,794		73,794	73,794	-
Adjustment Aid	104,962		104,962	104,962	-
Total Categorical Aid	1,941,330	-	1,941,330	1,941,330	-
Revenues From Other Sources:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				273,974	273,974
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				85,859	85,859
On-Behalf TPAF Long Term Disability Contributions (Non-Budgeted)				458	458
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				74,810	74,810
Other Local Sources					
Interest Income				54	54
Miscellaneous Revenue				56,492	56,492
Total Revenues From Other Sources	-	-	-	491,647	491,647
Total Revenues	2,050,199	-	2,050,199	2,541,846	491,647
EXPENDITURES:					
Instruction:					
Salaries of Teachers	480,194	(5,165)	475,029	467,990	7,039
Other Salaries for Instruction	307,192	(96,835)	210,357	157,358	52,999
Purchased Prof/Tech Services	13,225		13,225		13,225
Other Purchased Services	27,500		27,500	1,379	26,121
General Supplies	78,318		78,318	18,974	59,344
Other Objects	15,000		15,000	3,250	11,750
Total Instruction	921,429	(102,000)	819,429	648,951	170,478
Administration:					
Salaries - General Administration					
Salaries - Technical	297,845	32,700	330,545	330,446	99
Salaries of Secretarial/Clerical Assistants	97,813	2,500	100,313	100,267	46
Total Benefits Cost	296,228	(30,400)	265,828	90,014	175,814
Purchases Prof/Tech Services	31,000	60,000	91,000	71,232	19,768
Other Purchased Services	19,300	50,000	69,300	52,193	17,107
Communications/Telephone	6,675	10,000	16,675	13,063	3,612
Supplies and Materials	9,690		9,690	7,628	2,062
Miscellaneous Expenses	2,500	1,200	3,700	3,677	23
Total Administration	761,051	126,000	887,051	668,520	218,531

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

HOPE COMMUNITY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries	30,500	(22,000)	8,500	1,404	7,096
Salaries - Nurse	63,755	(2,850)	60,905	32,759	28,146
Salaries - Custodial	57,319		57,319	43,599	13,720
Purchased Prof/Tech Services	90,700	33,100	123,800	112,171	11,629
Rental of Land and Buildings	250,000	3,000	253,000	252,265	735
Transportation-Other Than To/From School	45,000	(40,000)	5,000		5,000
Insurance for Property, Liability and Fidelity	21,912	3,000	24,912	23,933	979
Supplies and Materials	6,000	1,750	7,750	7,323	427
Energy Costs (Heat and Electricity)	45,000		45,000	33,636	11,364
Travel	1,000		1,000		1,000
Miscellaneous Expenses					
Total Support Services	611,186	(24,000)	587,186	507,090	80,096
On-Behalf TPAF Pension Contributions (Non-Budgeted)				273,974	(273,974)
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				85,859	(85,859)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				74,810	(74,810)
On Behalf TPAF Long-Term Disability Contributions (Non-Budgeted)				458	(458)
Total Expenditures	2,293,666	-	2,293,666	2,259,662	120,321
Excess (Deficiency) of Revenues Over (Under) Expenditures	(243,467)	-	(243,467)	282,184	525,651
FUND BALANCE, JULY 1	368,692	-	368,692	368,692	-
FUND BALANCE, JUNE 30	<u>\$ 125,225</u>	<u>\$ -</u>	<u>\$ 125,225</u>	<u>\$ 650,876</u>	<u>\$ 525,651</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance	<u>\$ 125,225</u>	<u>\$ -</u>	<u>125,225</u>	<u>\$ 650,876</u>	<u>\$ 525,651</u>
Total	<u>\$ 125,225</u>	<u>\$ -</u>	<u>\$ 125,225</u>	<u>\$ 650,876</u>	<u>\$ 525,651</u>

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

HOPE COMMUNITY CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 560,966	\$ -	\$ 560,966	\$ 551,999	\$ (8,967)
Local Sources	12,461		12,461	12,461	-
Total Revenues	573,427	-	573,427	564,460	(8,967)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	288,940		288,940	282,603	6,337
Purchased Prof/Tech Services	24,928		24,928	24,928	-
Total Instruction	434,492	-	434,492	433,397	1,095
Support Services:					
Personal Services - Employee Benefits	67,727		67,727	67,373	354
Other Purchased Professional Services	30,000		30,000	23,109	6,891
Total Support Services	138,935	-	138,935	131,063	7,872
Total Expenditures	573,427	-	573,427	564,460	8,967
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

HOPE COMMUNITY CHARTER SCHOOL
 Budgetary Comparison Schedule
 Budget-To-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2021

