

**INDEPENDENT AUDITOR'S MANAGEMENT
REPORT ON ADMINISTRATIVE FINDINGS**

**FINANCIAL, COMPLIANCE AND
PERFORMANCE**

**FREEDOM PREP CHARTER SCHOOL
(COUNTY OF CAMDEN, NEW JERSEY)**

JUNE 30, 2022

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

**FREEDOM PREP CHARTER SCHOOL
COUNTY OF CAMDEN, NEW JERSEY**

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of Board of Trustees
Freedom Prep Charter School
County of Camden, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Trustees of the Freedom Prep Charter School (the "Charter School") in the County of Camden, State of New Jersey for the year ended June 30, 2022, and have issued our report thereon dated March 13, 2023.

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

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

A handwritten signature in black ink that reads "Leonora Galleros". The signature is written in a cursive style and is positioned above a horizontal line.

Leonora Galleros, CPA
Public School Accountant
PSA No. 20CS00239400

The logo for Galleros Robinson CPAs, LLP. It features the company name "Galleros Robinson CPAs, LLP" in a bold, black, sans-serif font. The name is positioned above a horizontal line.

Galleros Robinson CPAs, LLP
Certified Public Accountants

March 13, 2023
Cream Ridge, New Jersey

**FREEDOM PREP CHARTER SCHOOL
COUNTY OF CAMDEN, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Required insurance coverages are carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the Charter School's ACFR.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Joshua Solow	School Business Administrator	\$180,000

Finding 2022-001

In our review of insurance and official bonds, we noted that the surety bonds of \$180,000 was lower than the required coverage of at least \$222,000 based on the 2021-2022 budget.

Recommendation

We recommend that surety bonds for the School Business Administrator be reviewed annually and adjusted to amounts at least equal to the minimum requirements determined as a percentage of the current school's budget described in the schedule of insurance set forth in N.J.A.C. 6A:23A-16.4.

Adequate insurance is in effect with a duly licensed and authorized insurance company for all employees for the faithful performance of their duties.

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness. In accordance with the bill's amendment on June 2021, Charter School employers do not have to implement the provisions of P.L.2020, c.44 unless they had a collective negotiation agreement with any of their employees in effect on or after the effective date of P.L.2020, c.44, July 1, 2020. For the year ended June 30, 2022, the Charter School do not have a collective bargaining agreement, therefore this provision is not applicable.

Tuition Charges

A review of the financial statements indicated that the Charter School charged no tuition for any student attending the Charter School.

**FREEDOM PREP CHARTER SCHOOL
COUNTY OF CAMDEN, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Financial Planning, Accounting, and Reporting

Examination of Claims

An examination of claims paid during the period under review we noted that claims were approved by designated individuals, certified and supporting documents were maintained. No exception noted.

Payroll Account

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

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund. Activities of the payroll agency accounts are accounted for via spreadsheets, and not in the general ledger system.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders was made as of June 30, 2022, for proper classification of purchase orders as Reserved for Encumbrances or Accounts Payable. No exception was noted in this area.

Travel Policy

A travel policy was adopted by the Board as required by *N.J.A.C. 6A:23A A-6.13* and *N.J.S.A. 18A:11-12*.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23A-16.2(f)* and line item details as described in the Budget Summary Key as part of our test of transactions of judgmentally selected expenditure items.

We also reviewed coding of all expenditures included in our Compliance and Single Audit testing procedures. In addition to the selected expenditures items, we specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, we noted no deviations in expenditure or administrative coding classifications.

**FREEDOM PREP CHARTER SCHOOL
COUNTY OF CAMDEN, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Financial Planning, Accounting, and Reporting - Continued

Board Secretary's Records

We reviewed the Board Secretary's financial and accounting records maintained by the Business Office and noted that monthly reports are provided to the Board for review and approval.

Treasurer's Records

Monthly reports and reconciliation of accounts were prepared and were presented to the Board by the School Business Administrator/Board Secretary.

Elementary and Secondary Education Act (ESEA) as amended the Every Student Succeeds Act (ESSA)

The ESEA financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I and IV of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The Charter School's special projects were approved as listed on Schedules A and B in the ACFR. Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

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

Teachers' Pension Annuity Fund (TPAF) Reimbursement

Our audit procedures included a test of the electronic reimbursements filed with the Department of Education for Charter School employees who are members of the Teacher's Pension Annuity Fund. We noted no exceptions.

TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report(s) for all federal awards for Charter School to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the Charter School for those employees whose salaries are identified as being paid from federal funds was made prior to the 90 days required by the Office of Grants Management. Accordingly, the expenditure was made in accordance with State law (90 not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards. We noted no exceptions.

