

***FOUNDATION ACADEMY CHARTER SCHOOL***

***ANNUAL COMPREHENSIVE  
FINANCIAL REPORT***

***FISCAL YEAR ENDED JUNE 30, 2022***

***FOUNDATION ACADEMY CHARTER SCHOOL***

***Foundation Academy Charter School  
Board of Trustees  
Trenton, New Jersey***

***Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022***

***ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
OF THE  
FOUNDATION ACADEMY CHARTER SCHOOL  
TRENTON, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022***

***Prepared By***

***Foundation Academy Charter School  
Finance Department***

***And***

***Barre & Company, LLC CPA's***

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***INTRODUCTORY SECTION***

***Foundation Academy Charter School  
363 West State Street  
Trenton, New Jersey 08618  
609-920-9200***

February 13, 2023

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

Dear Board Members:

The Annual Comprehensive financial report of the Foundation Academy Charter School (Charter School) for the fiscal year ended June 30, 2022, 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 Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (U.S. Uniform Guidance) and New Jersey 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.

## Charter School Organization

An elected five-member Board of Trustees (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of the Charter School funds.

The Chief Executive Officer of the Charter School is responsible to the Board for total educational and support operations. The Chief Academic Officer is responsible to the Chief Executive Officer for the educational programs of all campuses. The Primary School Principal, the Intermediate School Principal, the Middle School Principal and the High School Principal are responsible to the Chief Academic Officer for the instructional program of each campus. The Business Administrator is the Chief Financial Officer of the Charter School, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey law.

### 1. REPORTING ENTITY AND ITS SERVICES:

Foundation Academy Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14, as amended. All funds of the school are included in this report. Foundation Academy Charter School, Board of Trustees, constitutes the Charter School’s reporting entity.

During the fourteenth year of operation, the 2021-2022 school year, Foundation Academy Charter School provided a full range of educational services to students in grades kindergarten through 12th grade. These services included regular, as well as special education instruction. Two hundred and sixty-eight primary school students were enrolled in kindergarten, grade 1 and grade 2. Two hundred and fifty-five intermediate school students were enrolled in grades 3 through 5. Two hundred and fifty-three middle school students were enrolled in grades 6 through 8. Three hundred and eighteen high school students were enrolled in grades 9-12. As a college-preparatory school, Foundation Academy Charter School’s mission is to ensure that all students secure the academic knowledge and skills to prepare them for the nation’s finest colleges, and to instill in them the core values of caring, respect, responsibility and honesty. Foundation Academy Charter School’s program is modeled after some of the highest performing urban charters schools in the country and includes standardized classroom procedures, regular testing to track student progress, more time on task, a focus on values and building community, clear and innovative rewards and consequences designed to teach and emphasize positive academic and social behavior, school uniforms, 90-120 minutes of homework each night, and an overall rigorous academic program. Foundation Academy Charter School provides a longer school day and a longer school year which includes a two-week summer session.

Language arts and math classes are taught for more minutes each week than most schools. In addition, all students are provided with general music instruction and learn to master a musical instrument.

#### Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2021-2022	1071.3	0.16%
2020-2021	1028.0	4.22%
2019-2020	1004.6	2.33%
2018-2019	884.0	13.64%
2017-2018	756.9	16.79%
2016-2017	526.4	43.79%

2. **ECONOMIC CONDITION AND OUTLOOK:** Trenton continues to experience a period of development and expansion which is expected to continue through the Twenty-first century. The increasing number of businesses within the community results in an increase in the employment level which results in an increased tax base, both residential and industrial. This expansion is expected to continue which suggests Trenton will continue to prosper.

3. **MAJOR INITIATIVES:** The Charter School has developed a comprehensive strategic plan to support its mission and vision and serves as a blueprint for the achievement of its goals. The plan includes objectives, such as pupil achievement as measured by standardized tests and teacher assessment instruments; formal professional development for the certified and non-certified staff; the implementation of a technology plan in all classrooms; and the plan for expansion by the fall of 2024.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal 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. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2022.

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

**8. RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen’s compensation.

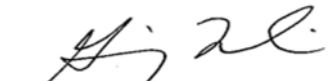
**9. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, LLC Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors’ report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

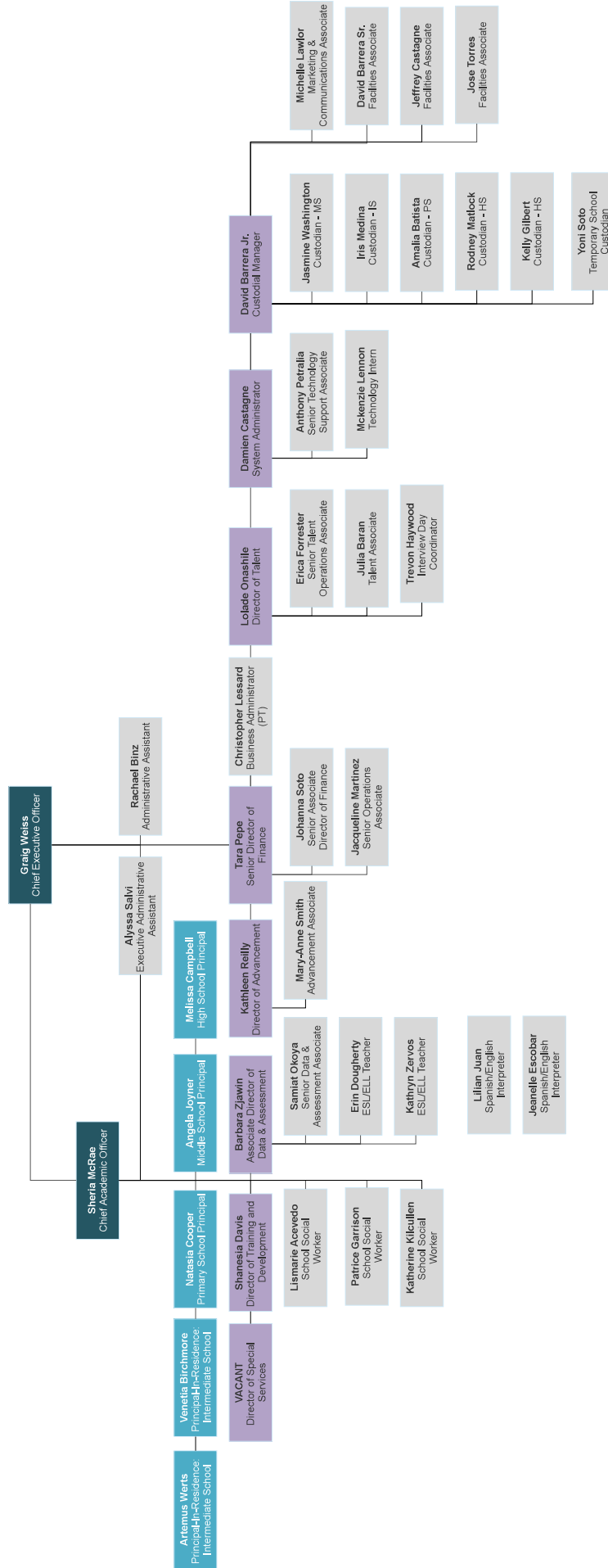
**10. ANTI-BULLYING:** On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act (“Act”) requires initial and on-going training for all staff members, anti-bullying specialists, anti-bullying coordinators, administrative staff and board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. In 2021-2022, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

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

Respectfully submitted,

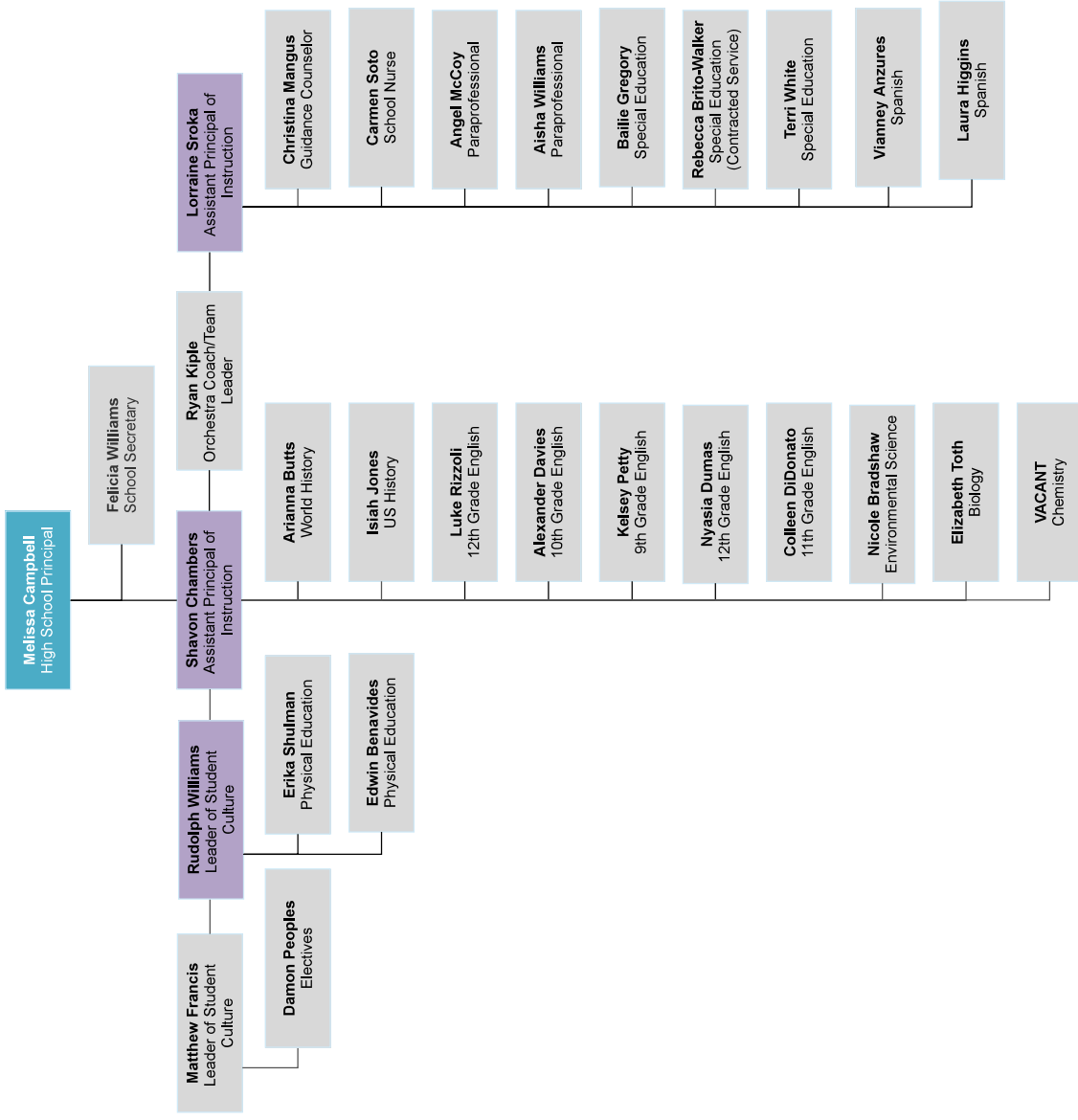
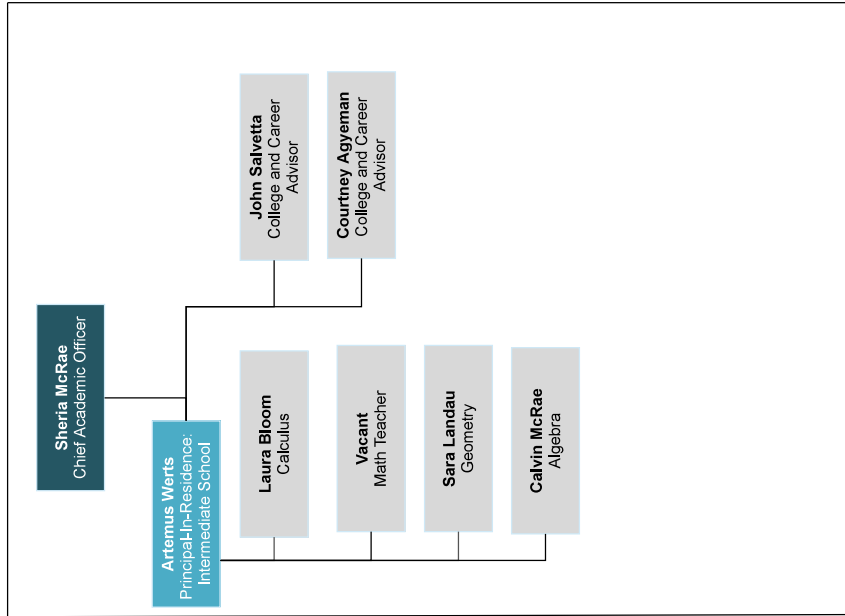