Note A - Explanation of differences between Budgetary Inflows and GAAP Revenues and Expenditures

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 2,976,947	[C-2]	564,460
 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 reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	\$ 2,976,947	[B-2]	\$ 564,460
 Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 2,694,763	[C-2]	564,460
 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 accounting purposes.				-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 2,694,763	[B-2]	\$ 564,460

REQUIRED SUPPLEMENTARY INFORMATION – PART III

***SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
PENSIONS (GASB 68)***

HOPE COMMUNITY CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST SIX YEARS
 UNAUDITED

	Fiscal Year ending June 30,					
	2016	2017	2018	2019	2020	2021
Charter School's proportion of the net pension liability	0.00619008%	0.00950671%	0.00364195%	0.015900800%	0.004286190%	0.002225331%
Charter School's proportionate share of the net pension liability	\$ 1,183,048	\$ 1,779,917	\$ 3,183,623	\$ 4,709,346	\$ 772,306	\$ 362,893
Charter School's covered employees payroll (Plan measurement Period)	\$ 1,080,422	\$ 1,254,656	\$ 1,376,213	\$ 1,674,096	\$ 178,422	\$ 164,440
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	109%	142%	231%	281%	433%	221%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	45.37%	51.55%	51.55%	51.55%	58.32%

HOPE COMMUNITY CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST SIX FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,					
	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 46,641	\$ 78,372	\$ 121,929	\$ 141,260	41,692	24,344
Contributions in relation to the contractually required contribution	<u>(48,449)</u>	<u>(78,372)</u>	<u>(121,929)</u>	<u>(141,260)</u>	<u>(41,692)</u>	<u>(24,344)</u>
Contribution deficiency/(excess)	<u>\$ (1,808)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered payroll (Fiscal Year)	\$ 1,080,422	\$ 1,254,656	\$ 1,376,213	\$ 1,674,096	\$ 178,422	\$ 164,440
Contributions as a percentage of covered payroll	4.32%	6.25%	8.86%	8.44%	23.37%	14.80%

HOPE COMMUNITY CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER'S PENSION AND ANNUITY FUND
 LAST SIX FISCAL YEARS (CHARTER DID NOT PARTICIPATE IN PRIOR YEARS)
 UNAUDITED

	Fiscal Year Ending June 30,					
	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable of the Charter School	0.0129349%	0.01818950%	0.02061662%	0.03033860%	0.01032441%	0.01013033%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 6,537,215	\$ 9,721,704	\$ 13,030,585	\$ 23,866,352	\$ 23,866,352	\$ 6,670,699
Charter School's covered payroll (Plan Measurement Period)	\$ 4,209,720	\$ 2,744,160	\$ 5,754,175	\$ 5,341,124	\$ 5,341,124	\$ 926,913
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	155.29%	354.27%	226.45%	446.84%	446.84%	719.67%
Plan fiduciary net position as a p ercentage of the total pension liability	28.71%	22.33%	22.33%	22.33%	26.95%	24.48%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

***SCHEDULE M - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS***

Hope Community Charter School
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last Five Fiscal Years
(Unaudited)

	Fiscal Years Ending				
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total Non-Employer OPEB Liability- States's Proportionate Share of the Total OPEB Liability Associated with the Charter School					
OPEB Liability at Beginning of Measurement Period		\$ 1,123,526	\$ 1,243,223	\$ 992,698	\$ 976,827
Service cost		323,935	267,438	192,286	271,797
Interest on Total OPEB Liability		40,860	53,627	45,301	43,151
Effect on Changes of Benefit Terms		-	-	-	-
Difference between expected and actual experience	NOT AVAILABLE	-	(432,046)	(238,926)	276,421
Effect of Changes of Assumptions		(217,362)	(113,917)	14,565	343,383
Contributions - Employee		1,060	917	889	992
Gross Benefits Paid by the State		(28,796)	(26,544)	(29,986)	(32,727)
Net Change in Total OPEB Liability	NOT AVAILABLE	119,697	(250,525)	(15,871)	903,017
OPEB Liability at Beginning of Measurement Period		1,123,526	1,243,223	992,698	976,827
Total OPEB Liability at End of Measurement Period	976,827	1,243,223	992,698	976,827	1,879,844

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Changes in benefit terms:

None

Differences Between Expected and Actual Experiences: The decrease in the Total OPEB Liability from June 30, 2018 to June 30, 2019 is due to changes in the census claims and premium experiences. The increase in liability from June 30, 2019 to June 30, 2020 is due to changes in the census, claims and premiums experience.