FREEDOM PREP CHARTER SCHOOL COUNTY OF CAMDEN, NEW JERSEY

ADMINISTRATIVE FINDINGS FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

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

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

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

School Food Service

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

**FREEDOM PREP CHARTER SCHOOL
COUNTY OF CAMDEN, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

School Food Service - continued

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. Cash receipts and bank records were reviewed for timely deposit. No exceptions noted.

The Charter School project utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1.

The Charter School utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable Fixed were reviewed and audited. The FSMC contract does not have an operating results provision. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions noted.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. No exceptions noted.

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

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan and did not use the funds to pay for costs applicable to the Food Service Programs.

**FREEDOM PREP CHARTER SCHOOL
COUNTY OF CAMDEN, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

School Food Service - Continued

Finding 2022-002

Net cash resources exceeded three months average expenditures by \$564,955.

Recommendation

We recommend that the Charter School develop a plan to utilize the excess cash resources in the food service fund.

Management's Response

The Enterprise Fund was run very efficiently and therefore continued to add to the net position. The net position rose from \$475k in FY19, \$524k in FY20, \$612k in FY21 to \$849k in FY22. The school utilized the excess cash where it could each year responsibly.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications /or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions noted

Non-program foods were not purchased, prepared, sold or offered for sale by the Charter School.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the ACFR.

Charter School Enrollment System/Charter School Aid

Our audit procedures included tests of information reported on October 15th and the last day of the school year for enrolled, special education, bilingual and low-income students. We also performed a review of the Charter School's procedures related to its completion and noted no exceptions.

**FREEDOM PREP CHARTER SCHOOL
COUNTY OF CAMDEN, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Charter School Enrollment System/Charter School Aid - continued

Finding 2022-003

In our review of student files while performing state enrollment related procedures we noted the following:

- a. One (1) student file was not provided.
- b. There were six (6) students with zero ADE in CHE but has one (1) ADE in the Charter School's attendance register.
- c. There were four students (4) students with an ADE of one (1) in CHE but less than 0.5 ADE in the Charter School's attendance records.
- d. There were three (3) students with an ADE of at least 0.6 in CHE but ADE in attendance records is between 0.07 to 0.39.
- e. There were five (5) students that had a denied status per CHE but should be classified as "free" because they are students with a direct certification.
- f. There were 20 students classified as "free" in CHE with no supporting document provided.

Recommendation

We recommend that the Charter School review the System entries for accurate posting of student information in the System and improve filing of student records. Reconciliation and review procedures of information should also be conducted on a periodic basis.

Management's Response

Freedom Prep Charter School's Charter Management Organization (CMO), Democracy Prep Charter School, failed to maintain appropriate and accurate records regarding academic components. Internal audits were taken upon the current leadership's arrival, causing additional concerns. This led to the final decision for Freedom Prep's Board of Trustees to end their partnership and work as an independent entity. Freedom Prep's current administration has implemented a check and balance system, purchased a new enrollment system, and hired an administrative team to now have full oversight upon the departure of the CMO.

Student Body Activities

Student activities during the fiscal year ended June 30, 2022 were accounted for. No exceptions were noted in this area.

**FREEDOM PREP CHARTER SCHOOL
COUNTY OF CAMDEN, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Facilities and Capital Assets

The Charter School has inventory records of assets. No exception was noted in this area.

Miscellaneous

Testing for Lead of All Drinking Water in Educational Facilities

The Charter School adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities. The Charter School submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

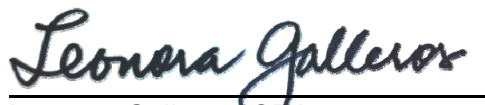
Follow-up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective actions had been completed or are still in process on prior year findings.

Acknowledgment

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

Respectfully submitted,



Leonora Galleros, CPA
Public School Accountant
PSA No. 20CS00239400



Galleros Robinson CPAs, LLP
Certified Public Accountants

March 13, 2023
Cream Ridge, New Jersey

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

FREEDOM PREP CHARTER SCHOOL

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PROGRAM	MEAL CATEGORY	GRANT PERIOD	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
<u>Seamless Summer Option</u>								
National School Lunch (High Rate)	Free	7/1/2021 - 12/31/2021	53,058	53,058	53,058	- \$	4.32 \$	-
National School Lunch (High Rate)	Free	1/1/2022 - 6/30/2022	<u>64,796</u>	<u>64,796</u>	<u>64,796</u>	-	4.56	-
	TOTAL		<u>117,854</u>	<u>117,854</u>	<u>117,854</u>			-
<u>Seamless Summer Option</u>								
School Breakfast (Severe Need Rate)	Free	7/1/2021 - 12/31/2021	51,179	51,179	51,179	-	2.46	-
School Breakfast (Severe Need Rate)	Free	1/1/2022 - 6/30/2022	<u>60,453</u>	<u>60,453</u>	<u>60,453</u>	-	2.61	-
	TOTAL		<u>111,632</u>	<u>111,632</u>	<u>111,632</u>			-
After School Snacks	Free (Area Eligible)		<u>93,943</u>	<u>93,943</u>	<u>93,943</u>	-	1.00	-
	TOTAL		<u>93,943</u>	<u>93,943</u>	<u>93,943</u>			-
Total Net Underclaim (Overclaim)								<u>\$ -</u>

