

***FOUNDATION ACADEMY CHARTER SCHOOL***

***ANNUAL COMPREHENSIVE  
FINANCIAL REPORT***

***FISCAL YEAR ENDED JUNE 30, 2023***

***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, 2023***

***ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
OF THE  
FOUNDATION ACADEMY CHARTER SCHOOL  
TRENTON, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023***

***Prepared By***

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

***And***

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

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***INTRODUCTORY SECTION***

December 19, 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, 2023, 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, as supervised by the Chief Operating and Financial Officer, is 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 fifteenth year of operation, the 2022-2023 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 fifty primary school students were enrolled in kindergarten, grade 1 and grade 2. Two hundred and forty-seven intermediate school students were enrolled in grades 3 through 5. Two hundred and forty-six middle school students were enrolled in grades 6 through 8. Two hundred and ninety-five 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>
2022-2023	1071.3	-11.75%
2021-2022	1028.0	0.16%
2020-2021	1004.6	4.22%
2019-2020	884.0	2.33%
2018-2019	756.9	13.64%
2017-2018	526.4	16.79%

**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.

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, 2023.

6. **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.

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

8. **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.

9. **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 2022-2023, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

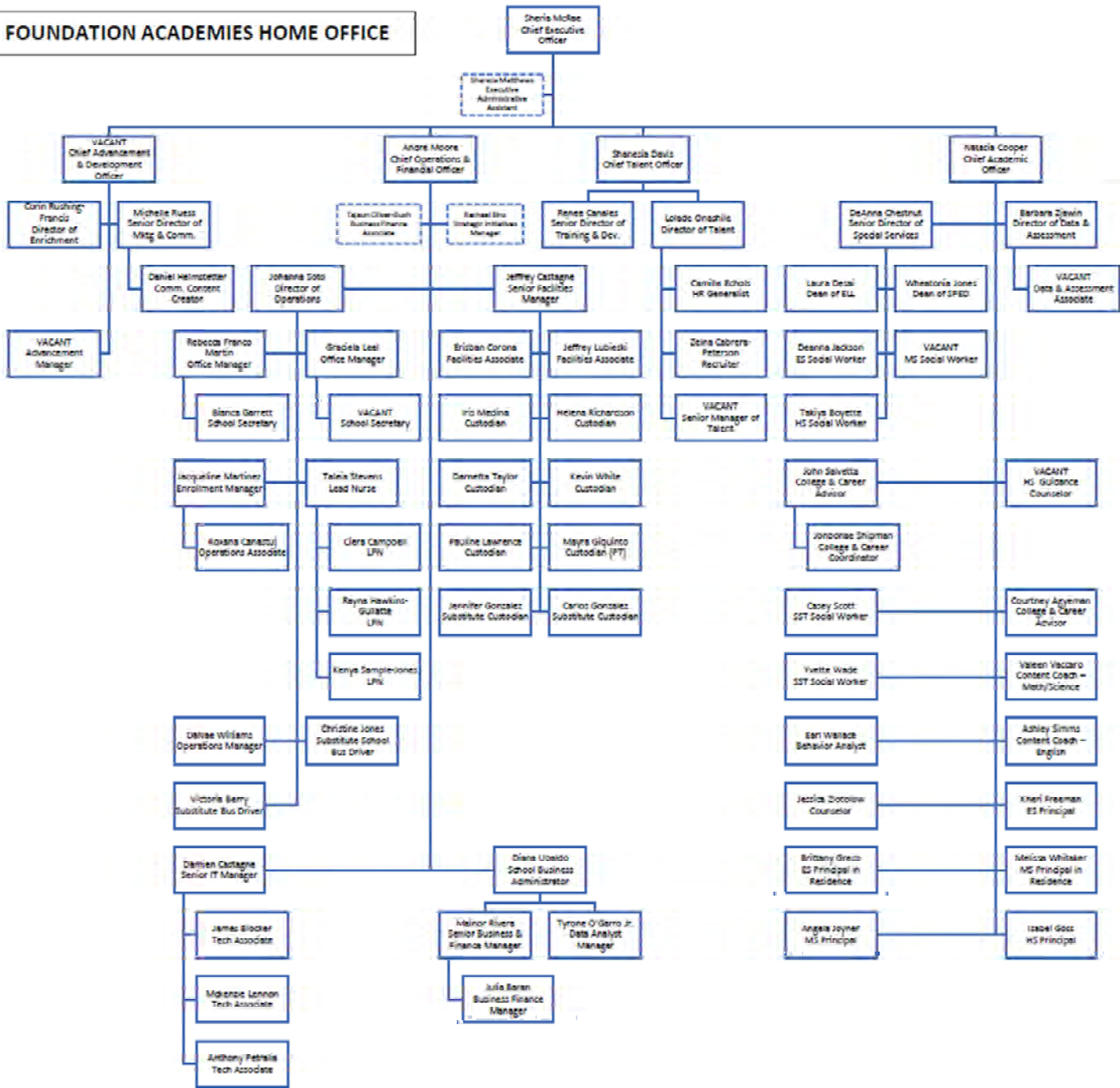
10. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Foundation Academy Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development 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,