Changes in Assumptions:

The increase in the liability from June 30, 2018 to June 30, 2019 is due to the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions. The increase in the liability from June 30, 2019 to June 30, 2020 is due to the combined effect of the decrease in the assumed discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020; and changes in the trend, excise tax, updated mortality improvement assumptions.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

HOPE COMMUNITY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2021

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from (6.28%) as of June 30, 2019 to (7.00%) as of June 30, 2020 in accordance with Paragraph 44 of GASB Statement No. 67.

HOPE COMMUNITY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2021

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from (5.60%) as of June 30, 2019 to (5.40%) as of June 30, 2020 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

HOPE COMMUNITY CHARTER SCHOOL
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2021

	Title I Part A	Title II Part A	Title IV	IDEA Part B	CARES Grant	Digital Divide Grant	Covid Relief Grant	Juvenile Justice Commission	Camden Education Fund	Total
Revenues:										
Federal Sources	\$ 225,209	\$ 10,613	\$ 14,315	\$ 31,032	\$ 144,149	\$ 8,535	\$ 18,146	\$ -	\$ -	\$ 451,999
State Sources								12,461		12,461
Local Sources									100,000	100,000
Total Revenues	\$ 225,209	\$ 10,613	\$ 14,315	\$ 31,032	\$ 144,149	\$ 8,535	\$ 18,146	\$ 12,461	\$ 100,000	\$ 564,460
Expenditures:										
Instruction:										
Salaries of Teachers	\$ 178,000	\$ -	\$ -	\$ 22,165	\$ 45,300	\$ -	\$ -	\$ 11,575	\$ 45,563	\$ 302,603
Other Salaries for Instruction					20,581					20,581
Purchased Prof/Tech Services		10,613	14,315		72,493		18,146		23,109	48,037
General Supplies									26,692	117,331
Total Instruction	178,000	10,613	14,315	22,165	138,374	-	18,146	11,575	95,364	488,552
Support Services:										
Salaries of Supervisors of Instruction	47,209			8,867	5,775			886	4,636	67,373
Personal Services/Employee Benefits										8,535
Supplies and Materials	47,209			8,867	5,775	8,535		886	4,636	75,908
Total Support Services	225,209	10,613	14,315	31,032	144,149	8,535	18,146	12,461	100,000	564,460
Total Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over (Under) Expenditures										

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.

**STATISTICAL SECTION
(UNAUDITED)**

Hope Community Charter School has been in operation for eight (8) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for eight (8) years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the charter school's financial performance and well-being have changed over time.

Revenue Capacity (Not Applicable To Charter School)

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the district provides and the activities it performs.

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

FINANCIAL TRENDS

HOPE COMMUNITY CHARTER SCHOOL
 Net Position by Component
 Last Eight Fiscal Years
(accrual basis of accounting)
 Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities								
Net Investment in Capital Assets/								
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,999	\$ 10,210	\$ -
Restricted	75,202	75,203	75,137	75,137	75,000	75,000	-	-
Unrestricted	27,448	(336,972)	330,844	345,933	602,725	485,246	667,916	234,473
Total Governmental Activities Net Assets/ Position	<u>\$ 102,650</u>	<u>\$ (261,769)</u>	<u>\$ 405,981</u>	<u>\$ 421,070</u>	<u>\$ 677,725</u>	<u>\$ 585,245</u>	<u>\$ 678,126</u>	<u>\$ 234,473</u>
Business-Type Activities								
Unrestricted	\$ (5,735)	\$ (3,071)	\$ 3,110	\$ 5,718	\$ 15,913	\$ 12,351	\$ 15,068	\$ 506
Total Business-Type Activities Net Assets/Position	<u>\$ (5,735)</u>	<u>\$ (3,071)</u>	<u>\$ 3,110</u>	<u>\$ 5,718</u>	<u>\$ 15,913</u>	<u>\$ 12,351</u>	<u>\$ 15,068</u>	<u>\$ 506</u>
Charter School-Wide								
Net Investment in Capital Assets								
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,999	\$ 10,210	\$ -
Unrestricted	21,713	(340,043)	333,954	351,651	618,638	497,597	682,984	234,979
Total Charter School Net Position	<u>\$ 96,915</u>	<u>\$ (264,840)</u>	<u>\$ 409,091</u>	<u>\$ 426,788</u>	<u>\$ 693,638</u>	<u>\$ 597,596</u>	<u>\$ 693,194</u>	<u>\$ 234,979</u>