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

FREEDOM PREP CHARTER SCHOOL

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - STATE

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PROGRAM	MEAL CATEGORY	GRANT PERIOD	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
<u>State Reimbursement - SSO</u>								
National School Lunch (High Rate)	Free	7/1/2021 - 12/31/2021	53,058	53,058	53,058	-	\$ 0.105	\$ -
National School Lunch (High Rate)	Free	1/1/2022 - 6/30/2022	<u>64,796</u>	<u>64,796</u>	<u>64,796</u>	-	0.105	<u>-</u>
	TOTAL		<u>117,854</u>	<u>117,854</u>	<u>117,854</u>			<u>-</u>
Total Net Underclaim (Overclaim)								\$ -

**FREEDOM PREP CHARTER SCHOOL
NET CASH RESOURCE SCHEDULE
Proprietary Funds - Food Service
For the year ended June 30, 2022**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	* Current Assets		
B-4	Cash and cash equivalents	\$ 941,250	
B-4	Accounts Receivable	66,100	
CAFR	Current Liabilities		
B-4	Less Accounts Payable	-	
B-4	Less Due to Other Funds	(211,500)	
	Net Cash Resources	<u>\$ 795,850</u>	(A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	\$ 854,660	
B-5	Less Depreciation/amortization	(120,980)	
	Adj. Tot. Oper. Exp.	<u>\$ 733,680</u>	(B)

Average Monthly Operating Expense:

B / 10		<u>\$ 73,368</u>	(C)
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Three times monthly Average:

3 X C		<u>\$ 220,104</u>	(D)
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Total in Box A	\$	795,850	
Less: Total in Box D		(220,104)	
NET	\$	<u>575,746</u>	
From above:			
A is NOT greater than D, cash does not exceeded 3 X average monthly operating expenses.			

**FREEDOM PREP CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2021**

Grades	Submission to DOE reported On Roll	Reported on workpapers		50% Verification required 10/15/21				Submission to DOE Reported Special Ed/Bilingual				Verified # days Service Provided				Low Income	Verified documentation		Errors
		Errors		Verified signed registration forms	Errors	Verified # days enrolled	Errors	Ed/Bilingual	Verified documentation	Errors	Service Provided	Errors	documentation	Errors					
Kindergarten	51	51	-	26	26	-	26	-	-	-	-	-	-	39	39	-			
One	51	51	-	26	26	-	26	-	-	-	-	-	-	38	36	2			
Two	74	74	-	37	37	-	37	-	13	13	-	13	-	60	59	1			
Three	56	56	-	28	28	-	27	1	12	12	-	12	-	37	37	-			
Four	65	65	-	33	33	-	32	1	16	16	-	16	-	48	47	1			
Five	54	54	-	27	27	-	27	-	14	14	-	14	-	44	44	-			
Six	57	57	-	29	29	-	29	-	12	12	-	12	-	40	39	1			
Seven	66	66	-	33	33	-	32	1	13	13	-	13	-	48	48	-			
Eight	49	49	-	25	25	-	26	(1)	13	13	-	13	-	35	36	(1)			
Nine	66	66	-	33	33	-	34	(1)	14	14	-	14	-	40	39	1			
Ten	64	64	-	32	32	-	33	(1)	13	13	-	13	-	50	49	1			
Eleven	94	94	-	47	47	-	46	1	23	23	-	23	-	67	66	1			
Twelve	57	57	-	29	29	-	28	1	16	16	-	16	-	36	37	(1)			
Total	804	804	-	405	405	-	403	2	159	159	-	159	-	582	576	6			
Percentage			0%			0%		0%			0%		0%			1%			