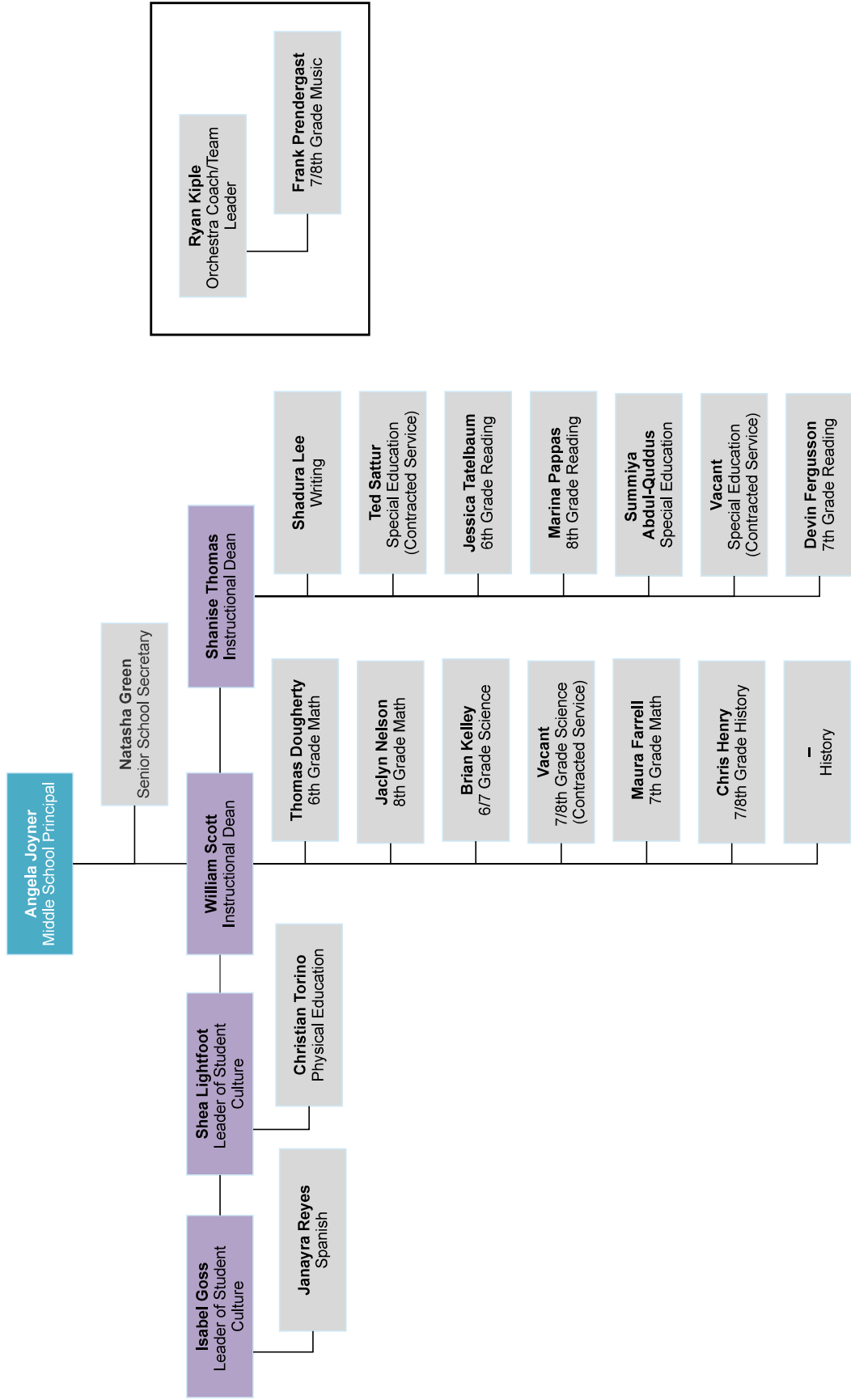
Graig Weiss  
Chief Executive Officer



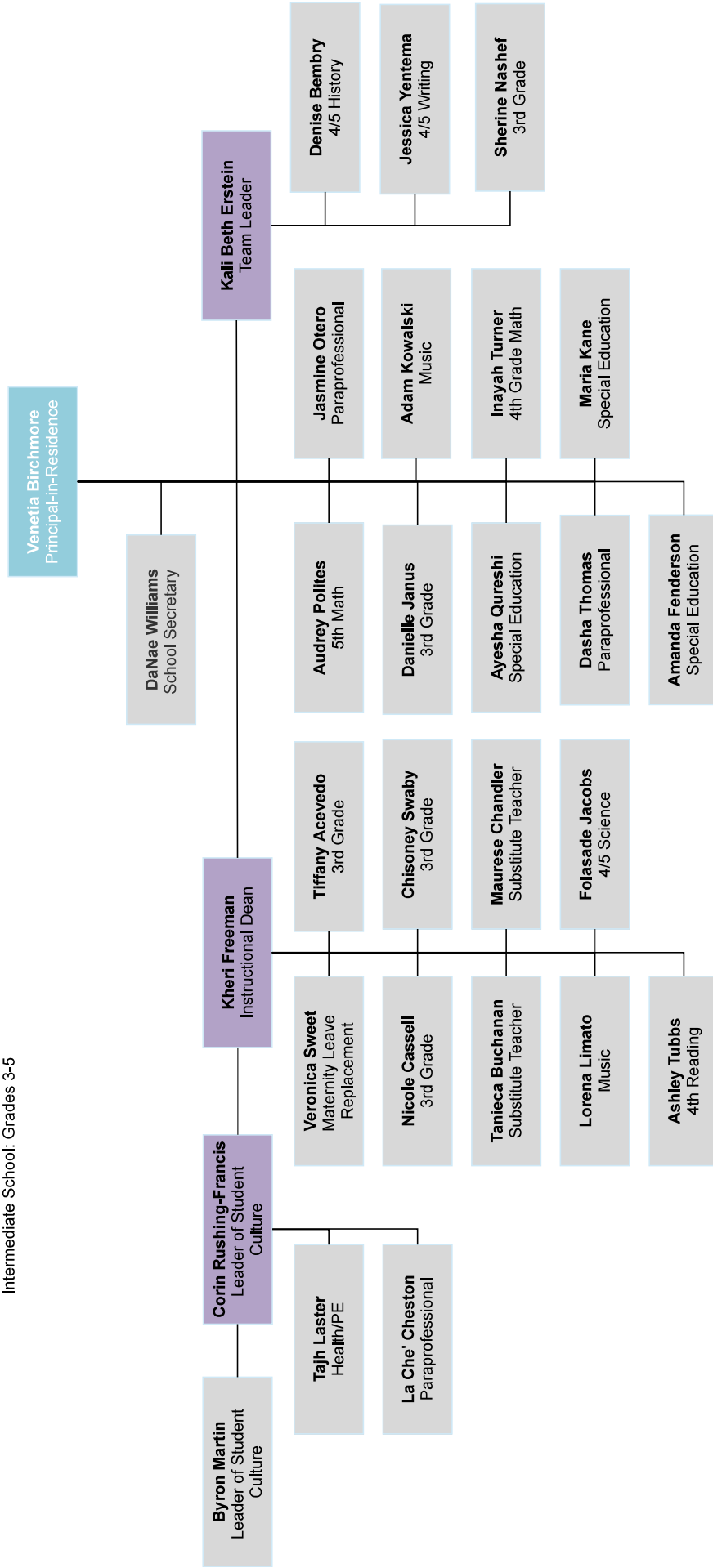


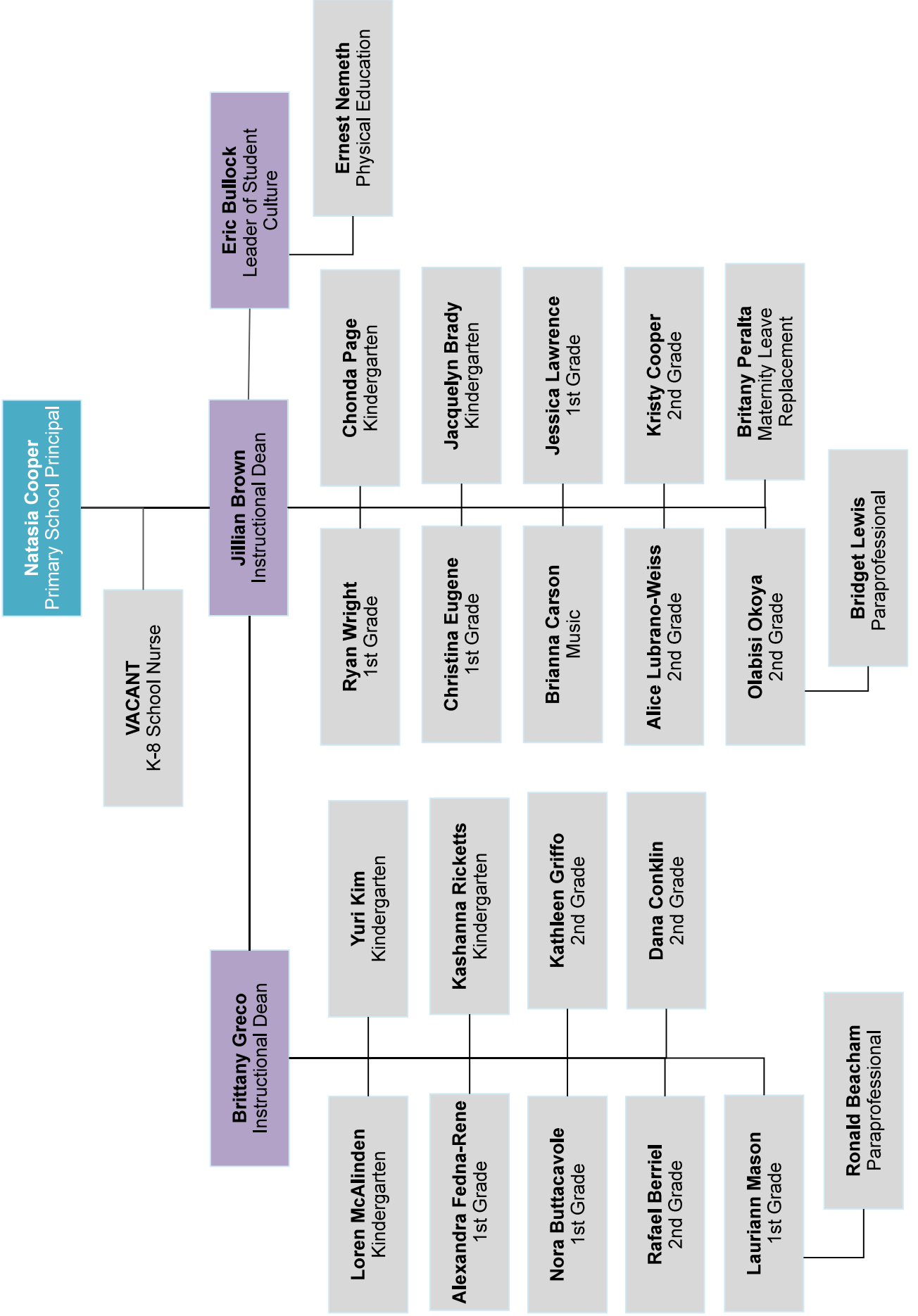
High School: Grades 9-12





Intermediate School: Grades 3-5





**FOUNDATION ACADEMY CHARTER SCHOOL  
TRENTON, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2022**

**MEMBERS OF THE BOARD OF TRUSTEES**

Jacqui Griffith, Board President

Stacy Denton, Board Secretary/Treasurer

Kimme Carlos, Member

Todd Kent, Member

Grecia Montero, Member

**OTHER OFFICIALS**

Graig Weiss, Chief Executive Officer

Sheria McRae, Chief Academic Officer

Natasia Cooper, Primary School Principal

Melissa Campbell, High School Principal

Venetia Birchmore, Intermediate School Campus Leader

Angela Joyner, Middle School Principal

Christopher Lessard, Business Administrator

Tara Pepe, Senior Director of Finance

Monique Bonnier, Treasurer

Stefani Schwartz, Board Counsel

**FOUNDATION ACADEMY CHARTER SCHOOL  
TRENTON, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

***Audit Firm***

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Certified Public Accountants  
2204 Morris Avenue, Suite 206  
Union, New Jersey 07083

***Attorney***

Stefani Schwartz  
Weiner Law Group, LLP  
629 Parsippany Road  
PO Box 438  
Parsippany, New Jersey 07054

***Official Depository***

Investors Bank  
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Jackson, New Jersey 08527

***FINANCIAL SECTION***

**BARRE & COMPANY LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**  
*2204 Morris Avenue, Suite 206*  
*Union, New Jersey 07083*  
*908-686-3484*  
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*[www.cpa-bc.com](http://www.cpa-bc.com) ♦ [info@cpa-bc.com](mailto:info@cpa-bc.com)*

**Independent Auditor's Report**

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

**Report on the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Foundation Academy Charter School (Charter School), in the County of Mercer, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Foundation Academy Charter School, in the, State of New Jersey, as of June 30, 2022, 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.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foundation Academy Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## ***Emphasis of Matter***

### ***Adoption of New Accounting Principle***

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2022, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

### ***Consistency of Financial Statements***

As a result of the adoption of GASB Statement No. 87, leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the School. Our opinion is not modified with respect to this matter.

### ***Prior Period Restatement***

In addition, because of the implementation of GASB Statement No. 87, net position and fund balance as of July 1, 2021 on the statement of activities and statement of revenues, expenditures, and changes in fund balances, have been restated. Our opinion is not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

The Charter School's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Foundation Academy Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Foundation Academy Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Foundation Academy Charter School's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, following this report, and pension and post-employment benefit schedule in Exhibits L-1 through L-3, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation Academy Charter School's basic financial statements. The combining and related major fund supporting statements and schedules 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 federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of New Jersey's Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and related major fund supporting statements and schedule and schedule 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.

#### *Other Information*

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


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

#### **Other Reporting Required by *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey**

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated February 13, 2023 on our consideration of the Foundation Academy 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 the effectiveness of the Foundation Academy Charter School's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 13, 2023

***REQUIRED SUPPLEMENTARY INFORMATION – PART I***

**FOUNDATION ACADEMY CHARTER SCHOOL  
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2022  
UNAUDITED**

The discussion and analysis of Foundation Academy Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2022. 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 2022 are as follows:

- ❖ General revenues accounted for \$22,869,676 or 93% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,701,684 or 7% of total revenues of \$24,571,360.
- ❖ The Charter School had \$23,721,163 in expenses; only \$1,701,684 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$22,869,676 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$24,356,927 in revenues and \$23,459,154 in expenditures. The General Fund's fund balance increased 897,773 over 2021. 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 Foundation Academy Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the 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 Foundation Academy 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 2022?" The *Statement of 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

**FOUNDATION ACADEMY CHARTER SCHOOL  
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2022  
UNAUDITED  
(CONTINUED)**

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

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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2022  
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 40 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 \$8,759,237 for 2022 and \$8,532,266 for 2021.

**Governmental Activities**

The Charter School's total revenues were \$23,790,120 for 2022 and \$22,969,348 for 2021, this includes \$363,034 for 2022 and \$422,728 for 2021 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$23,076,129 for 2022 and \$21,593,474 for 2021. Instruction comprises 30% for 2022 and 45% for 2021 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 revenue exceeded expenses by \$136,206 for 2022 and 95,217 for 2021.
- ❖ Charges for services represent \$0 for 2022 and \$60 for 2021 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were \$717,548 for 2022 and \$356,032 for 2021.