Sheria McRae  
Chief Executive Officer

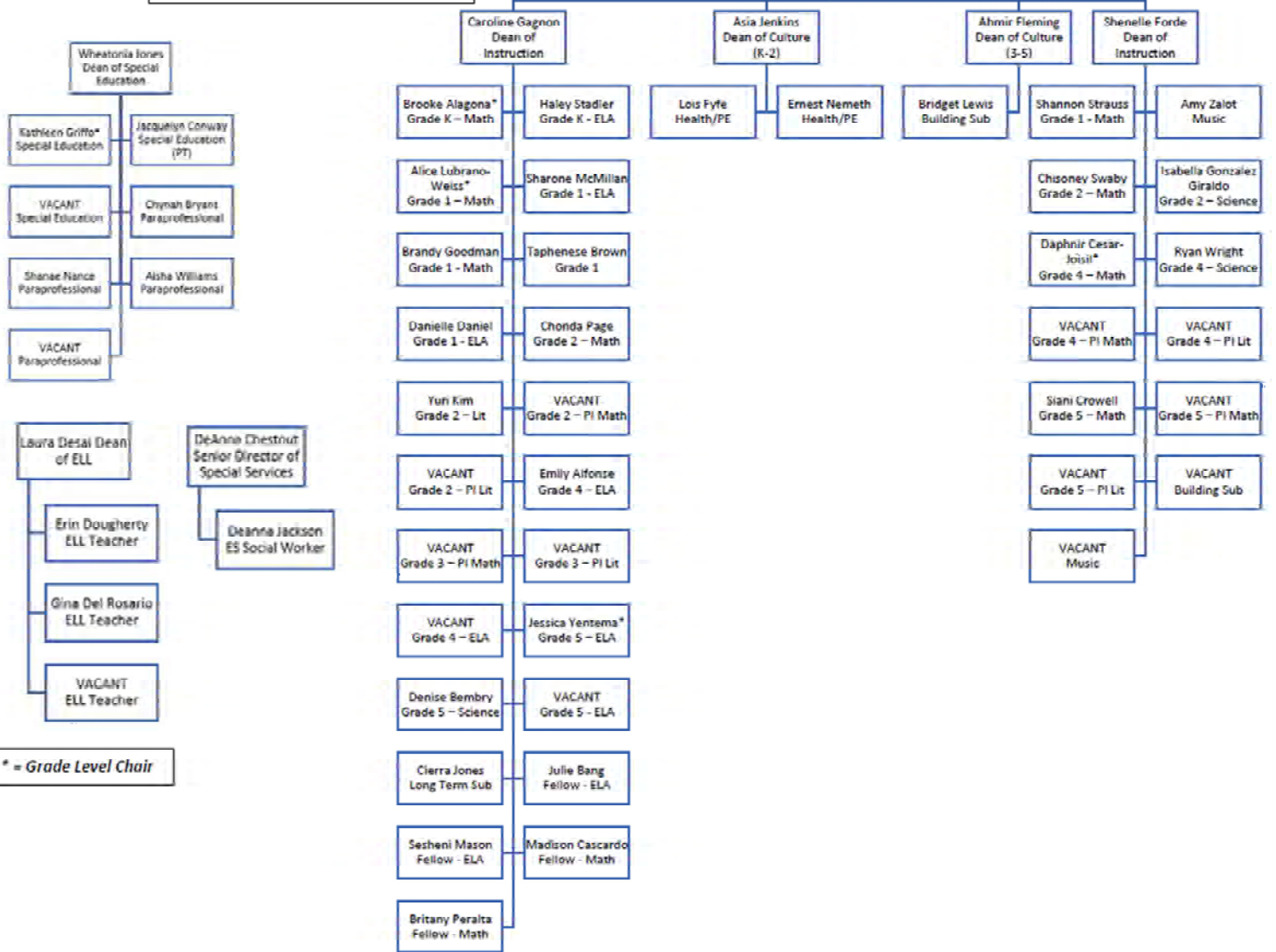
# FOUNDATION ACADEMIES HOME OFFICE



# FOUNDATION ACADEMIES ELEMENTARY SCHOOL

Kheri Freeman  
Principal

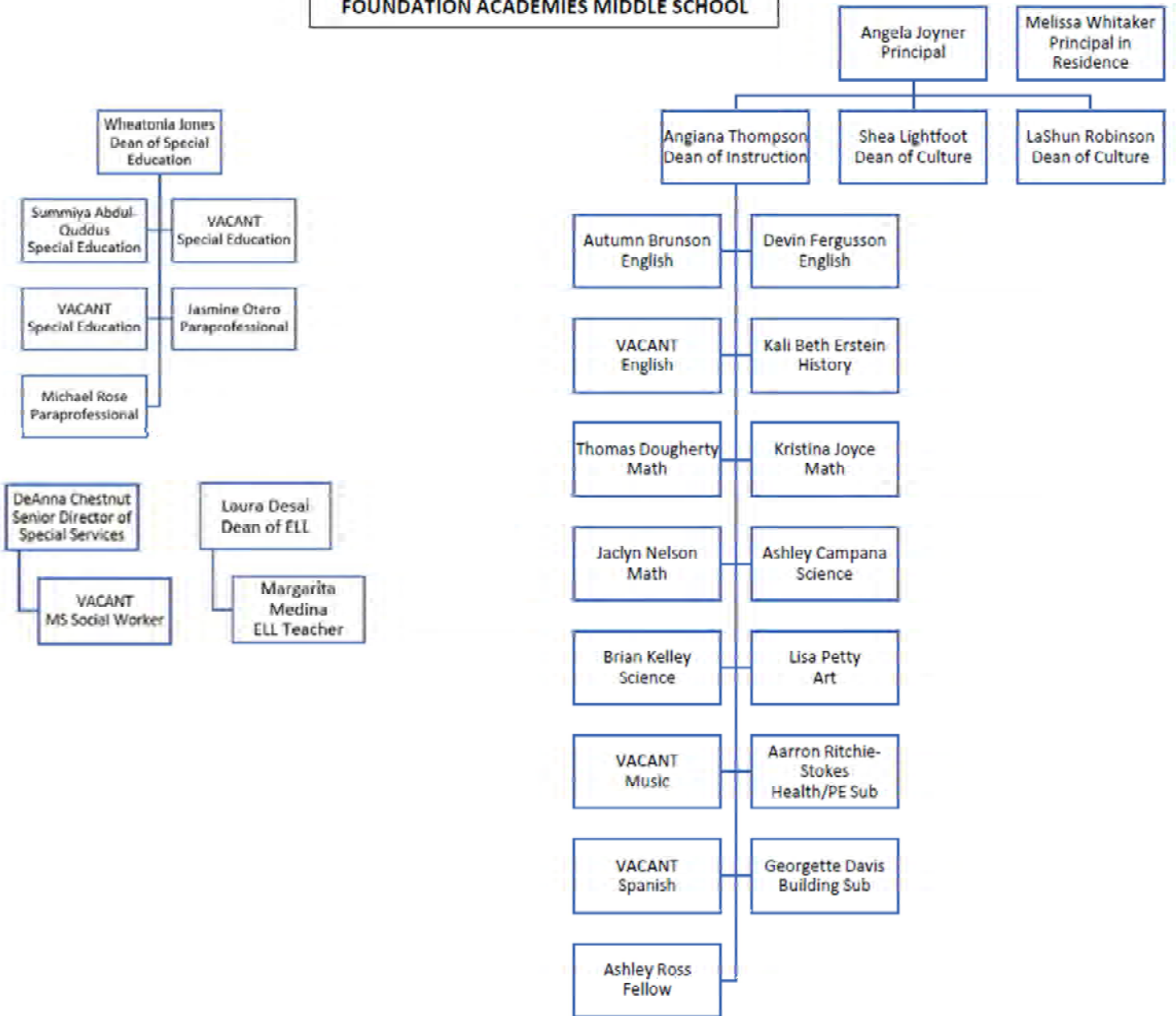
Brittany Greco  
Principal in  
Residence