Source: Annual Comprehensive Financial Report

HOPE COMMUNITY CHARTER SCHOOL
Changes in Net Position
Last Eight Fiscal Years
(accrual basis of accounting)
Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014
Expenses								
Governmental Activities:								
Instruction	\$ 932,657	\$ 1,005,852	\$ 956,850	\$ 1,551,019	\$ 1,303,179	\$ 1,400,792	\$ 919,627	\$ 643,994
Administration	698,151	1,118,752	785,187	1,224,390	459,356	495,785	369,880	341,603
Support Services	1,108,544	1,126,569	1,175,764	1,157,861	842,433	752,617	775,048	392,059
Capital Outlay	-	-	-	5,074	27,856	1,955	22,602	-
On Behalf TPAF Pension and Social Security Contribution	-	-	-	-	134,473	-	-	-
Unallocated	-	-	-	-	407,030	341,524	200,673	37,248
Total Governmental Activities Expenses	<u>2,739,352</u>	<u>3,251,173</u>	<u>2,917,801</u>	<u>3,938,344</u>	<u>3,174,327</u>	<u>2,992,673</u>	<u>2,287,830</u>	<u>1,414,904</u>
Business-Type Activities:								
Food Service	26,272	73,128	106,542	136,174	109,752	117,645	113,893	110,119
Total Business-Type Activities Expenses	<u>26,272</u>	<u>73,128</u>	<u>106,542</u>	<u>136,174</u>	<u>109,752</u>	<u>117,645</u>	<u>113,893</u>	<u>110,119</u>
Total Charter School Expenses	<u>\$ 2,765,624</u>	<u>\$ 3,324,301</u>	<u>\$ 3,024,343</u>	<u>\$ 4,074,518</u>	<u>\$ 3,284,079</u>	<u>\$ 3,110,318</u>	<u>\$ 2,401,723</u>	<u>\$ 1,525,023</u>
Program Revenues								
Governmental Activities:								
Operating Grants and Contributions	\$ -	\$ -	\$ -	\$ -	\$ 683,522	\$ 532,108	\$ 410,766	296,387
Total Governmental Activities Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>683,522</u>	<u>532,108</u>	<u>410,766</u>	<u>296,387</u>
Business-Type Activities:								
Charges for Services	-	-	-	-	-	-	5,761	459
Operating Grants and Contributions	23,608	66,947	103,933	116,127	113,314	114,928	122,694	74,271
Transfers	-	-	-	-	-	-	-	25,895
Total Business-Type Activities Expenses	<u>23,608</u>	<u>66,947</u>	<u>103,933</u>	<u>116,127</u>	<u>113,314</u>	<u>114,928</u>	<u>128,455</u>	<u>100,625</u>
Total Charter School Program Revenue	<u>\$ 23,608</u>	<u>\$ 66,947</u>	<u>\$ 103,933</u>	<u>\$ 116,127</u>	<u>\$ 796,836</u>	<u>\$ 647,036</u>	<u>\$ 539,221</u>	<u>\$ 397,012</u>
Net (Expense)/Revenue								
Governmental Activities	\$ (2,739,352)	\$ (3,251,173)	\$ (2,917,801)	\$ (3,938,344)	\$ (2,490,805)	\$ (2,460,565)	\$ (1,877,064)	\$ (1,118,517)
Business-Type Activities	(2,664)	(6,181)	(2,609)	(20,047)	3,562	(2,717)	14,562	(9,494)
Total Charter School Net Expense	<u>\$ (2,742,016)</u>	<u>\$ (3,257,354)</u>	<u>\$ (2,920,410)</u>	<u>\$ (3,958,391)</u>	<u>\$ (2,487,243)</u>	<u>\$ (2,463,282)</u>	<u>\$ (1,862,502)</u>	<u>\$ (1,128,011)</u>
General Revenues and Other Changes in Net Position								
Governmental Activities:								
General Purposes	\$ -	\$ -	\$ -	\$ -	\$ 92,824	\$ 79,186	\$ 72,474	\$ 42,748
Federal and State Aid Not Restricted	2,928,430	2,476,653	2,774,406	3,566,981	2,462,328	2,250,796	2,232,360	1,325,584
Miscellaneous Income	177,876	104,235	128,306	219,005	28,133	27,702	25,883	10,553
Transfers	-	-	-	-	-	-	-	(25,895)
Total Governmental Activities	<u>3,106,306</u>	<u>2,580,888</u>	<u>2,902,712</u>	<u>3,785,986</u>	<u>2,583,285</u>	<u>2,357,684</u>	<u>2,330,717</u>	<u>1,352,990</u>
Total Charter School Wide	<u>\$ 3,106,306</u>	<u>\$ 2,580,888</u>	<u>\$ 2,902,712</u>	<u>\$ 3,795,838</u>	<u>\$ 2,583,285</u>	<u>\$ 2,357,684</u>	<u>\$ 2,330,717</u>	<u>\$ 1,352,990</u>
Change in Net Position								
Governmental Activities	\$ 366,954	\$ (670,285)	\$ (15,089)	\$ (152,358)	\$ 92,480	\$ (102,881)	\$ 453,653	\$ 234,473
Business-Type Activities	(2,664)	(6,181)	(2,609)	(10,195)	3,562	(2,717)	14,562	(9,494)
Total Charter School	<u>\$ 364,290</u>	<u>\$ (676,466)</u>	<u>\$ (17,698)</u>	<u>\$ (162,553)</u>	<u>\$ 96,042</u>	<u>\$ (105,598)</u>	<u>\$ 468,215</u>	<u>\$ 224,979</u>