**FOUNDATION ACADEMY CHARTER SCHOOL  
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2022  
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 \$21,178,569 for 2022 and \$22,969,348 for 2021 and expenditures were \$25,309,337 for 2022 and \$20,053,064 for 2021. The net change in fund balance was most significant in the general fund, an increase of \$897,773 in 2022 and an increase of \$1,033,458 in 2021.

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, 2022, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2021	Percent of Increase/ (Decrease)
Local Sources	\$ 2,140,896	10.11%	\$ 97,673	4.78%
Intermediate Sources	21,531	0.10%	(38,510)	-64.14%
State Sources	17,187,942	81.16%	921,017	5.66%
Federal Sources	1,828,200	8.63%	(886,811)	-32.66%
<b>Total</b>	<b>\$ 21,178,569</b>	<b>100.00%</b>	<b>\$ 93,369</b>	



**FOUNDATION ACADEMY CHARTER SCHOOL  
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2022  
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, 2022, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2021	Percent of Increase/ (Decrease)
Instruction	\$ 6,883,709	27.21%	\$ (300,816)	-4.19%
Administration	10,071,358	39.79%	1,804,395	21.83%
Support Services	3,367,095	13.30%	(7,587)	-0.22%
Capital Outlay	4,987,175	19.70%	3,760,281	306.49%
<b>Total</b>	<b>\$ 25,309,337</b>	<b>100.00%</b>	<b>\$ 5,256,273</b>	

**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**

The Charter School had \$7,273,967 for 2022 and \$6,982,788 for 2021 invested in a newly purchased building, building improvements, and equipment. The school paid off its note payable in fiscal year 2020.

**For the Future**

The Foundation Academy 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, Foundation Academy 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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2022  
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 Mr. Graig Weiss, Chief Executive Officer at Foundation Academy Charter School, 363 West State Street, Trenton, New Jersey 08618.

***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.*

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Statement of Net Position  
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 6,907,496	\$ 396,536	\$ 7,304,032
Restricted			
Internal Balances	29,890	(29,890)	-
Other Receivables	1,132,527	49,688	1,182,215
<b>Restricted Assets:</b>			
Right of Use Asset, Net of Amortization	3,782,301		3,782,301
Capital Assets, Net	<u>7,273,967</u>		<u>7,273,967</u>
 Total Assets	 <u>19,126,181</u>	 <u>416,334</u>	 <u>19,542,515</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pensions	<u>2,046,973</u>		<u>2,046,973</u>
			-
Total Deferred Outflows of Resources	<u>2,046,973</u>	<u>-</u>	<u>2,046,973</u>
<b>LIABILITIES:</b>			
Payable to State Government	138,214		138,214
Accounts Payable	948,434	47,178	995,612
Unearned Revenue	255,146		255,146
Other Current Liabilities	164,919		164,919
<b>Noncurrent Liabilities:</b>			
Due Within One Year	608,005		608,005
<b>Due Beyond One Year:</b>			
Other Long Term Liabilities	3,843,035		3,843,035
Net Pension Liability	<u>4,196,087</u>		<u>4,196,087</u>
Total Liabilities	<u>10,153,840</u>	<u>47,178</u>	<u>10,201,018</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pensions	<u>2,629,233</u>		<u>2,629,233</u>
			-
Total Deferred Inflows of Resources	<u>2,629,233</u>	<u>-</u>	<u>2,629,233</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	11,056,268		11,056,268
<b>Restricted for:</b>			
Unemployment Fund	(77,491)	-	(77,491)
Scholarships	3,566	-	3,566
Student Activities	20,234	-	20,234
Other Purposes	75,000	-	75,000
Unassigned	<u>(2,687,496)</u>	<u>369,156</u>	<u>(2,318,340)</u>
Total Net Position	<u>\$ 8,390,081</u>	<u>\$ 369,156</u>	<u>\$ 8,759,237</u>

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
 Statement of Activities  
 For The Fiscal Year Ended June 30, 2022

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
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 6,883,709	\$ -	\$ -	\$ 557,410	\$ -	\$ (6,326,299)	\$ -	\$ (6,326,299)
Administration	12,487,865			363,034		(12,124,831)		(12,124,831)
Support Services	2,485,830					(2,485,830)		(2,485,830)
Interest on Long Term Debt	305,030					(305,030)		(305,030)
Unallocated Depreciation and Amortization	913,695					(913,695)		(913,695)
Total Governmental Activities	23,076,129	\$ -	\$ -	920,444	-	(22,155,685)	-	(22,155,685)
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	645,034			781,240			136,206	136,206
Total Business-Type Activities	645,034			781,240			136,206	136,206
Total Primary Government	\$ 23,721,163		\$ -	\$ 1,701,684	\$ -	\$ (22,155,685)	\$ 136,206	\$ (22,019,479)
<b>GENERAL REVENUES</b>								
General Purposes			\$ -			\$ 2,095,260	\$ -	\$ 2,095,260
Federal and State Aid Not Restricted						20,728,780		20,728,780
Investment Earnings						8,046		8,046
Miscellaneous Income						37,590		37,590
Total General Revenues						22,869,676		22,869,676
Change in Net Position						713,991	136,206	850,197
Net Position - Beginning of Year						8,299,316	232,950	8,532,266
Adjustment: Correction of Prior Period Error						-	-	-
Net Position - Beginning of Year (Restated)						8,299,316	232,950	8,532,266
Prior Period Adjustments						(623,226)		(623,226)
Net Position, July 1 (Restated)						7,676,090	232,950	7,909,040
Net Position - Ending						8,390,081	369,156	8,759,237

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***



**FOUNDATION ACADEMY CHARTER SCHOOL**

Governmental Funds

Balance Sheet

June 30, 2022

	General Fund	Special Revenue Fund	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 6,807,430	\$ 25,066	\$ 6,832,496
Restricted	75,000		75,000
Receivables:			
Interfund Receivables	423,563	-	423,563
Receivables From Other Governments	154,340	978,187	1,132,527
<b>Total Current Assets</b>	<b>7,460,333</b>	<b>1,003,253</b>	<b>8,463,586</b>
<b>Total Assets</b>	<b>\$ 7,460,333</b>	<b>\$ 1,003,253</b>	<b>\$ 8,463,586</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 393,673	\$ 393,673
Accounts Payable	617,800	330,634	948,434
Unemployment Compensation Claims Payable	138,214	-	138,214
Unearned Revenue	-	255,146	255,146
Other Current Liabilities	164,919		164,919
<b>Total Current Liabilities</b>	<b>920,933</b>	<b>979,453</b>	<b>1,900,386</b>
<b>Total Liabilities</b>	<b>920,933</b>	<b>979,453</b>	<b>1,900,386</b>
Fund Balances:			
Restricted For:			
Charter School Escrow Reserve	3,614		3,614
Student Activities	-	20,234	20,234
Scholarships	-	3,566	3,566
Assigned For:			
Encumbrances	130		130
Unassigned:			
General Fund	6,613,147	-	6,613,147
Unemployment Fund (Deficit)	(77,491)	-	(77,491)
<b>Total Fund Balances</b>	<b>6,539,400</b>	<b>23,800</b>	<b>6,563,200</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,460,333</b>	<b>\$ 1,003,253</b>	

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$8,541,502 and the accumulated depreciation is \$1,267,535. 7,273,967

Right of use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,217,481 and the accumulated depreciation is \$2,435,180. 3,782,301

Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds. Long-term debt included as net position from lease liabilities (4,451,040)

Net pension liability of \$4,196,087, deferred inflows of resources of \$2,629,233 less deferred outflows of resources of \$2,046,973 related to pensions are not reported in the governmental funds (4,778,347)

**Net Position of Governmental Activities** **\$ 8,390,081**

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
 Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Total
<b>REVENUES:</b>			
Local Sources:			
Local Tax Levy	\$ 2,095,260	\$ -	\$ 2,095,260
Interest on Investments	8,046		8,046
Contributions/Donations	23,562		23,562
Miscellaneous	14,028		14,028
Total Local Sources	2,140,896	-	2,140,896
Intermediate Sources		21,531	21,531
State Sources	17,165,542	22,400	17,187,942
Federal Sources	23,214	1,804,986	1,828,200
Total Revenues	19,329,652	1,848,917	21,178,569
<b>EXPENDITURES:</b>			
Current:			
Instruction	5,948,791	934,918	6,883,709
Administration	10,071,358		10,071,358
Support Services	2,481,910	885,185	3,367,095
Capital Outlay	4,957,095	30,080	4,987,175
Total Expenditures	23,459,154	1,850,183	25,309,337
Excess (Deficiency) of Revenues over Expenditures	(4,129,502)	(1,266)	(4,130,768)
<b>OTHER FINANCING SOURCES (USES):</b>			
Lease Proceeds	5,027,275		5,027,275
Total Other Financing Sources and Uses	5,027,275	-	5,027,275
NET CHANGE IN FUND BALANCES	897,773	(1,266)	896,507
FUND BALANCES, JULY 1	6,264,853	25,066	6,289,919
PRIOR PERIOD ADJUSTMENTS	(623,226)	-	(623,226)
FUND BALANCE, JULY 1, RESTATED	5,641,627	25,066	5,666,693
FUND BALANCES, JUNE 30	\$ 6,539,400	\$ 23,800	\$ 6,563,200

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
 Reconciliation of the Statement of Revenues, Expenditures  
 And Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental fund (from B-2)	\$	896,507
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$	(291,947)
Amortization Expense		(621,748)
Capital Outlay		<u>4,987,175</u>
		4,073,480
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
New long-term debt issued		(5,027,275)
Principal payment on long-term debt		576,235
<p>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>		
		<u>195,044</u>
Change in net position of governmental activities	\$	<u><u>713,991</u></u>

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

***PROPRIETARY FUNDS***

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Proprietary Fund  
Statement of Net Position  
June 30, 2022

	Business-Type Activities
	Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 396,536
Receivables From Other Governments	49,688
Total Current Assets	446,224
Total Assets	\$ 446,224
<b>LIABILITIES:</b>	
Current Liabilities:	
Interfund Accounts Payable	\$ 29,890
Accounts Payable	47,178
Total Current Liabilities	77,068
Total Liabilities	77,068
<b>NET POSITION:</b>	
Unrestricted	369,156
Total Net Position	369,156
Total Liabilities and Net Position	\$ 446,224

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Proprietary Fund  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Year Ended June 30, 2022

	Business-Type Activities Enterprise Fund		
	Food Service Program		
	School Nutrition	Fixed Contract Price	Total Enterprise
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales Reimbursable Program	\$ -	-	\$ -
Daily Sales Non-reimbursable Program	-	-	-
<b>Total Operating Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OPERATING EXPENSES:</b>			
Salaries	244,945		244,945
Purchased Prof/Tech Services	31,597		31,597
Other Purchased Services	16,952		16,952
Supplies and Materials	39,480	-	39,480
Cost of Sales- Reimbursable Programs	272,106	-	272,106
Miscellaneous Expenses	39,954		39,954
<b>Total Operating Expenses</b>	<b>645,034</b>	<b>-</b>	<b>645,034</b>
<b>OPERATING LOSS</b>	<b>(645,034)</b>	<b>-</b>	<b>(645,034)</b>
<b>NONOPERATING REVENUES:</b>			
Miscellaneous Income	40		40
State Source:			
State Lunch Program	12,193	-	12,193
Federal Source:			
Federal Breakfast Program	187,698	-	187,698
Federal Lunch Program	517,657	-	517,657
Other Nutrition Programs	63,652		63,652
Special Milk Program	-		-
<b>Total Nonoperating Revenues</b>	<b>781,240</b>	<b>-</b>	<b>781,240</b>
<b>CHANGE IN NET POSITION BEFORE OTHER FINANCING SOURCES</b>	<b>136,206</b>	<b>-</b>	<b>136,206</b>
<b>CHANGE IN NET POSITION</b>	<b>136,206</b>	<b>-</b>	<b>136,206</b>
<b>TOTAL NET POSITION, JULY 1</b>	<b>232,950</b>	<b>-</b>	<b>232,950</b>
<b>TOTAL NET POSITION, JUNE 30</b>	<b>\$ 369,156</b>	<b>-</b>	<b>\$ 369,156</b>

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
 Proprietary Funds  
 Statement of Cash Flows  
 For The Fiscal Year Ended June 30, 2022

	Business-Type Activities Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	
Cash Payments to Suppliers and Employees	(611,009)
Net Cash Used by Operating Activities	(611,009)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash Received from State and Federal Reimbursements	717,548
Miscellaneous Income	40
Net Cash Provided by Noncapital Financing Activities	717,588
Net Decrease in Cash and Cash Equivalents	106,579
Cash and Cash Equivalents, July 1	289,957
Cash and Cash Equivalents, June 30	\$ 396,536
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>	
Operating Loss Used for Operating Activities	\$ (645,034)
Changes in Assets and Liabilities:	
Increase in Intergovernmental Accounts Receivable	(15,541)
Increase in Interfund Accounts Payable	29,890
Increase in Accounts Payable	19,676
Net Cash Used by Operating Activities	\$ (611,009)

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

***FIDUCIARY FUNDS  
(NOT APPLICABLE)***



***NOTES TO THE FINANCIAL STATEMENTS***

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Presentation**

The financial statements of Foundation Academy Charter School have been prepared in conformity with generally accepted accounting principles generally (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body responsible for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Charter School are described below.

**2. Reporting Entity**

The Charter School is a non-profit corporation organized under the laws of the State of New Jersey, established in 2002 to operate and maintain a public school under a charter granted by the State of New Jersey. The Charter School consists of seven members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

In evaluating how to define the Charter School for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, as amended. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Reporting Entity (Continued)**

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the School District has no component units.

**3. Basic Financial Statements – Government-Wide 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 Charter School. 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements – Government-Wide Statements (Continued)**

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Charter School.

**4. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Charter School:

**Governmental Fund Types**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Charter School.

General Fund – The general fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund. Debt service is budgeted in the General Fund.