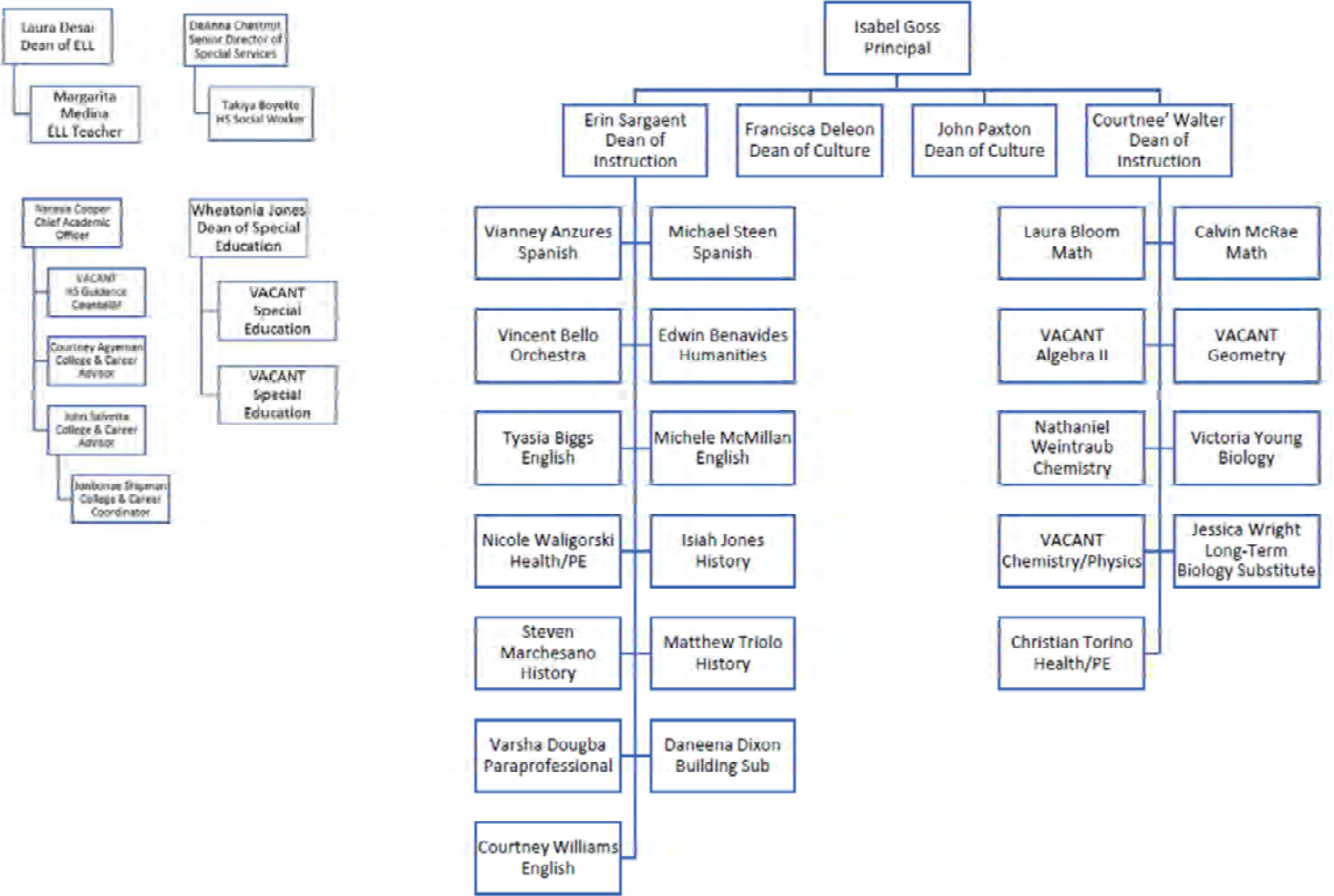
\* = Grade Level Chair



**FOUNDATION ACADEMIES MIDDLE SCHOOL**



**FOUNDATION ACADEMIES HIGH SCHOOL**



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

**ROSTER OF OFFICIALS  
JUNE 30, 2023**

**MEMBERS OF THE BOARD OF TRUSTEES**

Kimme Carlos, Board President

Jacqui Griffith, Vice Board President

Stacy Denton, Board Secretary/Treasurer

Richard Seigier-Carter, Member

Todd Kent, Member

Carl Seiden, Member

Antonio Bellamy, Member

**OTHER OFFICIALS**

Sheria McRae, Chief Executive Officer

Natasia Cooper, Chief Academic Officer

Shanesia Davis, Chief Talent Officer

Andre Moore, Chief Operating and Financial Officer

Diana Ubaldo, School Business Administrator

Kherri Freeman, Primary School Principal-in-Residence

Brittany Greco, Primary School Principal-in-Residence

Venetia Birchmore – Intermediate School Principal

Angela Joyner, Middle School Principal

Isabel Goss, High School Principal

Christopher Mullins, Treasurer

Stefani Schwartz, Board Counsel

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

**CONSULTANTS AND ADVISORS**

***Audit Firm***

Barre & Company LLC  
Certified Public Accountants  
2204 Morris Avenue, Suite 206  
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Weiner Law Group, LLP  
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***Official Depository***

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Jackson, New Jersey 08527

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**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, 2023, 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, 2023, 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.

### ***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 is the responsibility of management, 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 schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***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 December 19, 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  
December 19, 2023

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023  
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, 2023. 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 2023 are as follows:

District-Wide Financial Statement of Activities: General and Program Revenue

	<u>Amount</u>	<u>%</u>
General Revenues	\$24,186,068	93%
Program Specific	\$1,772,764	7%
Total Revenues	\$25,958,832	100%

District-Wide Financial Statement of Activities: Revenues and Expenses

	<u>Amount</u>
Charter School Expenses	\$24,341,887
Program Specific	\$1,772,764
General Revenues	\$24,186,068

Governmental Funds: General Fund

	<u>Amount</u>
General Fund Revenues	\$20,486,690
General Fund Expenditures	\$19,162,828
Increase in Fund Balance	1,323,862

- ❖ Program specific revenues are in the form of charges for services and operating grants and contributions.
- ❖ Some of the Charter School expenses were offset by program specific charges for services, grants or contributions. General revenues were adequate to provide for these programs.
- ❖ The General Fund's fund balance increased which 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED  
(CONTINUED)**

**Using this Annual Comprehensive Financial Report (ACFR) (Continued)**

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 2023?" 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 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED  
(CONTINUED)**

**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.

**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 is as follows:

	<u>2023</u>	<u>2022</u>
Combined Net Assets	\$10,376,182	\$8,759,237

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED  
(CONTINUED)**

**Governmental Activities**

	2023	% of total expenses	2022	% of total expenses
Total Revenues	\$25,170,023		\$23,790,120	
State Reimbursed TPAF Social Security	\$411,290		\$363,034	
Total Cost of All Programs and Services	\$23,539,599		\$23,076,129	
Instruction Expenses	\$12,363,823	53%	\$6,883,709	30%

The Charter School's total revenues of state reimbursed TPAF social security contributions.