**FREEDOM PREP CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF JUNE 30, 2022**

Grades	Submission to DOE reported On Roll	Reported on workpapers		50% Verification required 6/30/2022			Verified signed registration forms			Verified # days enrolled		Errors	Submission to DOE Reported Special Ed/Bilingual			Verified documentation			Verified # days Service Provided		Errors	Low Income	Verified documentation		Errors
		Errors	Errors	Errors	Errors	Errors	Ed/Bilingual	documentation	Errors	Provided	Errors		documentation	documentation	Errors										
Kindergarten	51	51	-	26	26	-	25	1	-	-	-	-	-	-	-	-	-	-	39	39	-	39	39	-	
One	53	53	-	27	27	-	26	1	-	-	-	-	-	-	-	-	-	-	38	37	-	38	37	1	
Two	75	75	-	38	38	-	38	-	13	13	-	13	-	60	60	-	-	-	60	60	-	60	60	-	
Three	55	55	-	28	28	-	28	-	12	12	-	12	-	37	38	(1)	-	-	37	38	(1)	37	38	(1)	
Four	66	66	-	33	33	-	32	1	15	15	-	15	-	48	47	1	-	-	48	47	1	48	47	1	
Five	52	52	-	26	26	-	26	-	14	14	-	14	-	44	44	-	-	-	44	44	-	44	44	-	
Six	56	56	-	28	28	-	28	-	12	12	-	12	-	40	40	-	-	-	40	40	-	40	40	-	
Seven	63	63	-	32	32	-	32	-	13	13	-	13	-	48	46	2	-	-	48	46	2	48	46	2	
Eight	48	48	-	24	24	-	25	(1)	12	12	-	12	-	35	35	-	-	-	35	35	-	35	35	-	
Nine	61	61	-	31	31	-	32	(1)	13	13	-	13	-	40	41	(1)	-	-	40	41	(1)	40	41	(1)	
Ten	58	57	1	29	28	1	28	1	13	13	-	13	-	50	48	2	-	-	50	48	2	50	48	2	
Eleven	92	92	-	46	46	-	46	-	23	23	-	23	-	67	67	-	-	-	67	67	-	67	67	-	
Twelve	52	52	-	26	26	-	26	-	16	16	-	16	-	36	34	2	-	-	36	34	2	36	34	2	
Total	782	781	1	394	393	1	392	2	156	156	-	156	-	582	576	6	-	-	582	576	6	582	576	6	
Percentage			#####			0%		1%			0%		0%				0%							1%	

**FREEDOM PREP CHARTER SCHOOL
(COUNTY OF CAMDEN, NEW JERSEY)**

EXCESS SURPLUS CALCULATION

June 30, 2022

SECTION 1

A. 4% Calculation of Excess Surplus

2021-22 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 13,492,863	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ 277,219	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 2021-22 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 13,215,644	(B3)
4% of Adjusted 2021-22 General Fund Expenditures [(B3) times .04]	\$ 528,626	(B4)
Enter Greater of (B4) or \$250,000	\$ 528,626	(B5)
Increased by: Allowable Adjustment *	\$ _____	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ 528,626	(M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2022 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 7,877,268	(C)
Decreased by:		
Year-end Encumbrances	\$ _____	(C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ _____	(C3)
Other Restricted Fund Balances ****	\$ _____	(C4)
Assigned Fund Balance – Unreserved- Designated for Subsequent Year’s Expenditures	\$ _____	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 7,877,268	(U1)
Excess Surplus at June 30, 2022	\$ 7,348,642	

SECTION 3

Restricted Fund Balance – Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ _____	(E)
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Recapitulation of Excess Surplus as of June 30, 2022

Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ _____	(C3)
Reserved Excess Surplus ***[(E)]	\$ _____	(E)
Total Excess Surplus [(C3) + (E)]	\$ _____	(D)

Charter schools are not subject to the excess surplus limitations. Accordingly, charter school auditors are not required to document the calculation of excess surplus.

**FREEDOM PREP CHARTER SCHOOL
COUNTY OF CAMDEN, NEW JERSEY**

AUDIT RECOMMENDATIONS SUMMARY - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2022

I. Administrative Practices and Procedures

1. We recommend that surety bonds for the School Business Administrator be reviewed annually and adjusted to amounts at least equal to the minimum requirements determined as a percentage of the current school's budget described in the schedule of insurance set forth in N.J.A.C. 6A:23A-16.4.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Programs

2. The Charter School should develop a plan to utilize the excess cash resources in the food service fund.

IV. School Food Service

There are none.

V. Student Body Activities

There are none.

VI. Charter School Enrollment System/Charter School Aid

3. We recommend that the Charter School review the System entries for accurate posting of student information in the System and improve filing of student records. Reconciliation and review procedures of information should also be conducted on a periodic basis.

VII. Pupil Transportation

Not Applicable.

**FREEDOM PREP CHARTER SCHOOL
COUNTY OF CAMDEN, NEW JERSEY**

AUDIT RECOMMENDATIONS SUMMARY - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2022

VIII. Miscellaneous

There are none.

IX. Facilities and Capital Assets

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior year recommendations. Corrective actions had been completed or are still in process on prior findings.