As required by the New Jersey State 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, local property taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements – Fund Financial Statements (Continued)**

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

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

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

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities normally would not be reported as components of operating income.

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

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements – Fund Financial Statements (Continued)**

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Charter School enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements – Fund Financial Statements (Continued)**

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

Trust Funds – The unemployment compensation fund is used to account for contributions from the Charter School and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, the State of New Jersey requires charter schools to include the unemployment compensation trust as a private-purpose trust fund. The principal and income deposited into this fund are for the sole benefit of the specific individuals or former employees. The management of the Charter School is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey.

Agency Funds (Payroll, Payroll Agency, Student Activity and Athletic Funds): The agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

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 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 activities. After considering the criteria and guidance, it was determined that Payroll, Payroll Agency, and Unemployment Compensation Insurance (Fund 60) are more appropriately reported in a general fund (Fund 10). Additionally, Student Activity (Fund 90) is more appropriately reported in a special revenue fund (Fund 20).

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements – Fund Financial Statements (Continued)**

**5. Measurement Focus and Basis of Accounting**

The government-wide proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants, entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The Charter School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

**6. Budgets/Budgetary Control**

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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.



**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

	2022	2021
Total Revenues & Expenditures (Budgetary Basis)	\$ 2,263,100	\$2,703,659
Adjustments:		
Less Encumbrances at June 30, 2022	(412,917)	(9,021)
Plus Encumbrances at June 30, 2021	9,021	9,021
Total Revenues and Expenditures (GAAP Basis)	\$ 1,859,204	\$2,703,659

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

**7. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Charter School has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity)**

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

2. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represents 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.

3. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at acquisition cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)**

5. Fund Equity

Restricted represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Assigned fund balances represent plans for future use of financial resources.

6. Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2022. The Charter School had \$19,273 in prepaid expenses for the fiscal year ended June 30, 2022.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (non-allocation method). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

7. 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.

8. Use of Estimates

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

9. Net Position/Fund Balance

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)**

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position – reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position-restricted.

**10. Fund Balance Reserves**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Unassigned – Includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The Charter School reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unassigned fund balance is available, the Charter School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, and the Charter School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**11. Compensated Absences**

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place. As of June 30, 2022 the Charter School reported no compensated absence liability.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**12. Impact of Recently Issued Accounting Principles**

During fiscal years 2022 through 2022, the Charter School has adopted the following GASB statements.

**The GASB has adopted the following as of June 30, 2022**

GASB No. 87, *Leases*, was implemented 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.

**A. Impact of Recently Issued Accounting Principles**

- GASB Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023.
- GASB Statement No. 99, *Omnibus 2022*, effective for the year ending June 30, 2023.
- GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the year ending June 30, 2024.
- GASB Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025.

The Charter School will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material

**13 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 fiduciary net pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES**

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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, 2022, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Total
Operating Account	\$6,882,430	\$ 25,066	\$ 396,536	\$7,304,032

The Charter School had no investments at June 30, 2022.

The carrying amount of the Board's cash and cash equivalents at June 30, 2022 was \$7,304,032 and the bank balance was \$7,906,420. 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, 2022, none of the cash and cash equivalents for Foundation Academy Charter School were exposed to custodial credit risk.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

A. Deposits and Investments (Continued)

Deposits (Continued)

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;
  - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
  - (2) Government money market mutual funds;
  - (3) 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;
  - (4) 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;
  - (5) 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;
  - (6) Local government investment pools;
  - (7) 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
  - (8) 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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

Investments (Continued)

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, 2022.

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, 2022.

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, 2022.

Receivables

Receivables at June 30, 2022, consisted of accounts, intergovernmental, grants, and miscellaneous. All receivables are considered collectible in full. Accounts receivable as of the fiscal year end of the Charter School's individual major and fiduciary funds, in the aggregate, are as follows:

	Governmental Funds		Total Governmental Activities	Proprietary	Total Business Type Activities	Total
	General Fund	Special Revenue Fund		Food Service Fund		
State Awards	\$ 154,340	\$ -	\$ 154,340	\$ 822	\$ 822	\$ 155,162
Federal Awards	-	978,187	978,187	48,866	48,866	1,027,053
Other	-	-	-	-	-	-
Gross Receivables	154,340	978,187	1,132,527	49,688	49,688	1,182,215
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 154,340	\$ 978,187	\$ 1,132,527	\$ 49,688	\$ 49,688	\$ 1,182,215



**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

Receivables (continued)

**A. 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, 2022:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 423,563	\$ -
Special Revenue Fund		393,673
Proprietary Fund		29,890
Total	\$ 423,563	\$ 423,563

Interfund balances are expected to be liquidated by the end of June 30, 2022

**B. Capital Assets**

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

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land and Land Improvements	\$ 907,845	\$ -	\$ -	\$ 907,845
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	907,845	-	-	907,845
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 6,367,189	\$ 572,841	\$ -	\$ 6,940,030
Machinery and Equipment	683,342	10,285	-	693,627
Total Capital Assets Being Depreciated	7,050,531	583,126	-	7,633,657
Less Accumulated Depreciation For:				
Leasehold Improvements	-	-	-	-
Building and Building Improvements	601,819	173,953	-	775,772
Machinery and Equipment	373,769	117,994	-	491,763
Total Accumulated Depreciation	975,588	291,947	-	1,267,535
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	6,074,943	291,179	-	6,366,122
Government Activity Capital Assets, Net	\$ 6,982,788	\$ 291,179	\$ -	\$ 7,273,967

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 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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Unallocated	291,947
Total	\$ 291,947

**NOTE 3: LEASES**

Right of use Lease Assets

The Charter School has recorded two right of use leased assets. The assets are right of use assets for leased equipment and leased school facility. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right of use lease assets are amortized on a straight-line basis over the terms of the related leases. Right of use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

Leased Assets	Beginning Balance	Additions	Deductions	Ending Balance
<b>Leased Assets Being Amortized</b>				
Leased - Real Estate Expense	6,217,481	0	0	6,217,481
<b>Total Leased Assets Being Amortized</b>	<b>6,217,481</b>	<b>0</b>	<b>0</b>	<b>6,217,481</b>
<b>Less: Accumulated Amortization</b>				
Leased - Real Estate Expense	(1,813,432)	(621,748)	0	(2,435,180)
<b>Total Accumulated Amortization</b>	<b>(1,813,432)</b>	<b>(621,748)</b>	<b>0</b>	<b>(2,435,180)</b>
<b>Total, Net of Accumulated Amortization</b>	<b>4,404,049</b>	<b>(621,748)</b>	<b>0</b>	<b>3,782,301</b>

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 4: LONG-TERM OBLIGATIONS**

**A. LEASES**

On July 25, 2018, a lease was entered into between The Friends of Foundation Academy, Inc a New Jersey non-profit corporation having an office at P.O. Box 4093, Trenton, New Jersey 08610 and Foundation Academy Charter School. The lease was renewed with a term from the July 1, 2021 date through June 30, 2026, unless sooner terminated as provided by the lease, and shall automatically renew upon each renewal or extension of the school charter up to an outside termination date of June 30, 2050.

There are no equipment leases.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Maturity Analysis	Principal	Interest	Total
07/01/2022 - 06/30/2023	608,005	266,661	874,666
07/01/2023 - 06/30/2024	652,465	225,841	878,306
07/01/2024 - 06/30/2025	696,155	182,132	878,287
07/01/2025 - 06/30/2026	742,114	135,531	877,645
07/01/2026 - 06/30/2027	801,339	85,527	886,867
07/01/2027 - 06/30/2032	950,963	31,183	982,146
<b>Total</b>	<b>4,451,040</b>	<b>926,875</b>	<b>5,377,915</b>
<b>Lease Liability</b>	<b>4,451,040</b>		

**Long-Term Debt Rollforward**

	Balance July 01, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
<b>Governmental Activities:</b>					
Lease Liability	\$ -	\$ 3,843,035	\$ -	\$ 3,843,035	\$ 608,005
Net Pension Liability	\$ 4,840,505	\$ -	\$ 644,418	\$ 4,196,087	-
<b>Total</b>	<b>\$ 4,840,505</b>	<b>\$ 3,843,035</b>	<b>\$ 644,418</b>	<b>\$ 8,039,122</b>	<b>\$ 608,005</b>

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: 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](http://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:

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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS**

**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 ratios of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2020 through June 30, 2021. 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. Contributions from employers are recognized when due, based on statutory requirements.

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 as of June 30, 2022 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, 2021 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2022.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS**

**Contributions**

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions 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 2021, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for payments due not be included in their 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. District contributions to PERS amounted to \$ 414,815 for fiscal year 2022.

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

At June 30, 2022, the Charter School reported a liability of \$ 4,196,087 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 which was rolled forward to June 30, 2021. 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, 2021 measurement date, the Charter School's proportion was 0.0354204810%, which was an increase of 0.00573758% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the Charter School recognized pension expense of \$ 324,716 . At June 30, 2022, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS**

**Pension Liabilities Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 21,853	\$ 1,493,834
Difference Between Expected and Actual Experience	\$ 66,178	30,039.00
Changes in Proportion	\$ 1,958,942	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ -	1,105,360
	<u>\$ 2,046,973</u>	<u>\$ 2,629,233</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 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2021, 2020, 2019, 2018, 2017, 2016 and 2015 amounts, respectively

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Pension Liabilities Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows 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
2023	\$ (226,795)
2024	(162,093)
2025	(110,409)
2026	(82,995)
2027	32
	<u>\$ (582,260)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuations as of July 1,2021 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%



**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**Long Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 measurement date are summarized in the following table:

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Long Term Expected Rate of Return (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.05%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

**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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS (CONTINUED)**

**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, 2021 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, 2021			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School proportionate share of the Net Pension Liability	\$ 5,775,133	\$ 4,196,087	\$ 2,938,733

Measurement Date 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	\$ 6,141,304	\$ 4,840,505	\$ 3,807,103

**Pension Plan Fiduciary Net Position**

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

**B. 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 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](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS (CONTINUED)**

**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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**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, 2021 measurement date.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Allocation Methodology (Continued)**

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.

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 2021 measurement date, 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contribution was less than the actuarial determined amount.

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 years ended 2022, the State of New Jersey contributed \$ 192,633 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 1,197,460 .

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

As of June 30, 2021 measurement date, the State's proportionate share of the net pension liability associated with the Charter School was \$ 25,037,757 . The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Special Funding Situation (continued)**

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, 2021, Charter School's proportion was 0.0520804140%, which was a decrease of -0.0007636% from its proportion measured as of June 30, 2020.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	25,037,757
<b>Total</b>	<b>\$ 25,037,757</b>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the Charter School in the amount of \$ 589,149 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 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	\$ 5,289,559,561	\$ 24,224,281,713
Difference Between Expected and Actual Experience	941,265,828	142,774,569
Changes in Proportion and differences between employer contributions and proportionate share of contributions	142,705,445	142,705,445
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	2,854,036,178
	<b>\$ 6,373,530,834</b>	<b>\$ 27,363,797,905</b>

The \$ 6,373,530,834 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Special Funding Situation (continued)**

The \$ 27,363,797,905 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year	Total
Ending June 30,	Total
2023	\$ (2,914,282,899)
2024	(3,500,098,875)
2025	(4,665,036,366)
2026	(4,192,375,542)
2027	(2,350,648,872)
Thereafter	(3,367,824,517)
	<u>\$(20,990,267,071)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 which was rolled forward to June 30, 2021. 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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (continued)**

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**Long Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on pension investments (7.00% at June 30, 2021) 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expecting inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2021 measurement date is summarized in the following table:

US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%



**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Long Term Expected Rate of Return (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments 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 net pension liability of the State as of June 30, 2021 calculated using the discount rate as disclosed above, as well as what the State's 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, 2021			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 29,679,801	\$ 25,037,757	\$ 21,225,743

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

Measurement Date June 30, 2020			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.60%)	(5.60%)	(6.60%)
Charter School's proportionate share of the Net Pension Liability	\$ 40,963,127	\$ 34,797,133	\$ 27,675,138

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLANS (CONTINUED)**

**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. 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.

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 recognized pension expense of \$ 5,580 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$ 3,044 for the fiscal year ended June 30, 2022.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6: 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.

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

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

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6: POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan (continued)**

Plan Description and Benefits Provided (continued)

*Employees covered by benefit terms:*

At the OPEB Plan's measurement date June 30, 2021, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted for the following members:

Active plan member									213,901
Inactive plan members or beneficiaries currently receiving benefits									150,427
Inactive plan members entitled to but not yet receiving benefit payments									-
	Total								364,328

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%			
		<b>TPAF/ABP</b>	<b>PERS</b>	<b>PFRS</b>
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		2.75% to 5.65%	3.00% to 7.00%	NOT
		based on service	based on service	APPLICABLE
		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-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6: POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan (continued)**

The actuarial assumptions used in the June 30, 2020 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 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% 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 the June 30, 2021 measurement date was 2.16%. 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.

Changes in the Total Non-Employer OPEB Liability

The table below summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the Charter School for the fiscal year ended June 20, 2022.

Balance at June 30, 2021					\$ 12,140,055
Service cost					2,187,166
Interest on Total OPEB Liability					289,410
Effect on Changes of Benefit Terms					(11,875)
Difference between expected and actual experience					(3,238,741)
Effect of Changes of Assumptions					11,007
Effect of Changes of Proportion					-
Contributions - Employee					7,399
Gross Benefits Paid by the State					(227,974)
				Net Changes	(983,608)
Balance at June 30, 2022					\$ 11,156,447

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6: POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan (continued)**

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

The following presents the total nonemployer OPEB liability measured as of June 30, 2021 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2021		
	At 1%	At current	At 1%
	Decrease (1.16%)	discount rate (2.16%)	Increase (3.16%)
Total OPEB Liability	\$ 13,363,672	\$ 11,156,447	\$ 9,418,390

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

The following presents the total nonemployer OPEB liability measured as of June 30, 2021 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2021		
	At 1%		At 1%
	decrease	Trend Rate	Increase
Total OPEB Liability	\$ 9,031,180	\$ 11,156,447	\$ 14,010,523

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

For the fiscal year ended June 30, 2022 the Charter School recognized OPEB revenue and expense of \$ 2,651,551 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, 2021 measurement date.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)**

**General Information about the OPEB Plan (continued)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At the measurement date of June 30, 2021 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	\$ 1,681,785	\$ (3,348,248)
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	\$ 1,892,550	(1,196,983)
Sub Total	3,574,335	(4,545,231)
Contributions Made in Fiscal Year 2022 after June 30, 2021 Measurement Date	N/A	N/A
Total	3,574,335	(4,545,231)

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	
2023	\$ (219,810)
2024	\$ (219,810)
2025	\$ (219,810)
2026	\$ (219,810)
2027	\$ (156,282)
Total Thereafter	\$ 64,627
	\$ (970,896)

**NOTE 7: 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. The Charter School is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium (the Consortium).