**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.

	2023	2022
Operating Loss	(13,479)	136,206
Operating Income		136,206
Charges for Services	\$16,197	\$0
Federal and State Reimbursements	759,378	\$717,548

- ❖ Food service expenses exceeded revenues.
- ❖ Charges for services represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals include payments for free and reduced lunches and breakfast.

**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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED  
(CONTINUED)**

**Governmental Activities (Continued)**

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**

	2023	2022
Total Revenues	\$23,215,778	\$23,790,120
Total Expenditures	\$21,890,651	\$25,309,337
Increase in Fund Bal	\$1,323,862	
Increase in Fund Bal		\$897,773

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. The net change in fund balance was most significant in the general fund.

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, 2023, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2022	Percent of Increase/ (Decrease)
Local Sources	\$ 2,312,509	9.96%	\$ 171,613	8.02%
Intermediate Sources	7,449	0.03%	(14,082)	-65.40%
State Sources	18,275,169	78.72%	1,087,227	6.33%
Federal Sources	2,620,651	11.29%	792,451	43.35%
Total	\$ 23,215,778	100.00%	\$ 2,037,209	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2023, and the percentage of increases and decreases in relation to prior year amounts.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED  
(CONTINUED)**

**The Charter School's Funds (Continued)**

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2022	Percent of Increase/ (Decrease)
Instruction	\$ 7,000,484	31.99%	\$ 116,775	1.70%
Administration	10,398,954	47.50%	327,596	3.25%
Support Services	3,945,523	18.02%	578,428	17.18%
Capital Outlay	545,690	2.49%	(4,441,485)	-89.06%
<b>Total</b>	<b>\$ 21,890,651</b>	<b>100.00%</b>	<b>\$ (3,418,686)</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**

	<u>2023</u>	<u>2022</u>
Buildings & Building Improvements	\$7,533,543	\$7,273,967

The school has no debt for the current fiscal year.

**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, 2023  
UNAUDITED  
(CONTINUED)**

**Contacting the Charter School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Ms. Sheria McRae, 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, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 6,585,863	\$ 406,239	\$ 6,992,102
Restricted			
Investments	976,618		976,618
Internal Balances	158,751	(158,751)	-
Other Receivables	1,106,730	148,838	1,255,568
<b>Restricted Assets:</b>			
Right of Use Asset, Net of Amortization	3,160,553		3,160,553
Capital Assets, Net	7,533,543		7,533,543
<b>Total Assets</b>	<b>19,522,058</b>	<b>396,326</b>	<b>19,918,384</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pensions	1,438,234		1,438,234
<b>Total Deferred Outflows of Resources</b>	<b>1,438,234</b>	<b>-</b>	<b>1,438,234</b>
<b>LIABILITIES:</b>			
Payable to State Government	138,214		138,214
Accounts Payable	137,796	40,649	178,445
Unearned Revenue	438,191		438,191
Other Current Liabilities	225,434		225,434
<b>Noncurrent Liabilities:</b>			
Due Within One Year	652,465		652,465
<b>Due Beyond One Year:</b>			
Other Long Term Liabilities	3,190,570		3,190,570
Net Pension Liability	5,189,285		5,189,285
<b>Total Liabilities</b>	<b>9,971,955</b>	<b>40,649</b>	<b>10,012,604</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pensions	967,832		967,832
<b>Total Deferred Inflows of Resources</b>	<b>967,832</b>	<b>-</b>	<b>967,832</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	10,694,096		10,694,096
<b>Restricted for:</b>			
Unemployment Fund	(77,491)	-	(77,491)
Scholarships	3,565	-	3,565
Student Activities	21,500	-	21,500
Other Purposes	75,000	-	75,000
Unassigned	(696,165)	355,677	(340,488)
<b>Total Net Position</b>	<b>\$ 10,020,505</b>	<b>\$ 355,677</b>	<b>\$ 10,376,182</b>

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, 2023

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 7,000,484	\$ 5,363,339	\$ -	\$ 571,373	\$ -	\$ (11,792,450)	\$ -	\$ (11,792,450)
Administration	2,343,421	3,688,693		411,290		(5,620,824)		(5,620,824)
Support Services	3,070,857	898,282	1,292			(3,967,847)		(3,967,847)
Interest on Long Term Debt	266,661					(266,661)		(266,661)
Unallocated Depreciation and Amortization	907,862					(907,862)		(907,862)
Total Governmental Activities	13,589,285	9,950,314	1,292	982,663	-	(22,555,644)	-	(22,555,644)
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	802,288		16,197	772,612		-	(13,479)	(13,479)
Total Business-Type Activities	802,288		16,197	772,612	-	-	(13,479)	(13,479)
Total Primary Government	\$ 14,391,573		\$ 17,489	\$ 1,755,275	\$ -	\$ (22,555,644)	\$ (13,479)	\$ (22,569,123)
<b>GENERAL REVENUES</b>								
General Purposes						\$ 2,197,082	\$ -	\$ 2,197,082
Federal and State Aid Not Restricted						21,874,851		21,874,851
Investment Earnings						89,974		89,974
Miscellaneous Income						24,161		24,161
Total General Revenues						24,186,068	-	24,186,068
Change in Net Position						1,630,424	(13,479)	1,616,945
Net Position - Beginning of Year						8,390,081	369,156	8,759,237
Net Position - Ending						\$ 10,020,505	\$ 355,677	\$ 10,376,182