Source: Annual Comprehensive Financial Report

HOPE COMMUNITY CHARTER SCHOOL
Fund Balances - Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014
General Fund								
Restricted	75,203	\$ 75,137	\$ 75,000	\$ 75,000	\$ 75,000	\$ 7,500	\$ -	\$ -
Assigned				\$ -	\$ -	\$ 24,999	\$ 10,210	
Unassigned	575,672	368,692	619,538	550,537	602,725	485,246	677,916	234,473
Total General Fund	\$ 650,875	\$ 443,829	\$ 694,538	\$ 625,537	\$ 677,725	\$ 517,745	\$ 688,126	\$ 234,473

Source: Annual Comprehensive Financial Report

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

	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:								
Local Sources	\$ 177,876	\$ 104,235	128,306	218,821	120,957	106,888	98,357	53,301
State Sources	2,376,431	2,072,480	2,395,583	2,961,427	2,700,154	2,344,174	2,293,500	1,332,377
Federal Sources	551,999	206,716	378,823	239,382	445,696	438,730	349,626	289,594
Total Revenues	<u>3,106,306</u>	<u>2,383,431</u>	<u>2,902,712</u>	<u>3,419,630</u>	<u>3,266,807</u>	<u>2,889,792</u>	<u>2,741,483</u>	<u>1,675,272</u>
Expenditures:								
Instruction	1,082,348	857,796	936,238	1,310,673	1,303,179	1,400,792	919,627	629,619
Administration	668,520	806,967	798,010	1,046,633	459,356	495,785	369,880	341,603
Support Services	1,073,254	1,044,651	1,099,463	1,109,485	842,433	752,617	775,048	392,059
Capital Outlay	-	-	-	5,074	27,856	1,955	22,602	14,375
Unallocated Benefits	-	-	-	-	541,503	341,524	200,673	37,248
Total Expenditures	<u>2,824,122</u>	<u>2,709,414</u>	<u>2,833,711</u>	<u>3,471,865</u>	<u>3,174,327</u>	<u>2,992,673</u>	<u>2,287,830</u>	<u>1,414,904</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	282,184	(325,983)	69,001	(52,235)	92,480	(102,881)	453,653	260,368
Net Change in Fund Balance	<u>\$ 282,184</u>	<u>\$ (325,983)</u>	<u>\$ 69,001</u>	<u>\$ (52,235)</u>	<u>\$ 92,480</u>	<u>\$ (102,881)</u>	<u>\$ 453,653</u>	<u>\$ 260,368</u>

Source: Annual Comprehensive Financial Report

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

Fiscal Year Ending June 30,	Interest	Miscellaneous Revenue	Total
2021	\$ 54	\$ 56,492	\$ 56,546
2020	85	5,023	5,108
2019	196	11,493	11,689
2018	638	108,635	109,273
2017	-	28,133	28,133
2016	-		-
2015	-		-
2014		-	-

Source: Charter School records

OPERATING INFORMATION

HOPE COMMUNITY CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Eight Fiscal Years

Function	2021	2020	2019	2018	2017	2016	2015	2014
Instruction	16	15	27	31	27	23	23	13
Administrative	3	3	3	5	2	1	2	2
Support Services	6	6	5	3	5	2	1	1
Food Service	-	-	-	-	-	-	-	-
Total	<u>25</u>	<u>24</u>	<u>35</u>	<u>39</u>	<u>34</u>	<u>26</u>	<u>26</u>	<u>16</u>