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7: RISK MANAGEMENT (CONTINUED)**

The Consortium is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school districts in order to keep local property taxes at a minimum.

The Charter School pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Charter School continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State.

**NOTE 8: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2022, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$2,088,485 , \$363,034 , \$487,954 , and \$2,148 , respectively.



**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9: CONTINGENCIES**

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter School expects such amount, if any, to be immaterial.

**NOTE 10: CONCENTRATIONS**

The Charter School depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Charter School is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**NOTE 11: DETAILED DISCLOSURE REGARDING FUND EQUITY**

General Fund

The General Fund balance at June 30, 2022 is \$6,539,400 of which \$6,613,147 and is unassigned and \$130 is assigned for encumbrances.

**NOTE 12: IMPLEMENTATION OF NEW ACCOUNTING STANDARD AND RESTATEMENT OF NET POSITION**

In June of 2017, the GASB issued Statement no. 87, Leases. GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB Statement No. 87 were effective for reporting periods beginning after June 15, 2021. The School adopted GASB Statement No. 87 effective July 1, 2021. The implementation of GASB Statement No. 87 required retrospective application to prior periods resulting in the restatement of net position and fund balance as of the beginning of the year.

**NOTE 13: SUBSEQUENT EVENTS**

Subsequent events were evaluated through February 13, 2023, the date the financial statements were available to be issued.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14: 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 School’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 School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

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 2023.

***REQUIRED SUPPLEMENTARY INFORMATION – PART II***

***SECTION C – BUDGETARY COMPARISON SCHEDULE***

**FOUNDATION ACADEMY CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Equalization Aid-Local	\$ 2,067,698	\$ -	\$ 2,067,698	\$ 2,095,260	\$ 27,562
<b>Total Local Sources</b>	<b>2,067,698</b>	<b>-</b>	<b>2,067,698</b>	<b>2,095,260</b>	<b>27,562</b>
Categorical Aid:					
Equalization Aid-State	13,556,229		13,556,229	13,108,969	(447,260)
Special Education	610,100		610,100	557,410	(52,690)
Security Aid	551,131		551,131	549,091	(2,040)
Non-Public Student Aid				8,451	8,451
<b>Total Categorical Aid</b>	<b>14,717,460</b>	<b>-</b>	<b>14,717,460</b>	<b>14,223,921</b>	<b>(493,539)</b>
Revenues From Other Sources:					
Reimbursed TPAF Social Security				363,034	363,034
On-Behalf TPAF(Non-Budget)					
Pension Contributions				2,088,485	2,088,485
Post Retirement Medical Contributions				487,954	487,954
Non-Contributory Insurance Contributions				2,148	2,148
Federal Sources					
Contributions/Donations				23,214	23,214
Miscellaneous Revenue				23,562	23,562
				14,028	14,028
<b>Total Revenues From Other Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,010,471</b>	<b>2,647,437</b>
<b>Total Revenues</b>	<b>16,785,158</b>	<b>-</b>	<b>16,785,158</b>	<b>19,329,652</b>	<b>2,181,460</b>
<b>EXPENDITURES:</b>					
Instruction:					
Kindergarten: Salaries of Teachers	1,065,720	(79,012)	986,708	983,128	3,580
Grades 1-5: Salaries of Teachers	1,329,612	(90,181)	1,239,431	1,063,485	175,946
Grades 6-8: Salaries of Teachers	1,429,373	(98,663)	1,330,710	1,289,170	41,540
Grades 9-12: Salaries of Teachers	1,755,118	(345,110)	1,410,008	1,373,030	36,978
Other Salaries for Instruction	74,095	43,269	117,364	86,398	30,966
Purchased Prof/Tech Services	57,000	589,694	646,694	612,329	34,365
Other Purchased Services	99,850	3,532	103,382	62,109	41,273
General Supplies	301,278	135,621	436,899	344,069	92,830
Textbooks		6,100	6,100	6,051	49
Miscellaneous	121,000	14,210	135,210	129,022	6,188
<b>Total Instruction</b>	<b>6,233,046</b>	<b>179,460</b>	<b>6,412,506</b>	<b>5,948,791</b>	<b>463,715</b>
Administration:					
Salaries - General Administration	1,689,633	14,484	1,704,117	1,651,891	52,226
Salaries - Technical	401,234	93,816	495,050	495,050	-
Salaries of Secretarial/Clerical Assistants	1,110,666	163,863	1,274,529	1,226,727	47,802
Total Benefits Cost	2,990,915	(169,434)	2,821,481	2,602,336	219,145

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Purchases Prof/Tech Services	73,600	526,275	599,875	568,398	31,477
Other Purchased Services	27,000	(5,814)	21,186	6,497	14,689
Communications/Telephone	155,300	67,862	223,162	213,855	9,307
Supplies and Materials	150,780	97,572	248,352	233,976	14,376
Miscellaneous Expenses	41,112	89,935	131,047	131,007	40
<b>Total Administration</b>	<b>6,640,240</b>	<b>878,559</b>	<b>7,518,799</b>	<b>7,129,737</b>	<b>389,062</b>
<b>Support Services:</b>					
Salaries	378,320	(185,794)	192,526	110,018	82,508
Salaries - Nurse	116,000	1,017	117,017	108,017	9,000
Salaries - Improvement of Instruction	238,566	(38,300)	200,266	165,176	35,090
Salaries - Custodial	336,629	15,680	352,309	308,198	44,111
Purchased Prof/Tech Services	133,500	35,314	168,814	144,883	23,931
Cleaning, Repair, and Maintenance Services	334,000	(112,049)	221,951	221,951	-
Rental of Land and Buildings	881,265		881,265	881,265	-
Transportation-Other Than To/From School		462	462	462	-
Insurance for Property, Liability and Fidelity	165,000		165,000	152,814	12,186
Non-Mandated Transportation To/From School	20,000	(6,223)	13,777	1,100	12,677
Supplies and Materials	346,735	(268,040)	78,695	69,723	8,972
Energy Costs (Heat and Electricity)	315,000	7,646	322,646	317,820	4,826
Miscellaneous Expenses	5,500	(5,017)	483	483	-
<b>Total Support Services</b>	<b>3,270,515</b>	<b>(555,304)</b>	<b>2,715,211</b>	<b>2,481,910</b>	<b>233,301</b>
<b>Capital Outlay:</b>					
Non-Instructional Equipment		2,605	2,605		2,605
Lease Purchase Agreements-Principal Facilities and Construction		553,046	553,046	4,404,049	(4,404,049)
<b>Total Capital Outlay</b>	<b>-</b>	<b>555,651</b>	<b>555,651</b>	<b>4,957,095</b>	<b>(4,401,444)</b>
Reimbursed TPAF Social Security (Non-Budgeted)				363,034	(363,034)
On-Behalf TPAF (Non-Budgeted)					
Pension Contributions				2,088,485	(2,088,485)
Post Retirement Medical Contributions				487,954	(487,954)
Non-Contributory Insurance Contributions				2,148	(2,148)
<b>Total Expenditures</b>	<b>16,143,801</b>	<b>1,058,366</b>	<b>17,202,167</b>	<b>23,459,154</b>	<b>(5,403,851)</b>

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	641,357	(1,058,366)	(417,009)	(4,129,502)	(3,712,493)
Other Financing Sources (Uses)					
Lease Proceeds			-	5,027,275	(5,027,275)
Total Other Financing Sources (Uses)	-	-	-	5,027,275	(5,027,275)
(Continued from Prior Page)					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	641,357	(1,058,366)	(417,009)	897,773	(8,739,768)
FUND BALANCE, JULY 1	6,342,343	-	6,342,343	6,264,853	77,490
PRIOR PERIOD ADJUSTMENTS				(623,226)	623,226
FUND BALANCE, JULY 1, RESTATED	6,342,343	-	6,342,343	5,641,627	700,716
FUND BALANCE, JUNE 30	<u>\$ 6,983,700</u>	<u>\$ (1,058,366)</u>	<u>\$ 5,925,334</u>	<u>\$ 6,539,400</u>	<u>\$ (8,039,052)</u>

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Special Revenue Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Federal Sources	\$ 2,232,781	\$ 4,496,369	\$ 6,729,150	\$ 1,804,986	\$ (4,924,164)
Local Sources	106,274	14,897	121,171	21,531	(99,640)
<b>Total Revenues</b>	<b>2,339,055</b>	<b>4,604,406</b>	<b>6,943,461</b>	<b>1,848,917</b>	<b>(5,094,544)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	782,819	1,026,152	1,808,971	646,128	1,162,843
Purchased Prof/Tech Services	39,000	177,012	216,012	83,185	132,827
Other Purchased Services	36,219	45,022	81,241	42,280	38,961
General Supplies	207,615	217,211	424,826	163,325	261,501
<b>Total Instruction</b>	<b>1,065,653</b>	<b>1,465,397</b>	<b>2,531,050</b>	<b>934,918</b>	<b>1,596,132</b>
Support Services:					
Salaries of Supervisors of Instruction	208,002	1,114,491	1,322,493	126,420	1,196,073
Personal Services - Employee Benefits	310,248	697,078	1,007,326	1,352	1,005,974
Purchased Prof/Ed Services	299,948	725,849	1,025,797	506,280	519,517
Travel	61,781		61,781	2,142	59,639
Other Purchased Professional Services	166,959	218,436	385,395	81,121	304,274
Supplies and Materials	216,404	291,356	507,760	166,295	341,465
Indirect Costs	1,028		1,028	309	719
Miscellaneous Expenditures			-	1,266	(1,266)
<b>Total Support Services</b>	<b>1,264,370</b>	<b>3,047,210</b>	<b>4,311,580</b>	<b>885,185</b>	<b>3,426,395</b>
Capital Outlay:					
Instructional Equipment	10		10		10
<b>Total Capital Outlay</b>	<b>10</b>	<b>100,820</b>	<b>100,830</b>	<b>30,080</b>	<b>70,750</b>
<b>Total Expenditures</b>	<b>2,330,033</b>	<b>4,613,427</b>	<b>6,943,460</b>	<b>1,850,183</b>	<b>5,093,277</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 9,022</b>	<b>\$ (9,021)</b>	<b>\$ 1</b>	<b>\$ (1,266)</b>	<b>\$ 1,267</b>



***NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION***

**FOUNDATION ACADEMY CHARTER SCHOOL**  
 Budgetary Comparison Schedule  
 Budget-To-GAAP Reconciliation  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2022

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 19,329,652	[C-2] 1,826,517
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		(412,917)
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 19,329,652	[B-2] \$ 1,413,600
 <b>Uses/Outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 23,459,154	[C-2] 1,850,183
 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.		(412,917)
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 23,459,154	[B-2] \$ 1,437,266

***REQUIRED SUPPLEMENTARY INFORMATION – PART III***

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
**REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES**  
**SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST NINE FISCAL YEARS**  
**UNAUDITED**

	Fiscal Year Ending June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Charter School's proportion of the net pension liability	0.00619008%	0.00950671%	0.003641950%	0.015900800%	0.020500151%	0.024395260%	0.029415380%	0.029682904%	0.035420481%
Charter School's proportionate share of the net pension liability	\$ 1,183,048	\$ 1,779,917	\$ 3,183,623	\$ 4,709,346	\$ 4,772,107	\$ 4,803,305	\$ 5,300,205	\$ 4,840,505	\$ 4,196,087
Charter School's covered payroll (plan measurement period)	\$ 1,080,422	\$ 1,254,656	\$ 1,376,213	\$ 1,674,096	\$ 2,253,837	\$ 2,199,254	\$ 2,503,075	\$ 2,391,837	\$ 2,812,864
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	109%	142%	231%	281%	212%	218%	212%	202%	149%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	45.37%	51.55%	51.55%	53.60%	58.32%	51.52%

**FOUNDATION ACADEMY CHARTER SCHOOL**  
**REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES**  
**SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST NINE FISCAL YEARS**  
**UNAUDITED**

	Fiscal Year Ending June 30,								
	1944	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 46,641	\$ 78,372	\$ 121,929	\$ 141,260	\$ 212,714	\$ 231,620	\$ 289,650	\$ 324,716	\$ 414,815
Contributions in relation to the contractually required contribution	(48,449)	(78,372)	(121,929)	(141,260)	(212,714)	(231,620)	(289,650)	(324,716)	(414,815)
Contribution deficiency/(excess)	\$ (1,808)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll (fiscal year)	\$ 1,080,422	\$ 1,254,656	\$ 1,376,213	\$ 1,674,096	\$ 2,253,837	\$ 2,199,254	\$ 2,503,075	\$ 2,391,837	\$ 2,812,864
Contributions as a percentage of covered payroll	4.32%	6.25%	8.86%	8.44%	9.44%	10.53%	11.57%	13.58%	14.75%

FOUNDATION ACADEMY 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 NINE FISCAL YEARS  
 UNAUDITED

	Fiscal Year Ending June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable of the Charter School		0.01818950%	0.02061662%	0.03033860%	0.04302293%	0.05284399%	0.05208041%	0.05284399%	0.05208041%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 6,537,215	\$ 9,721,704	\$ 13,030,585	\$ 29,681,577	\$ 29,681,577	\$ 35,136,356	\$ 33,575,011	\$ 34,797,133	\$ 25,037,757
Charter School's covered payroll (plan measurement period)	\$ 4,209,720	\$ 2,744,160	\$ 5,754,175	\$ 5,341,124	\$ 5,825,395	\$ 5,916,772	\$ 5,804,297	\$ 5,804,297	\$ 4,689,353
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	155.29%	354.27%	226.45%	555.72%	509.52%	593.84%	578.45%	599.51%	533.93%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	22.33%	25.41%	26.95%	32.62%	35.52%