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, 2023

	General Fund	Special Revenue Fund	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 6,185,296	\$ 325,567	\$ 6,510,863
Restricted	75,000		75,000
Investments	976,618		976,618
Receivables:			
Interfund Receivables	557,991	-	557,991
Receivables From Other Governments	569,801	536,929	1,106,730
	8,364,706	862,496	9,227,202
Total Current Assets			
	8,364,706	862,496	9,227,202
Total Assets	\$ 8,364,706	\$ 862,496	\$ 9,227,202
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 399,240	\$ 399,240
Accounts Payable	137,796		137,796
Unemployment Compensation Claims Payable	138,214	-	138,214
Unearned Revenue	-	438,191	438,191
Other Current Liabilities	225,434		225,434
	501,444	837,431	1,338,875
Total Current Liabilities			
	501,444	837,431	1,338,875
Total Liabilities	501,444	837,431	1,338,875
Fund Balances:			
Restricted For:			
Charter School Escrow Reserve	75,000		75,000
Student Activities	-	21,500	21,500
Scholarships	-	3,565	3,565
Assigned For:			
Encumbrances	62,653		62,653
Unassigned:			
General Fund	7,811,241	-	7,811,241
Unemployment Fund (Deficit)	(85,632)	-	(85,632)
	7,863,262	25,065	7,888,327
Total Fund Balances			
	7,863,262	25,065	7,888,327
Total Liabilities and Fund Balances	\$ 8,364,706	\$ 862,496	
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 \$9,087,202 and the accumulated depreciation is \$1,553,659.			
			7,533,543
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 \$3,056,928.			
			3,160,553
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			(3,843,035)
Net pension liability of \$5,189,285, deferred inflows of resources of \$967,832 less deferred outflows of resources of \$1,438,234 related to pensions are not reported in the governmental funds			
			(4,718,883)
Net Position of Governmental Activities			\$ 10,020,505

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, 2023

	General Fund	Special Revenue Fund	Total
<b>REVENUES:</b>			
Local Sources:			
Local Tax Levy	\$ 2,197,082	\$ -	\$ 2,197,082
Interest on Investments	89,974		89,974
Contributions/Donations	2,600		2,600
Miscellaneous	21,561	1,292	22,853
<b>Total Local Sources</b>	<b>2,311,217</b>	<b>1,292</b>	<b>2,312,509</b>
Intermediate Sources		7,449	7,449
State Sources	18,137,042	138,127	18,275,169
Federal Sources	38,431	2,582,220	2,620,651
<b>Total Revenues</b>	<b>20,486,690</b>	<b>2,729,088</b>	<b>23,215,778</b>
<b>EXPENDITURES:</b>			
Current:			
Instruction	6,042,434	958,050	7,000,484
Administration	10,398,954		10,398,954
Support Services	2,721,440	1,224,083	3,945,523
Capital Outlay		545,690	545,690
<b>Total Expenditures</b>	<b>19,162,828</b>	<b>2,727,823</b>	<b>21,890,651</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>1,323,862</b>	<b>1,265</b>	<b>1,325,127</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,323,862</b>	<b>1,265</b>	<b>1,325,127</b>
<b>FUND BALANCES, JULY 1</b>	<b>6,539,400</b>	<b>23,800</b>	<b>6,563,200</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 7,863,262</b>	<b>\$ 25,065</b>	<b>\$ 7,888,327</b>

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, 2023

Total net change in fund balances - governmental fund (from B-2) \$ 1,325,127

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

Capital outlays are reported in governmental funds as expenditures. However, 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.

Depreciation Expense	\$ (286,114)	
Amortization Expense	(621,748)	
Capital Outlay	<u>545,690</u>	(362,172)

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:

New long-term debt issued	-	
Principal payment on long-term debt		608,005

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.

59,464

Change in net position of governmental activities \$ 1,630,424

***PROPRIETARY FUNDS***

**FOUNDATION ACADEMY CHARTER SCHOOL**  
 Proprietary Fund  
 Statement of Net Position  
 June 30, 2023

	Business-Type Activities
	Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 406,239
Receivables From Other Governments	148,838
Total Current Assets	555,077
Total Assets	\$ 555,077
<b>LIABILITIES:</b>	
Current Liabilities:	
Interfund Accounts Payable	\$ 158,751
Accounts Payable	40,649
Total Current Liabilities	199,400
Total Liabilities	199,400
<b>NET POSITION:</b>	
Unrestricted	355,677
Total Net Position	355,677
Total Liabilities and Net Position	\$ 555,077

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, 2023

	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	\$ 16,197	-	\$ 16,197
Total Operating Revenues	16,197	-	16,197
<b>OPERATING EXPENSES:</b>			
Salaries	314,846		314,846
Purchased Prof/Tech Services	27,621		27,621
Other Purchased Services	597		597
Supplies and Materials	54,017	-	54,017
Cost of Sales- Reimbursable Programs	364,853	-	364,853
Miscellaneous Expenses	40,354		40,354
Total Operating Expenses	802,288	-	802,288
<b>OPERATING LOSS</b>	<b>(786,091)</b>	<b>-</b>	<b>(786,091)</b>
<b>NONOPERATING REVENUES:</b>			
Miscellaneous Income	1,753		1,753
State Source:			
State School Breakfast Program	11,481		11,481
State Lunch Program	15,428	-	15,428
Federal Source:			
Federal Breakfast Program	192,048	-	192,048
Federal Lunch Program	484,973	-	484,973
Other Nutrition Programs	66,929		66,929
Total Nonoperating Revenues	772,612	-	772,612
<b>CHANGE IN NET POSITION BEFORE OTHER FINANCING SOURCES</b>	<b>(13,479)</b>	<b>-</b>	<b>(13,479)</b>
<b>CHANGE IN NET POSITION</b>	<b>(13,479)</b>	<b>-</b>	<b>(13,479)</b>
<b>TOTAL NET POSITION, JULY 1</b>	<b>369,156</b>	<b>-</b>	<b>369,156</b>
<b>TOTAL NET POSITION, JUNE 30</b>	<b>\$ 355,677</b>	<b>-</b>	<b>\$ 355,677</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, 2023

	Business-Type Activities
	Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	16,197
Cash Payments to Suppliers and Employees	(779,106)
Net Cash Used by Operating Activities	(762,909)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash Received from State and Federal Reimbursements	770,859
Miscellaneous Income	1,753
Net Cash Provided by Noncapital Financing Activities	772,612
Net Decrease in Cash and Cash Equivalents	9,703
Cash and Cash Equivalents, July 1	396,536
Cash and Cash Equivalents, June 30	\$ 406,239
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>	
Operating Loss Used for Operating Activities	\$ (786,091)
Changes in Assets and Liabilities:	
Increase in Intergovernmental Accounts Receivable	(99,150)
Increase in Interfund Accounts Payable	128,861
Increase in Accounts Payable	(6,529)
Net Cash Used by Operating Activities	\$ (762,909)

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, 2023**

**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 maintained 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.