Source: Charter School's Records

HOPE COMMUNITY CHARTER SCHOOL

Operating Statistics
Last Eight Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2021	132	\$ 2,824,122	\$ 21,395	-6.82%	16	1:9	136	119.0	15.17%	87.56%
2020	118	2,709,414	22,961	28.03%	15	1:8	118	117.2	-25.32%	99.36%
2019	158	2,833,711	17,935	6.57%	27	1:6	158	156	-20.00%	98.73%
2018	206	3,466,791	16,829	14.03%	31	1:7	197.5	177.4	6.18%	89.82%
2017	183	2,700,775	14,758	11.04%	28	1:7	186	161	-2.11%	86.56%
2016	192	2,551,988	13,292	37.84%	27	1:8	190	186	7.95%	97.89%
2015	201	1,938,204	9,643	-6.03%	12	1:17	176	149	66.04%	84.66%
2014	109	1,118,517	10,262	0.00%	6	1:17	106	86	100%	81.13%

HOPE COMMUNITY CHARTER SCHOOL
School Building Information
Last Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
<u>Charter School Building</u>								
Square Feet	16,821	16,821	16,821	16,821	16,821	16,821	16,821	16,821
Capacity (students)	320	320	320	320	320	320	320	320
Enrollment	132	118	158	206	183	192	201	109

Number of Schools at June 30, 2021
School Building - 1

Source: Charter School Facilities Office

HOPE COMMUNITY CHARTER SCHOOL
 Insurance Schedule
 June 30, 2021

	Coverage	Deductible
PACKAGE POLICY (NJSBAIG)		
Property Section		
Location #1	\$ 3,977,200	
Location #1 Contents	475,000	
Location #2	1,729,800	
Location #2 Contents	50,000	
Blanket Extra Expense	50,000,000	
Blanket Records	10,000,000	
Flood	25,000,000	\$ 500,000
Earthquake	50,000,000	
Terrorism	1,000,000	
EDP		
Blanket Hardware/Software	\$ 475,000	
Transit	25,000	
Loss of Income	10,000	
Boiler & Machinery		
Property Damage & Business Income	\$ 100,000,000	
Crime		
Public Employee Dishonesty	\$ 250,000	\$ 500
Loss of Money	50,000	500
Forgery or Alteration	250,000	500
Computer Fraud	250,000	500
General Liability		
Each Occurrence	\$ 16,000,000	
Sexual Abuse	16,000,000	
Personal & Advertising	16,000,000	
Employment Benefits	16,000,000	
Medical Payments	10,000	
Business Auto Section		
Hired & Non-Owned Auto Liability	\$ 16,000,000	
WORKERS COMPENSATION (NJSBAIG)		
Bodily Injury by Accident	\$ 2,000,000	
Bodily Injury by Disease	2,000,000	

HOPE COMMUNITY CHARTER SCHOOL
 New Jersey Performance Framework Financial Ratios
 Audited Performance Indicators
 Last Three Fiscal Years

	2019 Audit	2020 Audit	2021 Audit	Source
Cash	620,913	642,641	686,427	Audit: Exhibit A-1
Current Assets (include cash)	1,072,321	779,930	851,638	Audit: Exhibit A-1
Current Liabilities	374,536	339,106	206,497	Audit: Exhibit A-1
Total Expenses	3,024,343	2,866,632	2,765,624	Audit: Exhibit A-2
Change in Net Position	(17,699)	(416,254)	384,290	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	157.00	118.00	132.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	159	118	136	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	-	-	-	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

	2020			2021			3 YR CUM	Calculation****	Target****
	2019	2020	2021	2019	2020	2021			
Performance Indicators									
Near Term Indicators									
1a.	2.86	2.30	4.12					Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	75	82	91					Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	99%	100%	97%				99%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	NO	NO	NO					Auditor	not in default
Sustainability Indicators									
2a***	(239,905)	21,728	43,786				(174,391)	Net change in cash flow from prior years	3 Yr cum negative with most two recent years positive
2b	N/A	N/A	N/A					N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available
 ** Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 *** 2021 –2021 Cash; 2020 –2020 Cash; 2019 –2019 Cash; 2019 –2019 Cash –2018 Cash
 **** Refer to NJ Performance Framework

Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION

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**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Hope Community Charter School
County of Camden
Camden, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, and each major fund of Hope Community Charter School (Charter School), in the County of Camden, State of New Jersey, 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 and have issued our report thereon dated February 20, 2022, which contains an emphasis of matter paragraph describing the adoption of a new accounting principle, and consistency of financial statements.

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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity'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, and State of New Jersey, federal and state awarding agencies and pass through entities in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
February 20, 2022

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
NEW JERSEY CIRCULAR 15-08 OMB**

The Honorable President and
Members of the Board of Trustees
Hope Community Charter School
County of Camden
Camden, New Jersey

Report on Compliance for Each Major State Program

We have audited the Hope Community Charter School's (Charter School) compliance with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of its major state programs for the fiscal 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

The Charter School's management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular OMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular OMB 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 major 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 Hope Community Charter School, in the County of Camden, State of New Jersey, 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 programs for the fiscal year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Hope Community 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 New Jersey Circular OBM 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.