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



**Foundation Academy 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)**

	Measurement Date:				
	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
<u>Total Non-Employer OPEB Liability- States's Proportionate Share of the Total OPEB Liability Associated with the Charter School</u>					
OPEB Liability at Beginning of Measurement Period	\$ 6,630,732	\$ 6,822,303	\$ 5,869,497	\$ 6,312,551	\$ 12,140,055
Service cost	1,441,265	1,183,799	1,117,755	1,200,891	2,187,166
Interest on Total OPEB Liability	227,898	283,930	266,803	259,415	289,410
Effect on Changes of Benefit Terms					(11,875)
Difference between expected and actual experience		(1,595,457)	(847,593)	2,354,569	(3,238,741)
Effect of Changes of Assumptions	(1,325,392)	(673,554)	94,121	2,217,571	11,007
Contributions - Employee	5,819	5,424	5,744	6,406	7,399
Gross Benefits Paid by the State	(158,019)	(156,948)	(193,776)	(211,348)	(227,974)
	<u>191,571</u>	<u>(952,806)</u>	<u>443,054</u>	<u>5,827,504</u>	<u>(983,608)</u>
Net Change in Total OPEB Liability					
OPEB Liability at Beginning of Measurement Period	<u>6,630,732</u>	<u>6,822,303</u>	<u>5,869,497</u>	<u>6,312,551</u>	<u>12,140,055</u>
Total OPEB Liability at End of Measurement Period	<u>\$ 6,822,303</u>	<u>\$ 5,869,497</u>	<u>\$ 6,312,551</u>	<u>\$ 12,140,055</u>	<u>\$ 11,156,447</u>

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:* The \$63,870,842 decrease in liability from June 20,2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

*Differences Between Expected and Actual Experiences:* The \$11,385,071,658 decrease in the liability from June 30, 2020 to June 30, 2021 is due to changes in the census claims

Update in census information	\$ (591,982,074)
Premium and Claims Experience	<u>(10,793,089,584)</u>
Total	\$ (11,385,071,658)

*Changes in Assumptions:*

The \$59,202,105 increase in the liability from June 30, 2020 to June 30, 2021 is due to the combined effect of the following:

Trend Update	\$ 141,651,103
Mortality Projection Scale Update	270,835,004
Discount Rate Change	536,297,378
Salary Scale	<u>(889,581,380)</u>
Total Changes in Assumption	\$ 59,202,105

***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III***

**FOUNDATION ACADEMY CHARTER SCHOOL**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**FOR FISCAL YEAR ENDED JUNE 30, 2022**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate remained unchanged at 7.00% as of June 30, 2020 and as of June 30, 2021 in accordance with Paragraph 44 of GASB Statement No. 67.

**FOUNDATION ACADEMY CHARTER SCHOOL**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**TEACHER'S PENSION AND ANNUITY FUND**  
**FOR FISCAL YEAR ENDED JUNE 30, 2022**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate changed from 5.60% as of June 30, 2020 to 7.00% as of June 30, 2021 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.*

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

	Title I	Title III	CARES Emergency Relief	Elementary and Secondary Emergency Relief Fund	CRRSA Learning Acceleration	CRRSA Mental Health	ARP ESSER III	IDEA Part B	ARP IDEA Basic	Local Grants	Idea Basic Part B Carryover	Student Activity /Athletics Fund	SDA Emergent and Maintenance	Total
<b>Revenues:</b>														
Federal Sources	\$ 398,336	\$ 20,952	\$ 24,037	668,051	100,290	28,920	335,023	\$ 173,614	\$ 46,000	-	\$ 9,763	\$ -	\$ -	\$ 1,804,986
State Sources				668,051	100,290	28,920	335,023	\$ 173,614	\$ 46,000	21,531	\$ 9,763	\$ -	\$ 22,400	22,400
Local Sources														21,531
<b>Total Revenues</b>	<b>\$ 398,336</b>	<b>\$ 20,952</b>	<b>\$ 24,037</b>	<b>\$ 668,051</b>	<b>\$ 100,290</b>	<b>\$ 28,920</b>	<b>\$ 335,023</b>	<b>\$ 173,614</b>	<b>\$ 46,000</b>	<b>\$ 21,531</b>	<b>\$ 9,763</b>	<b>\$ -</b>	<b>\$ 22,400</b>	<b>\$ 1,848,917</b>
<b>Expenditures:</b>														
<b>Instruction:</b>														
Salaries of Teachers	\$ 280,747	\$ -	\$ -	124,601	\$ 79,999	\$ -	\$ -	\$ 151,314	\$ -	\$ -	\$ 9,467	\$ -	\$ -	\$ 646,128
Purchased Prof/Tech Services	32,525			46,885										79,410
Other Purchased Services	6,879	6,301	250	36,240	3,775		6,040							46,055
General Supplies				149,895										163,325
Total Instruction	320,151	6,301	250	357,621	83,774		6,040	151,314			9,467			934,918
<b>Support Services:</b>														
Salaries of Supervisors of Instruction				97,500		28,920								126,420
Personal Services/Employee Benefits										1,352				1,352
Purchased Prof/Ed Services	78,185			14,000	16,516		328,983	22,300	46,000		296			506,280
Tuition and Travel										2,142				2,142
Other Purchased Services		2,385		61,008						17,728				81,121
Supplies and Materials		12,266	16,107	137,922								1,266		166,295
Student Activities														1,266
Indirect Costs										309				309
Total Support Services	78,185	14,651	16,107	310,430	16,516	28,920	328,983	22,300	46,000	21,531	296	1,266		885,185
<b>Facilities Acquisition and Construction Services:</b>														
Buildings													22,400	22,400
Total Facilities Acquisition and Construction Services			7,680										22,400	30,080
<b>Total Expenditures</b>	<b>\$ 398,336</b>	<b>\$ 20,952</b>	<b>\$ 24,037</b>	<b>\$ 668,051</b>	<b>\$ 100,290</b>	<b>\$ 28,920</b>	<b>\$ 335,023</b>	<b>\$ 173,614</b>	<b>\$ 46,000</b>	<b>\$ 21,531</b>	<b>\$ 9,763</b>	<b>\$ 1,266</b>	<b>\$ 22,400</b>	<b>\$ 1,850,183</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,266)</b>	<b>\$ -</b>	<b>\$ (1,266)</b>

**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.**



***SECTION H – FIDUCIARY FUNDS  
DETAIL STATEMENT  
(NOT APPLICABLE)***

***SECTION I – LONG-TERM DEBT SCHEDULES  
(NOT APPLICABLE)***

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

**STATISTICAL SECTION  
(UNAUDITED)**

***Foundation Academy Charter School has been in operation for ten (10) 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 ten (10) years is available and has been presented.***

**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***

**FOUNDATION ACADEMY CHARTER SCHOOL**

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 11,056,268	\$ 6,982,788	\$ 1,480,241	\$ 4,467,883	\$ 53,449	\$ 24,903	\$ 21,597	\$ 20,463	\$ 48,864	\$ 19,329
Restricted	22,575	94,363	94,363	33,608	666,006	33,608	18,805	-	16,725	16,290
Unrestricted	(2,688,762)	1,222,165	2,493,258	(528,433)	411,189	2,674,079	1,210,197	859,442	1,315,851	860,576
<b>Total Governmental Activities Net Assets/ Position</b>	<b>\$ 8,390,081</b>	<b>\$ 8,299,316</b>	<b>\$ 4,067,862</b>	<b>\$ 3,973,058</b>	<b>\$ 1,130,644</b>	<b>\$ 2,732,590</b>	<b>\$ 1,250,599</b>	<b>\$ 879,905</b>	<b>\$ 1,381,440</b>	<b>\$ 896,195</b>
<b>Business-Type Activities</b>										
Unrestricted	\$ 369,156	232,950	\$ 137,733	\$ 57,317	\$ 121,715	\$ 105,686	\$ 38,190	18,096	12,752	342
<b>Total Business-Type Activities Net Assets/Position</b>	<b>\$ 369,156</b>	<b>\$ 232,950</b>	<b>\$ 137,733</b>	<b>\$ 57,317</b>	<b>\$ 121,715</b>	<b>\$ 105,686</b>	<b>\$ 38,190</b>	<b>\$ 18,096</b>	<b>\$ 12,752</b>	<b>\$ 342</b>
<b>Charter School-Wide</b>										
Net Investment in Capital Assets/										
Invested in capital assets, net of related debt	\$ 11,056,268	\$ 6,982,788	\$ 1,480,241	\$ 4,467,883	\$ 53,449	\$ 24,903	\$ 21,597	\$ 20,463	\$ 48,864	\$ 19,329
Restricted	22,575	94,363	94,363	33,608	666,006	33,608	18,805	-	16,725	16,290
Unrestricted	(2,319,606)	1,455,115	2,614,973	(471,116)	532,904	2,779,765	1,248,387	877,538	1,328,603	860,918
<b>Total Charter School Net Position</b>	<b>\$ 8,759,237</b>	<b>\$ 8,532,266</b>	<b>\$ 4,189,577</b>	<b>\$ 4,030,375</b>	<b>\$ 1,252,359</b>	<b>\$ 2,838,276</b>	<b>\$ 1,288,789</b>	<b>\$ 898,001</b>	<b>\$ 1,394,192</b>	<b>\$ 896,537</b>

Source: Annual Comprehensive Financial Report

**FOUNDATION ACADEMY CHARTER SCHOOL**

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Expenses</b>										
Governmental Activities:										
Instruction	\$ 6,883,709	\$ 9,657,315	\$ 9,005,783	\$ 8,698,083	\$ 8,402,428	\$ 7,678,694	\$ 7,729,590	\$ 6,094,237	\$ 4,090,815	\$ 2,977,758
Administration	12,792,895	7,871,194	7,016,630	4,325,503	4,312,407	2,502,298	3,162,529	2,312,360	2,125,624	1,750,270
Support Services	2,485,830	3,781,234	2,922,631	2,845,307	2,471,213	2,768,292	2,792,607	2,679,864	2,237,572	1,483,267
Capital Outlay	913,695	282,409	26,503	64,673	31,362	137,616	71,837	-	-	154,589
Unallocated Depreciation and Amortization		214,337	179,483	179,483	160,867	121,884	1,134	1,134	1,134	1,134
Total Governmental Activities Expenses	\$ 23,076,129	\$ 21,592,152	\$ 19,185,884	\$ 16,113,049	\$ 15,378,277	\$ 13,208,784	\$ 13,757,697	\$ 11,087,595	\$ 8,455,145	\$ 6,367,018
Business-Type Activities:										
Food Service	645,034	260,875	471,077	717,738	576,009	473,816	469,464	428,013	275,701	202,114
Total Business-Type Activities Expenses	\$ 645,034	\$ 260,875	\$ 471,077	\$ 717,738	\$ 576,009	\$ 473,816	\$ 469,464	\$ 428,013	\$ 275,701	\$ 202,114
Total Charter School Expenses	\$ 23,721,163	\$ 21,853,027	\$ 19,656,961	\$ 16,830,787	\$ 15,954,286	\$ 13,682,600	\$ 14,227,161	\$ 11,515,608	\$ 8,730,846	\$ 6,569,132
<b>Program Revenues</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 920,444	\$ 963,071	\$ 964,433	\$ 519,405	\$ 336,527	\$ 331,154	\$ 362,181	\$ 313,411	\$ -	\$ -
Total Governmental Activities Expenses	\$ 920,444	\$ 963,071	\$ 964,433	\$ 519,405	\$ 336,527	\$ 331,154	\$ 362,181	\$ 313,411	\$ -	\$ -
Business-Type Activities:										
Charges for Services	-	60	56,551	84,363	74,116	55,131	52,720	50,448	39,316	26,549
Operating Grants and Contributions	781,240	356,032	494,942	568,977	517,922	486,181	436,838	382,909	248,795	173,707
Total Business-Type Activities Expenses	\$ 781,240	\$ 356,092	\$ 551,493	\$ 653,340	\$ 592,038	\$ 541,312	\$ 489,558	\$ 433,357	\$ 288,111	\$ 200,256
Total Charter School Program Revenue	\$ 1,701,684	\$ 1,319,163	\$ 1,515,926	\$ 1,172,745	\$ 928,565	\$ 872,466	\$ 851,739	\$ 746,768	\$ 288,111	\$ 200,256
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (22,155,685)	\$ (20,629,081)	\$ (18,221,451)	\$ (15,593,644)	\$ (15,041,750)	\$ (12,877,630)	\$ (13,395,516)	\$ (10,774,184)	\$ (8,455,145)	\$ (6,367,018)
Business-Type Activities	136,206	95,217	80,416	(64,398)	16,029	67,496	20,094	5,344	12,410	(1,858)
Total Charter School Net Expense	\$ (22,019,479)	\$ (20,533,864)	\$ (18,141,035)	\$ (15,658,042)	\$ (15,025,721)	\$ (12,810,134)	\$ (13,375,422)	\$ (10,768,840)	\$ (8,442,735)	\$ (6,368,876)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
General Purposes	\$ 2,095,260	\$ 2,003,921	\$ 1,834,080	\$ 1,608,247	\$ 1,502,124	\$ 1,506,473	\$ 1,298,608	\$ 1,106,799	\$ 808,018	\$ 527,651
Federal and State Aid Not Restricted	20,728,780	19,963,054	17,164,868	17,328,612	17,081,412	14,605,272	12,753,308	11,079,761	7,984,084	5,290,858
Investment Earnings	8,046	9,020	9,020	-	-	-	-	-	-	-
Miscellaneous Income	37,590	39,302	219,493	92,800	81,754	12,111	39,164	38,087	15,367	63,864
Total Governmental Activities	\$ 22,869,676	\$ 22,006,277	\$ 19,227,261	\$ 19,029,659	\$ 18,665,290	\$ 16,123,856	\$ 14,091,080	\$ 12,224,647	\$ 8,807,469	\$ 5,882,375
Total Charter School Wide	\$ 22,869,676	\$ 22,006,277	\$ 19,227,261	\$ 19,029,659	\$ 18,665,290	\$ 16,123,856	\$ 14,091,080	\$ 12,224,647	\$ 8,807,469	\$ 5,882,375
<b>Change in Net Position</b>										
Governmental Activities	\$ 713,991	\$ 1,377,196	\$ 1,005,810	\$ 3,436,015	\$ 3,623,540	\$ 3,246,226	\$ 695,564	\$ 1,450,463	\$ 352,324	\$ (484,645)
Business-Type Activities	136,206	95,217	80,416	(64,398)	16,029	67,496	20,094	5,344	1,858	(4,258)
Total Charter School	\$ 850,197	\$ 1,472,413	\$ 1,086,226	\$ 3,371,617	\$ 3,639,569	\$ 3,313,722	\$ 715,658	\$ 1,455,807	\$ 350,466	\$ (488,903)