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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**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.

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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

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

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.

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, 2023**

**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.

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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

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

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).

**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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

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

**Budgets/Budgetary Control (Continued)**

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

	2023	2022
Total Revenues & Expenditures (Budgetary Basis)	\$ 2,744,922	\$ 2,263,100
Adjustments:		
Less Encumbrances at June 30, 2023	(17,099)	(412,917)
Plus Encumbrances at June 30, 2022	412,917	412,917
Total Revenues and Expenditures (GAAP Basis)	\$ 3,140,740	\$ 2,263,100

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, 2023**

**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, 2023**

**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, 2023. The Charter School had no prepaid expenses for the fiscal year ended June 30, 2023.

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. Right of Use Assets

The Charter School has recorded right of use lease assets as a result of implementing GASB 87. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

8. 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.

9. 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.



**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

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

10. 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.

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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

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

**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, 2023 the Charter School reported no compensated absence liability.

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

**The GASB has adopted the following as of June 30, 2023**

GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA), is effective with the fiscal year ending June 30, 2023. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

As of June 30, 2023, the entity's SBITAs were all 12 months or less and so the entity was exempt from reporting under this pronouncement.

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

- 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.

**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, 2023**

**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, 2023, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Total
Operating Account	\$ 6,260,296	\$ 325,567	\$ 406,239	\$ 6,992,102

The Charter School held two 26 week United States Government Treasury Bills totaling \$976,618 at June 30, 2023.

The carrying amount of the Board’s cash and cash equivalents at June 30, 2023 was \$6,992,102 and the bank balance was \$7,350,364. 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, 2023, 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, 2023**

**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, 2023**

**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, 2023.

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, 2023.

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, 2023.

**Receivables**

Receivables at June 30, 2023, 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			Proprietary	Total	
	General	Special	Total	Food	Total	Total
	Fund	Revenue	Governmental	Service	Business	
	Fund	Fund	Activities	Fund	Type Activities	
State Awards	\$ 459,968	\$ -	\$ 459,968	\$ 3,041	\$ 3,041	\$ 463,009
Federal Awards	109,833	536,929	646,762	145,797	145,797	792,559
Other	-	-	-	-	-	-
Gross Receivables	569,801	536,929	1,106,730	148,838	148,838	1,255,568
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 569,801	\$ 536,929	\$ 1,106,730	\$ 148,838	\$ 148,838	\$ 1,255,568

**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, 2023:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 557,991	\$ -
Special Revenue Fund		399,240
Proprietary Fund		158,751
Total	\$ 557,991	\$ 557,991

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

Receivables (continued)

Interfund balances are expected to be liquidated by the end of June 30, 2024.

**B. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<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	<u>907,845</u>	<u>-</u>	<u>-</u>	<u>907,845</u>
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 6,940,030	\$ 434,222	\$ -	\$ 7,374,252
Machinery and Equipment	693,627	111,478	-	805,105
Total Capital Assets Being Depreciated	<u>7,633,657</u>	<u>545,700</u>	<u>-</u>	<u>8,179,357</u>
Less Accumulated Depreciation For:				
Leasehold Improvements	-	-	-	-
Building and Building Improvements	775,772	184,808	-	960,580
Machinery and Equipment	491,763	101,316	-	593,079
Total Accumulated Depreciation	<u>1,267,535</u>	<u>286,124</u>	<u>-</u>	<u>1,553,659</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>6,366,122</u>	<u>259,576</u>	<u>-</u>	<u>6,625,698</u>
Government Activity Capital Assets, Net	<u>\$ 7,273,967</u>	<u>\$ 259,576</u>	<u>\$ -</u>	<u>\$ 7,533,543</u>

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.

Depreciation expense was charged to functions as follows:

Unallocated	<u>286,114</u>
Total	<u>\$ 286,114</u>

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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, 2023, 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	(2,435,180)	(621,748)	0	(3,056,928)
<b>Total Accumulated Amortization</b>	<b>(2,435,180)</b>	<b>(621,748)</b>	<b>0</b>	<b>(3,056,928)</b>
<b>Total, Net of Accumulated Amortization</b>	<b>3,782,301</b>	<b>(621,748)</b>	<b>0</b>	<b>3,160,553</b>

**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
07/01/2023 - 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	875,282	31,183	906,465
07/01/2028 - 06/30/2033	75,681	0	75,681
<b>Total</b>	<b>3,843,035</b>	<b>660,214</b>	<b>4,503,250</b>
<b>Lease Liability</b>	<b>3,843,035</b>		

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4: LONG-TERM OBLIGATIONS (CONTINUED)**

Long-Term Debt Rollforward

	Balance			Balance	Due Within
	July 01, 2022	Additions	Reductions	June 30, 2023	One Year
<b><i>Governmental Activities:</i></b>					
Lease Liability	\$ 3,843,035	\$ -	\$ -	\$ 3,843,035	\$ 652,465
Net Pension Liability	\$ 4,196,087	\$ 993,198	\$ -	\$ 5,189,285	-
<b>Total</b>	<b>\$ 8,039,122</b>	<b>\$ 993,198</b>	<b>\$ -</b>	<b>\$ 9,032,320</b>	<b>\$ 652,465</b>

**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:

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



**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Public Employees' Retirement System (PERS) (Continued)**

**Benefits Provided (Continued)**

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.

**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.

The following is essential data related to the PERS pension plan:

Contributions:

Charter School contributions to PERS as of June 30, 2023	\$ 433,631
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Pension Liabilities Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Charter School reported liability as of June 30, 2023	\$ 5,189,285
The Charter School reported liability as of June 30, 2022	\$ 4,196,087
The Charter School proportion of net liability as of measurement date June 30, 2022	0.03438576%
The Charter School proportion of net liability as of measurement date June 30, 2021	0.03542048%
The Charter School proportion of net liability decrease from measurement date June 30, 2021	-0.00103472%
The Charter School recognized pension expense as of June 30, 2023	\$ 414,815

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Public Employees' Retirement System (PERS) (Continued)**

**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, 2021 through June 30, 2022. 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, 2023 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, 2022 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2023.

**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 2022, 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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Public Employees' Retirement System (PERS) (Continued)**

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

At June 30, 2023, the Charter School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 which was rolled forward to June 30, 2022. 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, 2022 measurement date, the Charter School's proportionate share of its liability increased from its proportion measured as of June 30, 2021.