Purpose of this Report

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 that the testing based on the requirements of New Jersey Circular OMB 15-08. Accordingly, this report is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
February 20, 2022

HOPE COMMUNITY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2020	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Pass-Through To Subrecipients	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2021 Unearned Revenue	Due to Grantor
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
Mc Child Left Behind:																
84-109	N/A		SS104150030	NCLB - 51	\$ 210,091	7/1/20	6/30/21	\$ -	187,061	(215,208)	-	-	-	(28,148)	\$ -	-
84-387	84-387A		SS367A190029	NCLB - 21	10,613	7/1/20	6/30/21	-	-	(10,613)	-	-	-	(10,613)	-	-
84-186	84-186A		S424A190031	NCLB - 21	14,315	7/1/20	6/30/21	-	-	(14,315)	-	-	-	(14,315)	-	-
Individuals with Disabilities Cluster:																
84-027	84-027A		H027A150100	IDEA - 21	31,032	7/1/20	6/30/21	-	31,032	(31,032)	-	-	-	-	-	-
84-027				IDEA - 20	-	7/1/19	6/30/20	-	31,032	(31,032)	-	-	-	-	-	-
Other Special Revenue Funds:																
84-425	COVID-19, 84-425D		S425D200027	N/A	155,888	3/13/20	8/31/22	-	106,938	(144,149)	-	-	-	(37,211)	-	-
84-425	COVID-19, 84-425D			N/A	8,535	7/16/20	10/31/20	-	8,535	(8,535)	-	-	-	-	-	-
Total Other Special Revenue Funds																
U.S. Department of Treasury																
Passed-through State Department of Education																
COVID-19 Coronavirus Relief Fund																
21-019				N/A	18,146	7/1/20	6/30/21	-	18,146	(18,146)	-	-	-	-	-	-
Total Department of Treasury Funds																
Total Special Revenue Fund																
U.S. Department of Agriculture																
Passed-through State Department of Agriculture																
Enterprise Fund:																
Child Nutrition Cluster:																
10-553	COVID-19		16161NJ004N099	N/A	8,143	7/1/20	6/30/21	-	6,956	(8,143)	-	-	-	(1,187)	-	-
10-553	COVID-19		16161NJ004N099	N/A	-	7/1/19	6/30/20	-	-	-	-	-	-	-	-	-
10-553	COVID-19		16161NJ004N099	N/A	14,623	7/1/20	6/30/21	-	11,534	(14,623)	-	-	-	(3,089)	-	-
10-555	COVID-19		16161NJ004N099	N/A	-	7/1/19	6/30/20	-	16,490	(22,760)	-	-	-	(6,270)	-	-
Total Child Nutrition Cluster																
Total Enterprise Fund																
Total Federal Financial Awards																

HOPE COMMUNITY CHARTER SCHOOL
Schedule of Financial Assistance
For the Fiscal Year Ended June 30, 2022