Source: Annual Comprehensive Financial Report

**FOUNDATION ACADEMY CHARTER SCHOOL**

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Unaudited

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Restricted	\$ (49,947)	\$ 215,467	\$ 30,510	\$ 627,173	\$ 666,006	\$ 33,608	\$ 18,805	\$ -	\$ 16,725	\$ 16,290
Unassigned	6,613,147	6,126,877	5,127,178	5,856,437	5,118,538	3,748,936	3,322,291	2,674,079	1,210,197	857,174
<b>Total General Fund</b>	<b>\$ 6,563,200</b>	<b>\$ 6,342,344</b>	<b>\$ 5,157,688</b>	<b>\$ 6,483,610</b>	<b>\$ 5,784,544</b>	<b>\$ 3,782,544</b>	<b>\$ 3,341,096</b>	<b>\$ 2,674,079</b>	<b>\$ 1,226,922</b>	<b>\$ 873,464</b>
All Other Governmental Funds										
Unassigned	-	-	-	-	-	-	-	-	-	-
Special Revenue Fund	\$ 20,234	-	-	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 20,234</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Source: Annual Comprehensive Financial Report**



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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues:</b>										
Local Sources:										
Intermediate Sources	\$ 2,140,896	\$ 2,043,223	2,062,593	1,701,047	1,583,878	1,518,584	1,337,772	1,144,886	823,385	591,515
State Sources	21,531	60,041	32,369	76,222	87,320	25,812	3,223	175,283	18,775	11,824
Federal Sources	17,187,942	16,266,925	15,946,621	15,401,465	14,812,585	14,136,412	12,224,805	10,728,092	7,589,730	4,967,261
Total Revenues	1,828,200	2,715,011	916,090	1,100,360	888,043	774,202	887,461	489,797	375,579	310,511
	21,178,569	21,085,200	18,957,673	18,279,094	17,371,826	16,455,010	14,453,261	12,538,058	8,807,469	5,881,111
<b>Expenditures:</b>										
Instruction	6,883,709	7,184,525	6,555,026	6,527,075	6,250,967	5,908,373	5,948,815	4,893,928	3,313,294	2,423,994
Administration	10,071,358	8,266,963	7,373,541	7,364,689	6,583,203	5,714,455	5,151,519	3,666,564	3,030,633	2,374,095
Support Services	3,367,095	3,374,682	2,639,454	2,577,521	2,212,553	2,530,479	2,576,507	2,525,185	2,110,084	1,411,944
Capital Outlay	4,987,175	1,226,894	1,047,716	794,303	218,694	579,436	73,403	5,224	-	154,589
Debt Outlay		2,667,858								
Total Expenditures	25,309,337	22,720,922	17,615,737	17,263,588	15,265,417	14,732,743	13,750,244	11,090,901	8,454,011	6,364,622
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,130,768)	(1,635,722)	1,341,936	1,015,506	2,106,409	1,722,267	703,017	1,447,157	353,458	(483,511)
<b>Other Financing Uses:</b>										
Transfers In	5,027,275	-	-	-	-	-	-	-	-	-
Total Other Financing Uses	5,027,275	-	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 896,507	\$ (1,635,722)	\$ 1,341,936	\$ 1,015,506	\$ 2,106,409	\$ 1,722,267	\$ 703,017	\$ 1,447,157	\$ 353,458	\$ (483,511)

Source: Annual Comprehensive Financial Report

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

Fiscal Year Ending June 30,	Interest	Miscellaneous Revenue	Total
2022	\$ 8,046	\$ 14,028	\$ 22,074
2021		23,702	23,702
2020	9,020	179,848	188,868
2019		74,548	74,548
2018	-	9,197	9,197
2017	-	4,761	4,761
2016	-	6,726	6,726
2015		5,939	5,939
2014	75	1,097	1,172
2013	9		9

**Source: Charter School records**

***DEMOGRAPHIC AND ECONOMIC INFORMATION***

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Demographic and Economic Statistics  
Last Nine Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2022	N/A	N/A	N/A	N/A
2021	N/A	N/A	N/A	N/A
2020	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	N/A
2018	84,034	N/A	N/A	9.1%
2017	84,470	N/A	\$ 56,906	N/A
2016	83,343	N/A	\$ 55,933	N/A
2015	84,476	N/A	\$ 53,037	N/A
2014	84,952	N/A	\$ 51,706	N/A
2013	83,242	N/A	\$ 50,991	9.9%

Source: Charter School's Records

**FOUNDATION ACADEMY CHARTER SCHOOL**  
 Principal Employers  
 This Year and One Year Ago  
 (Unaudited)

Employer	2022			Employer	2021		
	Employees	Rank	Percentage of Total Employment		Employees	Rank	Percentage of Total Employment
State of New Jersey	N/A		N/A	State of New Jersey	N/A		N/A
Capital Health Systems (formerly Helene Fuld & Mercer Medical)	N/A		N/A	Capital Health Systems (formerly Helene Fuld & Mercer Medical)	N/A		N/A
Trenton School System	N/A		N/A	Trenton School System	N/A		N/A
City of Trenton	N/A		N/A	City of Trenton	N/A		N/A
County of Mercer	N/A		N/A	County of Mercer	N/A		N/A
St. Francis Medical Center	N/A		N/A	St. Francis Medical Center	N/A		N/A
The Trenton Times	N/A		N/A	The Trenton Times	N/A		N/A
The Hibbert Company	N/A		N/A	The Hibbert Company	N/A		N/A
Mercer Street Friends Center	N/A		N/A	Mercer Street Friends Center	N/A		N/A
Water's Edge Convalescent Center	N/A		N/A	Water's Edge Convalescent Center	N/A		N/A

Source: Charter School's Records

***OPERATING INFORMATION***

**FOUNDATION ACADEMY CHARTER SCHOOL**  
 Full-Time Equivalent Charter School Employees by Function  
 Last Ten Fiscal Years

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	91	93.5	91	90.5	87.5	72.5	47	34	33	19
Administrative	10.25	6.25	4.25	5.25	4.25	5.25	4.25	3.25	3.25	2.25
Support Services	40.5	39	34	35.5	34.5	32.5	23	16.25	10.5	7.25
Food Service	-	-	-	-	-	-	-	-	1	0.75
<b>Total</b>	<b>141.75</b>	<b>138.75</b>	<b>129.25</b>	<b>131.25</b>	<b>126.25</b>	<b>110.3</b>	<b>74.25</b>	<b>53.50</b>	<b>47.75</b>	<b>29</b>

**FOUNDATION ACADEMY CHARTER SCHOOL**  
 Operating Statistics  
 Last Ten 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
2022	1074	\$ 18,502,059	\$ 17,227	12.84%	93.5	11:1	1073	1019.2	0.16%	94.99%
2021	1068	16,304,772	15,267	-0.75%	93.5	11:1	1071.3	1030.8	4.22%	96.22%
2020	1018	15,658,640	15,382	-0.09%	91	11:1	1028.0	979.7	2.33%	95.31%
2019	1005	15,472,982	15,396	-3.88%	90.5	11:1	1004.6	962.9	13.64%	95.85%
2018	882	14,128,088	16,018	-8.13%	87.5	11:1	884.0	859.0	16.79%	97.17%
2017	766	13,355,992	17,436	-27.96%	72.5	11:1	756.9	747.8	43.79%	98.80%
2016	529	12,803,162	24,203	-20.34%	47	10:1	526.4	520.5	55.51%	98.88%
2015	343	10,420,597	30,381	59.96%	34	9:1	338.5	323.4	11.53%	95.54%
2014	310	5,887,698	18,993	60.32%	33	11:1	303.5	292.8	52.21%	96.47%
2013	200	2,369,331	11,847	N/A	18	11:1	199.4	192.1	7.38%	96.34%



**FOUNDATION ACADEMY CHARTER SCHOOL**  
 School Building Information  
 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Charter School Building</b>										
<u>Primary/Intermediate/Middle</u>										
Foundation Academy Charter School										
Square Feet	93,567	93,567	93,567	93,567	28,000	28,000	28,000	28,000	28,000	28,000
Capacity (students)	756	630	542	341	225	225	200	120	120	192
<u>High School</u>										
Foundation Collegiate Academy										
Square Feet	40431	40431	32,000	32,000	32,000	32,000	32,000	N/A	N/A	N/A
Capacity (students)	312	312	252	224	188	118	85			
Total Enrollment	1068	1068	882	766	529	343	303	199	117	85

Number of Schools at June 30, 2022  
 Primary/Intermediate/Middle = 1  
 High = 1

Source: Charter School Facilities Office

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Insurance Schedule  
June 30, 2022

	Coverage	Deductible
<b>PACKAGE POLICY (NJSBAIG)</b>		
<b>Property Section</b>		
Building Limit(Loc 1)	\$ 23,976,340	1,000
Building Limit(Loc 2)	10,229,342	1,000
Building Limit(Loc 3)	1,929,200	1,000
Contents Limit(Loc 1)	1,030,000	1,000
Contents Limit(Loc 2)	500,000	1,000
Contents Limit(Loc 3)	51,500	1,000
Blanket Extra Expense	50,000,000	1,000
Blanket Valuable Papers & Records	10,000,000	
Loss of Rents	200,000	
Loss of Business Income/Tuition	2,000,000	\$ 1,000
Flood Zones A&V	25,000,000	\$ 500,000
All Other Flood Zones	75,000,000	\$ 10,000
EQ per occ/annual	50,000,000	
<b>EDP</b>		
Blanket Hardware/Software	\$ 100,000	\$ 1,000
Blanket Extra Expense	Included	
Transit	Included	
Loss of Income	Included	
Computer Virus	250,000/\$10 Mil Pool aggregate	
<b>Boiler &amp; Machinery</b>		
Property Damage & Extra Expense	\$ 100,000,000	\$ 1,000
<b>Crime</b>		
Public Employee Dishonesty	\$ 250,000	
Loss of Money & Securities	50,000	
Money Orders & Counterfeit	50,000	
Forgery or Alteration	250,000	
Computer Fraud	250,000	\$500 each coverage part
<b>General Liability</b>		
Each Occurrence	\$ 16,000,000	
Products/Completed Ops Annual Aggregate	16,000,000	
Sexual Abuse per Occurrence	16,000,000	
Sexual Abuse Annual Pool Aggregate	16,000,000	
Personal & Advertising Injury per Occurrence	16,000,000	
Personal & Advertising Injury Ann Aggregate	16,000,000	
Employment Benefits	16,000,000	\$ 1,000
Medical Payments	10,000	
<b>Business Auto Section</b>		
Hired & Non-Owned Auto Liability	\$ 16,000,000	
<b>WORKERS COMPENSATION (NJSBAIG)</b>		
Bodily Injury by Accident	\$ 3,000,000	each accident
Bodily Injury by Disease	3,000,000	each employee
Bodily Injury by Disease	3,000,000	aggregate limit
<b>ERRORS &amp; OMISSIONS LIABILITY (NJSBAIG)</b>		
Coverage A:		
Limit of Liability Each Policy Period	\$ 16,000,000	\$ 5,000
Coverage B:		
Limit Each Claim	100,000	5,000
Limit Each Policy Period	3,000,000	
<b>SUPPLEMENTAL INDEMNITY (NJSBAIG)</b>		
Maximum Benefit Period	52 weeks	
Maximum Weekly Benefit	\$ 2,500	
<b>STUDENT ACCIDENT INSURANCE (NJSBAIG)</b>		
Accidental Medical Expense	\$ 25,000	
Accidental Death	10,000	
Accidental Dismemberment	20,000	
<b>BONDS (Selective)</b>		
Christopher Lessard	\$ 100,000	
Monique Bonnier	200,000	
<b>FF Group Catastrophe</b>	\$ 20,000,000	

New Jersey Performance Framework Financial Ratios  
 Foundation Academy Charter School  
 Audited Performance Indicators

1-21

	2020 Audit	2021 Audit	2022 Audit	Source
Cash	\$ 5,128,393	\$ 5,579,419	\$ 7,304,032	Audit: Exhibit A-1
Current Assets (include cash)	5,719,513	7,226,788	8,486,247	Audit: Exhibit A-1
Current Liabilities	349,092	703,919	1,553,891	Audit: Exhibit A-1
Total Expenses	19,148,817	21,854,349	23,721,163	Audit: Exhibit A-2
Change in Net Position	1,594,370	1,471,091	850,197	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	1,071	1,073.00	1,073.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	1,068	1,019	1,019	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation and Amortization Expense	214,337	282,409	913,695	Auditor/Workpapers
Interest Expense	108,996	-	305,030	Auditor/Workpapers
Principal Payments- Normal	93,336	-	-	Auditor/Workpapers
Principal Payments- Early Loan Payoff	2,548,019	-	-	Auditor/Workpapers
Interest Payments	108,996	-	-	Auditor/Workpapers

	2020	2021	2022	3 YR CUM	Calculation*****	Target*****
<b>Performance Indicators</b>						
<b>Near Term Indicators</b>						
1a.	16.4	10.3	5.5		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	98	93	112		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	100%	105%	105%	104%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	NO	NO	NO		Auditor	not in default
<b>Sustainability Indicators</b>						
2a***	(1,498,501)	451,026	1,724,613	677,138	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	9.48	N/A	N/A		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

**Footnotes:**  
 \* The interest expense is due to the new GASB 87 Lease accounting and does not reflect interest on debt

\* For renaisance schools; use Oct 15 count if no final count; use head count if ADE not available  
 \*\* Is school in default of loan covenants(s) and/or is delinquent with debt service payments? No  
 \*\*\* 2020 =2020 Cash - 2019 Cash; 2019 =2019 Cash-2018 Cash; 2018 =2018 Cash-2017 Cash  
 \*\*\*\* Refer to NJ Performance Framework

Meets Standard  
 Does Not Meet Standard  
 Falls Far Below Standard

***SINGLE AUDIT SECTION***

**BARRE & COMPANY LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**  
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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  
Foundation Academy Charter School  
County of Mercer  
Trenton, 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 activities, the business-type activities and each major fund of Foundation Academy Charter School (Charter School), in the County of Mercer, 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 13, 2023 which contains an emphasis of matter paragraph describing the adoption of a new accounting principle, consistency of financial statements, and prior period adjustment

***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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free 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 matter 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, State of New Jersey, and 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 13, 2023

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

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

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

***Opinion on Each Major State and Federal Program***

We have audited the Foundation Academy Charter School’s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the New Jersey Circular 15-08- OMB State Aid/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, 2022. The Foundation Academy 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.