At June 30, 2023, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 16,078	\$ 777,041
Difference Between Expected and Actual Experience	\$ 37,454	33,029.00
Changes in Proportion	\$ 1,169,922	157,762
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ 214,780	-
	<u>\$ 1,438,234</u>	<u>\$ 967,832</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 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years for the 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Public Employees' Retirement System (PERS) (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
2024	\$ 204,420
2025	104,145
2026	50,790
2027	110,804
2028	243
	<u>\$ 470,402</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuations as of July 1,2022 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, 2023**

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

**Public Employees' Retirement System (PERS) (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-2022.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**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, 2022) 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, 2022 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Public Employees' Retirement System (PERS) (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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.

**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, 2022 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, 2022			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School proportionate share of the Net Pension Liability	\$ 6,723,171	\$ 5,189,285	\$ 3,965,235

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

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Public Employees' Retirement System (PERS) (Continued)**

**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).

**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:

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

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Benefit Provided (Continued)**

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, 2022 measurement date.

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 2022 measurement date, the State's pension contribution was less than the actuarial determined amount.



**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Allocation Methodology (Continued)**

The following is essential data related to the TPAF pension plan:

Special Funding Situation:

The State of New Jersey contributions to TPAF for normal pension benefits on behalf of the Charter School as of June 30, 2023	\$ 234,707
Contributions from the State of New Jersey is less than the contractually required contribution by	\$ 2,093,745
The State's proportionate share of net liability as of measurement date June 30, 2022	\$ 25,811,012
The State's proportionate share of net liability as of measurement date June 30, 2021	\$ 25,037,757
The Charter School proportion of net liability as of measurement date June 30, 2022	0.0500268%
The Charter School proportion of net liability as of measurement date June 30, 2021	0.0520804%
The Charter School proportion of net liability increase from measurement date June 30, 2021	-0.0020537%
The State recognized pension expense on behalf of the Charter School as of June 30, 2022	\$ 589,149

The amount reported as a deferred outflow of resources related to pensions resulting from changes in assumptions amortized over a period of 8.5 years	\$ 5,004,259,312
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The amount reported as a deferred inflow of resources resulting from the difference between projected	\$ 19,682,774,794
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**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 2023, the State of New Jersey contribution to the TPAF for normal pension benefits on behalf of the Charter School is less than the contractually required contribution.

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.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Teacher's Pension Annuity Fund (TPAF) (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, 2022, Charter School's proportion was a decrease of from its proportion measured as of June 30, 2021.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	25,811,012
<b>Total</b>	<b>\$ 25,811,012</b>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the Charter School and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 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	\$ 3,013,097,864	\$ 19,441,140,477
Difference Between Expected and Actual Experience	699,820,974	122,664,916
Changes in Proportion and differences between employer contributions and proportionate share of contributions	118,969,401	118,969,401
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,172,371,073	-
	<b>\$ 5,004,259,312</b>	<b>\$ 19,682,774,794</b>

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, 2023**

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

**Teacher’s Pension Annuity Fund (TPAF) (Continued)**

**Special Funding Situation (continued)**

The reported amount of deferred inflow of resources is a result of the difference between projected and actual.

Fiscal Year	Total
Ending June 30,	Total
2024	\$ (2,658,825,381)
2025	(3,823,762,872)
2026	(3,351,102,048)
2027	(1,509,375,379)
2028	(1,647,727,819)
Thereafter	(1,687,721,983)
	<u>\$ (14,678,515,482)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 which was rolled forward to June 30, 2022. 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, 2023**

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

**Teacher’s Pension Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (continued)**

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2022.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**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, 2022) 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, 2022 measurement date is summarized in the following table:

US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Teacher’s Pension Annuity Fund (TPAF) (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, 2022. 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, 2022 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, 2022			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 30,312,157	\$ 25,811,012	\$ 22,095,094

Measurement Date June 30, 2021			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.60%)	(5.60%)	(6.60%)
Charter School's proportionate share of the Net Pension Liability	\$ 29,679,801	\$ 25,037,757	\$ 21,225,743

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Teacher's Pension Annuity Fund (TPAF) (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, 2023. Employee contributions to DCRP amounted to \$3,044 for the fiscal year ended June 30, 2023.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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.

*Employees covered by benefit terms:*

At the OPEB Plan’s measurement date June 30, 2022, 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

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

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

Plan Description and Benefits Provided (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

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		2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%
		based on service	based on service	based on service
		years	years	years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2022. 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-2022. 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-2022.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018- June 30, 2021, 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 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50 in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.



**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

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

Discount rate

The discount rate for the June 30, 2022 measurement date was 3.54%. 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, 2023.

				Total OPEB Liability
Balance at June 30, 2022				\$ 11,156,447
Service cost				1,826,171
Interest on Total OPEB Liability				225,548
Effect on Changes of Benefit Terms				-
Difference between expected and actual experience				(2,197,884)
Effect of Changes of Assumptions				(2,283,128)
Effect of Changes of Proportion				-
Contributions - Employee				7,167
Gross Benefits Paid by the State				(223,412)
Net Changes				(2,645,538)
Balance at June 30, 2023				\$ 8,510,909

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, 2022 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, 2022		
	At 1%	At current	At 1%
	Decrease (1.16%)	discount rate (2.16%)	Increase (3.16%)
Total OPEB Liability	\$ 10,003,678	\$ 8,510,909	\$ 7,314,529

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

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

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, 2022 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, 2022		
	At 1%	Trend Rate	At 1%
	decrease		Increase
Total OPEB Liability	\$ 7,034,786	\$ 8,510,909	\$ 15,491,250

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

For the fiscal year ended June 30, 2023 the Charter School recognized OPEB revenue and expense of \$1,954,245 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, 2022 measurement date.

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, 2022 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	\$ 1,519,535	\$ (2,598,479)
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	\$ 1,473,023	(2,896,648)
Sub Total	2,992,558	(5,495,127)
Contributions Made in Fiscal Year 2023 after June 30, 2022 Measurement Date	N/A	N/A
Total	2,992,558	(5,495,127)

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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)

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	
2024	\$ (432,070)
2025	\$ (432,070)
2026	\$ (432,070)
2027	\$ (365,574)
2028	\$ (209,040)
Total Thereafter	\$ (658,967)
	\$ (2,529,793)

**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).

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.

**FOUNDATION ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2023, 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 \$2,108,433 , \$411,290 , \$553,880 , and \$2,074 , respectively.

**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, 2023 is \$7,863,262 of which \$7,811,241 and is unassigned and \$62,653 is assigned for encumbrances.