State Grant/Program Title	Grant or Subproject Number	Program or Award Amount	Balance at June 30, 2021		Carryover/ (Negative) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balances	Balance at June 30, 2022		MEMO	
			Unearned Revenue (Accounts Receivable)	Due to Grantor					Unearned Revenue and Payable	Due to Grantor		
	From	To										
State Department of Education												
General Fund:												
State Aid-Public												
Equalization Aid	22-495-034-5120-078	\$ 1,794,744	7/1/21	6/30/22	\$ -	\$ -	\$ 1,793,212	\$ (1,794,744)	\$ -	\$ -	\$ 31,532	\$ 1,794,744
Special Education Categorical Aid	22-495-034-5120-089	73,984	7/1/21	6/30/22	73,984	73,984	73,984	(73,984)	-	-	-	73,984
Special Education	22-495-034-5120-084	74,784	7/1/21	6/30/22	74,784	73,799	104,982	(104,982)	-	-	-	104,982
Adjustment Aid	22-495-034-5120-085	104,982	7/1/21	6/30/22	104,982	2,018,667	2,018,667	(2,050,199)	(31,532)	-	-	2,050,199
Total State Aid-Public Cluster												
TPAF Post-Retirement Medical Contributions	22-495-034-5095-001	85,859	7/1/21	6/30/22	85,859	85,859	85,859	(85,859)	-	-	-	85,859
On-Behalf TPAF Pension Contributions	22-495-034-5095-006	273,974	7/1/21	6/30/22	273,974	273,974	273,974	(273,974)	-	-	-	273,974
TPAF Long Term Disability Insurance Premium	22-495-034-5095-004	74,858	7/1/21	6/30/22	74,858	458	458	(458)	-	-	-	458
Reimbursed TPAF - Social Security	21-495-034-5095-002	73,059	7/1/20	6/30/21	(6,570)	6,570	6,570	(74,619)	(18,710)	-	18,708	74,619
Total General Fund												
					(6,570)	2,441,628	(2,485,300)	-	(60,242)	-	68,948	2,485,300
Special Revenue Fund:												
NJ OEM-FEMA Grant	22-XXX-XXX-XXX-XXX	12,904	7/1/21	6/30/22	(12,904)	2,716	2,716	(10,188)	-	-	10,188	-
Total Special Revenue Fund												
					(12,904)	2,716	-	-	(10,188)	-	10,188	-
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (State Share)	22-100-010-3395-023	601	7/1/21	6/30/22	-	382	382	(601)	(219)	-	219	601
National School Lunch Program (State Share)	21-100-010-3395-023	-	7/1/20	6/30/21	-	-	382	(601)	(219)	-	219	601
Total Enterprise Fund												
					(19,474)	2,444,726	(2,485,901)	-	(60,649)	-	79,355	2,485,901
Total State Financial Assistance Subject to Major Program Determination for State Single Audit												
State Financial Assistance Not Subject to Major Program Determination:												
General Cash Assistance)												
TPAF Post-Retirement Medical Contributions	22-495-034-5095-001	85,859	7/1/21	6/30/22	85,859	(85,859)	(85,859)	85,859	-	-	-	85,859
On-Behalf TPAF Pension Contributions	22-495-034-5095-006	273,974	7/1/21	6/30/22	273,974	(273,974)	(273,974)	273,974	-	-	-	273,974
TPAF Long Term Disability Insurance Premium	22-495-034-5094-004	458	7/1/21	6/30/22	458	(458)	(458)	458	-	-	-	458
Total General Funds (Non-Cash Assistance)												
					(19,474)	2,084,435	(2,125,610)	-	(60,649)	-	79,355	2,846,192

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

HOPE COMMUNITY CHARTER SCHOOL
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
June 30, 2021

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, Hope Community Charter School. The Board of Trustees is defined in Note 1 to the board's basic financial statements. 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund 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 this schedule is presented in accordance with the requirement of Title 2. U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Awards, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For

HOPE COMMUNITY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2021

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 2,376,431	\$ 2,376,431
Special Revenue Fund	551,999	-	551,999
Food Service Fund	23,007	601	23,608
Total Awards & Financial Assistance	<u>\$ 575,006</u>	<u>\$ 2,377,032</u>	<u>\$ 2,952,038</u>

NOTE 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.

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Hope Community Charter School has no loan balances outstanding at June 30, 2021.

NOTE 6. OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

HOPE COMMUNITY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2021

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments 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 basic financial statements and the amount subject to State single audit and major program determination.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 225,209
Title II, Part D: <i>Enhancing Education Through Technology</i>	10,613
Title III: <i>English Language Acquisition</i>	
Title IV, Part A: <i>Safe and Drug-Free Schools and Communities</i>	<u>14,315</u>
 Total	 <u>\$ 250,137</u>

NOTE 9. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditors Results section of the Schedule of Findings and Questioned Costs.

HOPE COMMUNITY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended **June 30, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None __X__ Reported
Noncompliance material to basic financial statements noted?	_____ Yes	__X__ No

Federal Awards

Not Applicable

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	__X__ Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None __X__ Reported
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with NJ Circular Letter 15-08-OMB, as applicable?	_____ Yes	__X__ No
Identification of major state programs:		

State Grant / Project Numbers

Name of State Program

_____ 21-495-034-5120-078 _____	_____ EQUALIZATION AID _____
_____ 21-495-034-5120-089 _____	_____ SPECIAL EDUCATION CATEGORICAL AID _____
_____ 21-495-034-5120-084 _____	_____ SECURITY AID _____

HOPE COMMUNITY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended **June 30, 2021**

Section II – Schedule of Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey.

No Current Year Findings

***Section III – Federal Awards and State Financial Assistance
Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, material matters of noncompliance, including questioned costs, and significant instances of abuses related to the audit of major federal and state programs, as required by U.S Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

No Current Year Findings

CURRENT YEAR STATE AWARDS

No Current Year Findings

HOPE COMMUNITY CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended **June 30, 2021**

STATUS OF PRIOR-YEAR FINDINGS

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 Government Auditing Standards, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

No Prior Year Findings