In our opinion, the Foundation Academy Charter School, in the County of Mercer, 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 and Federal programs for the fiscal year ended June 30, 2022.

***Basis for Opinion on Each Major State and Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under

those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Foundation Academy Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state and Federal program. Our audit does not provide a legal determination of Foundation Academy Charter School's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Foundation Academy Charter School's State and Federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Foundation Academy Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Foundation Academy Charter School's compliance with the requirements of each major State and Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Foundation Academy Charter



School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Foundation Academy Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance and the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid but not for the purpose of expressing an opinion on the effectiveness of Foundation Academy Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

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


#### Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state and Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of [Uniform Guidance and] New Jersey Circular OBM 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 13, 2023

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2022

Federal Grant/Program Title	Federal Award Identification	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grand Period From To	Balance at June 30, 2021	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Pass-Through To Subrecipients	Adjustments	Repayment of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2022
				Amount			Amount							Unearned Revenue
<b>U.S. Department of Education</b>														
Medical Assistance Program Cluster	N/A		N/A	\$ 23,214	7/1/21	6,00/22	-	\$ 23,214	(23,214)	-	-	-	-	-
<b>Total General Fund</b>								\$ 23,214	(23,214)	-	-	-	-	-
<b>U.S. Department of Education</b>														
Passed-Through State Department of Education														
Special Revenue Fund:														
NCLB Title II														
84-010A	N/A	S0010A210030	NCLB - 6017 - 22	998,337	7/1/21	6,00/22	-	\$ -	(998,337)	-	-	-	(398,337)	\$ -
84-010A	N/A	S0010A210030	NCLB - 6017 - 21	916,512	7/1/20	6,00/21	(199,792)	199,792	(916,512)	-	-	-	-	-
84-365		S397A210029	NCLB - 6017 - 21	10,515	7/1/20	6,00/21	-	17,040	(17,040)	-	-	-	-	-
84-367		S397A210029	NCLB - 6017 - 21	68,266	7/1/20	6,00/21	-	-	(68,266)	-	-	-	-	-
84-368		S397A210029	NCLB - 6017 - 21	3,311	7/1/20	6,00/21	-	-	(3,311)	-	-	-	(3,311)	-
84-184		S334A210031	NCLB - 6017 - 21	3,301	7/1/20	6,00/21	(199,792)	216,832	(419,288)	-	-	-	(402,248)	-
<b>Total NCLB Title II</b>								216,832	(419,288)	-	-	-	(402,248)	-
<b>Special Education Cluster (IDEA)</b>														
84-027	84-027A	H027A210031	IDEA - 6017 - 22	173,614	7/1/21	6,00/22	-	5,115	(173,614)	-	-	-	(168,499)	-
84-027	84-027A	H027A210031	IDEA - 6017 - 21	9,763	7/1/20	6,00/21	(18,877)	28,640	(9,763)	-	-	-	(168,499)	-
84-173	N/A		IDEA - 6017 - 21	3,195	9/1/20	8/31/21	-	-	-	-	-	-	-	-
84-027	84-027X		IDEA - 6017 - 22	26,868	7/1/21	9/30/22	(18,877)	35,755	(46,000)	-	-	-	(46,000)	-
<b>Total Special Education Cluster (IDEA)</b>								35,755	(226,372)	-	-	-	(214,299)	-
<b>Other Special Revenue Funds:</b>														
Charter School Expansion Grant														
84-282		U285A220015	N/A	17,387	9/1/20	8/31/21	-	-	-	-	-	-	-	-
84-XXX			N/A	-	9/1/20	8/31/21	-	-	-	-	-	-	-	-
XX,XXX			N/A	-	9/1/20	8/31/21	-	-	-	-	-	-	-	-
84-425		S425D210027	N/A	666,051	9/1/21	9/30/22	-	666,051	(666,051)	-	-	-	-	-
84-425	COVID-19, 84-425D	S425D210027	N/A	-	3/13/21	9/30/22	(1,033,313)	1,033,313	(24,037)	-	-	-	(23,787)	-
84-425	COVID-19, 84-425D	S425D210027	N/A	24,037	3/13/20	9/30/23	-	250	(100,290)	-	-	-	(23,300)	-
84-425	COVID-19, 84-425D	S425D210027	N/A	48,719	3/13/20	9/30/23	-	26,280	(38,439)	-	-	-	(35,623)	-
84-425	COVID-19, 84-425U	S425D210027	N/A	1,741,157	3/13/20	9/30/22	(1,033,313)	1,828,194	(1,196,321)	-	-	-	(361,440)	-
<b>Total Other Special Revenue Funds</b>								2,078,781	(1,804,988)	-	-	-	(878,187)	-
<b>Total Special Revenue Fund</b>								2,078,781	(1,804,988)	-	-	-	(878,187)	-
<b>U.S. Department of Agriculture</b>														
Passed-Through State Department of Agriculture														
Food Distribution Program														
10-650		2211N30AN1099	N/A	-	7/1/21	6/30/22	-	-	-	-	-	-	-	-
10-650	COVID-19	2211N30AN1099	N/A	187,698	7/1/21	6/30/22	-	174,543	(187,698)	-	-	-	(13,155)	-
10-653	COVID-19	2111N30AN1099	N/A	122,873	7/1/20	6/30/21	(11,948)	481,946	(617,857)	-	-	-	(35,711)	-
10-655	COVID-19	2111N30AN1099	N/A	331,809	7/1/20	6/30/21	(19,882)	688,119	(705,358)	-	-	-	(48,866)	-
10-655	COVID-19	2111N30AN1099	N/A	63,652	7/1/21	6/30/22	(31,630)	63,652	-	-	-	-	(48,866)	-
<b>Total Child Nutrition Cluster</b>								751,771	(769,007)	-	-	-	(48,866)	-
<b>Total Federal Financial Awards</b>								2,853,786	(2,597,201)	-	-	-	(1,027,053)	-

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2022

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Balance	Balance at June 30, 2022		MEMO
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor					Unearned Revenue/Interfund Payable	Due to Grantor	
<b>State Department of Education</b>													
General Fund:													
State Aid-Public Education Aid - State Share	22-495-034-5120-078	\$ 13,108,969	7/1/21	6/30/22	\$ -	\$ -	\$ 13,000,900	\$ (13,108,969)	\$ -	\$ -	\$ (108,069)	\$ -	\$ 13,108,969
Special Education Aid	21-495-034-5120-071	11,880,309	7/1/20	6/30/21	(268,175)	-	268,175	(557,410)	(557,410)	-	-	-	557,410
Special Education Categorical Aid	22-495-034-5120-089	557,410	7/1/21	6/30/22	-	-	549,091	(549,091)	(8,451)	-	-	-	549,091
Security Aid	22-495-034-5120-084	549,091	7/1/21	6/30/22	-	-	8,451	(8,451)	-	-	-	-	8,451
Adjustment Aid	22-495-034-5120-085	8,451	7/1/21	6/30/22	-	-	-	-	-	-	-	-	-
Adjustment Aid	21-495-034-5120-085	942,159	7/1/20	6/30/21	(268,175)	-	14,384,027	(14,223,921)	(108,069)	-	-	-	14,223,921
Total State Aid-Public													
On Behalf:													
TPAF Post-Retirement Medical	22-495-034-5094-001		7/1/21	6/30/22			487,954	(487,954)					487,954
TPAF Pension Contributions	22-495-034-5094-002		7/1/21	6/30/22			2,088,485	(2,088,485)					2,088,485
TPAF Non-Contributory Insurance	22-495-034-5094-004		7/1/21	6/30/22			2,148	(2,148)					2,148
Reimbursed TPAF - Social Security Contributions	22-495-034-5094-003	363,034	7/1/21	6/30/22			316,763	(363,034)			(46,271)		363,034
Reimbursed TPAF - Social Security Contributions	21-495-034-5094-003	410,493	7/1/20	6/30/21	(38,586)	-	38,586	(38,586)					38,586
Total Reimbursed TPAF-Social Security Cluster							355,349	(363,034)			(46,271)		363,034
Total General Fund							17,317,963	(17,165,542)			(154,340)		17,165,542
Special Revenue Fund:													
SDA Emergent and Capital Maintenance Funds		22,400	7/1/21	6/30/22			22,400	(22,400)					22,400
Total Special Revenue Fund							22,400	(22,400)					22,400
<b>State Department of Agriculture</b>													
Enterprise Fund:													
National School Lunch Program (State Share)	22-100-010-3350-023	12,193	7/1/21	6/30/22	(2,517)	-	11,371	(12,193)		(822)			12,193
National School Lunch Program (State Share)	21-100-010-3350-023	7,269	7/1/20	6/30/21			2,517	(2,517)					2,517
Total Enterprise Fund							13,888	(12,193)		(822)			12,193
Total State Financial Assistance Subject to Major Program Determination for State Single Audit							\$ 17,331,851	\$ (17,177,735)		\$ -	\$ (155,162)	\$ -	\$ 17,177,735
State Financial Assistance Not Subject to Major Program Determination:													
General Funds (Non-Cash Assistance)													
TPAF Post-Retirement Medical	22-495-034-5094-001	487,954	7/1/21	6/30/22				(487,954)					487,954
TPAF Pension Contributions	22-495-034-5094-002	2,088,485	7/1/21	6/30/22				(2,088,485)					2,088,485
TPAF Non-Contributory Insurance	22-495-034-5094-004	2,148	7/1/21	6/30/22				(2,148)					2,148
Total General Funds (Non-Cash Assistance)								(2,576,567)					2,576,567
Total State Financial Assistance							\$ 14,589,149						\$ 14,589,149

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures  
Of Federal Awards and State Financial Assistance  
**June 30, 2022**

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**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, Foundation Academy 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 schedules of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal and state awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Therefore, some amounts presented in these schedules 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 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*.

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures  
Of Awards and Financial Assistance  
**June 30, 2022**

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

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:

	Federal	State	Total
General Fund	\$ 23,214	\$ 17,165,542	\$ 17,188,756
Special Revenue Fund	1,804,986	22,797	1,827,783
Food Service Fund	705,355	12,193	717,548
Total Awards & Financial Assistance	<u>\$ 2,533,555</u>	<u>\$ 17,200,532</u>	<u>\$ 19,734,087</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**

Foundation Academy Charter School has no loan balances outstanding at June 30, 2022.

**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, 2022. 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, 2022.

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures  
Of Awards and Financial Assistance  
**June 30, 2022**

**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	2021
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 398,335	\$ 726,754
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>		
Title II, Part D: <i>Enhancing Education Through Technology</i>		
Title III: <i>English Language Acquisition</i>	20,952	1,987
Title IV, Part A: <i>Safe and Drug-Free Schools and Communities</i>		5,780
Title V, Part A: <i>Innovative Programs</i>		
	<hr/>	<hr/>
Total	\$ 419,287	\$ 734,521

**NOTE 9. DE MINIMIS INDIRECT COST RATE**

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

**NOTE 10. MAJOR PROGRAMS**

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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None Reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None Reported

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Uniform Guidance? \_\_\_\_\_ Yes   X   No

Identification of major federal programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
<b>EDUCATION STABILIZATION FUND</b>	
<u>84.425D</u>	<u>Elementary and Secondary School Emergency Relief Fund</u>
<u>84.425D</u>	<u>CARES Emergency Relief Fund</u>
<u>84.425D</u>	<u>CRRSA Learning Acceleration Grant</u>
<u>84.425D</u>	<u>CRRSA Mental Health Grant</u>
<u>84.425U</u>	<u>ARP ESSER III</u>

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

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No



**FOUNDATION ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022

**Section I – Summary of Auditor’s Results (Continued)**

**State Awards**

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

Auditee qualified as low-risk auditee?  Yes  No

Internal control over major programs:

1) Material weakness(es) identified?  Yes  No

2) Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Type of auditors’ report issued on compliance for major programs Unmodified

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

Identification of major state programs:

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
	<u>STATE AID – PUBLIC</u>
<u>22-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>22-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>22-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>22-495-034-5120-084</u>	<u>Security Aid</u>

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022

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***Section II – Schedule of Financial Statement Findings***

The section identifies the significant deficiencies, material weaknesses and fraud, non compliance with provisions of laws, regulation, contracts, and grant agreements related to financial statements for which Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey requires.

No Current Year Findings

***Part III – Schedule of Federal and State Award  
Findings and Questioned Costs As Prepared By Management***

This section identifies the significant deficiencies, material weaknesses, and material matters of noncompliance, including questioned costs and significant instances of abuse, 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

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Summary Schedule of Prior Year Audit Findings and Questioned Costs as prepared by  
Management  
For the Fiscal Year Ended June 30, 2022

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**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