**NOTE 12: SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 19, 2023, the date the financial statements were available to be issued. There were no subsequent event except the following. On August 23, 2023 the charter school signed a letter of intent to purchase a property at 350 Grant Avenue, Trenton, New Jersey. The purchase price is \$4.8 million and is expected to close by June, 2024.

***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, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Equalization Aid-Local	\$ 2,197,082	\$ -	\$ 2,197,082	\$ 2,197,082	\$ -
<b>Total Local Sources</b>	<b>2,197,082</b>	<b>-</b>	<b>2,197,082</b>	<b>2,197,082</b>	<b>-</b>
Categorical Aid:					
Equalization Aid-State	15,376,518		15,376,518	13,933,172	(1,443,346)
Special Education	571,373		571,373	571,373	-
Security Aid	556,820		556,820	556,820	-
<b>Total Categorical Aid</b>	<b>16,504,711</b>	<b>-</b>	<b>16,504,711</b>	<b>15,061,365</b>	<b>(1,443,346)</b>
Revenues From Other Sources:					
Reimbursed TPAF Social Security				411,290	411,290
On-Behalf TPAF(Non-Budget)					
Pension Contributions				2,108,433	2,108,433
Post Retirement Medical Contributions				553,880	553,880
Non-Contributory Insurance Contributions				2,074	2,074
Federal Sources				38,431	38,431
Contributions/Donations				2,600	2,600
Interest Income				89,974	89,974
Miscellaneous Revenue				21,561	21,561
<b>Total Revenues From Other Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,228,243</b>	<b>3,228,243</b>
<b>Total Revenues</b>	<b>18,701,793</b>	<b>-</b>	<b>18,701,793</b>	<b>20,486,690</b>	<b>1,784,897</b>
<b>EXPENDITURES:</b>					
Instruction:					
Kindergarten: Salaries of Teachers	1,139,675	379,561	1,519,236	1,205,611	313,625
Grades 1-5: Salaries of Teachers	1,564,921	(35,901)	1,529,020	1,388,440	140,580
Grades 6-8: Salaries of Teachers	1,726,610	(257,858)	1,468,752	1,200,038	268,714
Grades 9-12: Salaries of Teachers	1,797,463	(355,293)	1,442,170	1,442,170	-
Other Salaries for Instruction	35,000	53,885	88,885	127,080	(38,195)
Purchased Prof/Tech Services	32,000	313,489	345,489	263,176	82,313
Other Purchased Services	96,852	(1,563)	95,289	71,712	23,577
General Supplies	298,130	(24,926)	273,204	220,124	53,080
Textbooks		1,083	1,083	1,083	-
Miscellaneous	136,000	12,791	148,791	123,000	25,791
<b>Total Instruction</b>	<b>6,826,651</b>	<b>85,268</b>	<b>6,911,919</b>	<b>6,042,434</b>	<b>869,485</b>
Administration:					
Salaries - General Administration	1,553,434	239,219	1,792,653	1,791,153	1,500
Salaries - Technical	620,073	(429,349)	190,724	502,327	(311,603)
Salaries of Secretarial/Clerical Assistants	1,377,654	172,947	1,550,601	1,395,213	155,388
Total Benefits Cost	3,172,190	(265,090)	2,907,100	2,816,408	90,692
Purchases Prof/Tech Services	170,750	128,756	299,506	262,464	37,042
Other Purchased Services	70,000	(43,445)	26,555	9,913	16,642
Communications/Telephone	109,092	170,387	279,479	263,069	16,410
Supplies and Materials	172,280	(55,642)	116,638	221,807	(105,169)
Miscellaneous Expenses	69,362	5,501	74,863	60,923	13,940
<b>Total Administration</b>	<b>7,314,835</b>	<b>(76,716)</b>	<b>7,238,119</b>	<b>7,323,277</b>	<b>(85,158)</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, 2023

(Continued from Prior Page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services:					
Salaries	307,035	102,238	409,273	405,812	3,461
Salaries - Nurse	143,975	(1,730)	142,245	35,924	106,321
Salaries - Improvement of Instruction	227,329	(39,852)	187,477	101,477	86,000
Salaries - Custodial	321,511	33,558	355,069	355,069	-
Purchased Prof/Tech Services	229,079	(21,798)	207,281	169,088	38,193
Cleaning, Repair, and Maintenance Services	337,000	(74,672)	262,328	216,753	45,575
Rental of Land and Buildings	874,076	590	874,666	874,666	-
Transportation-Other Than To/From School	6,000		6,000		6,000
Insurance for Property, Liability and Fidelity	165,000	67,608	232,608	168,459	64,149
Non-Mandated Transportation To/From School	25,000	(10,990)	14,010	6,236	7,774
Supplies and Materials	315,000	(202,492)	112,508	93,824	18,684
Energy Costs (Heat and Electricity)	315,000	23,016	338,016	293,637	44,379
Miscellaneous Expenses	2,500		2,500	495	2,005
<b>Total Support Services</b>	<b>3,268,505</b>	<b>(124,524)</b>	<b>3,143,981</b>	<b>2,721,440</b>	<b>422,541</b>
Capital Outlay:					
Non-Instructional Equipment	2,605		2,605		2,605
<b>Total Capital Outlay</b>	<b>2,605</b>	<b>-</b>	<b>2,605</b>	<b>-</b>	<b>2,605</b>
Reimbursed TPAF Social Security (Non-Budgeted)				411,290	(411,290)
On-Behalf TPAF (Non-Budgeted)					
Pension Contributions				2,108,433	(2,108,433)
Post Retirement Medical Contributions				553,880	(553,880)
Non-Contributory Insurance Contributions				2,074	(2,074)
<b>Total Expenditures</b>	<b>17,412,596</b>	<b>(115,972)</b>	<b>17,296,624</b>	<b>19,162,828</b>	<b>(898,960)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,289,197	115,972	1,405,169	1,323,862	(81,307)
<b>FUND BALANCE, JULY 1</b>	<b>6,616,891</b>	<b>-</b>	<b>6,616,891</b>	<b>6,539,400</b>	<b>77,491</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 7,906,088</b>	<b>\$ 115,972</b>	<b>\$ 8,022,060</b>	<b>\$ 7,863,262</b>	<b>\$ (3,816)</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**  
Special Revenue Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Federal Sources	\$ 5,853,971	\$ -	\$ 5,853,971	\$ 2,582,220	\$ (3,271,751)
State Sources	304,407		304,407	138,127	(166,280)
Local Sources	99,640		99,640	8,741	(90,899)
<b>Total Revenues</b>	<b>6,258,018</b>	<b>-</b>	<b>6,258,018</b>	<b>2,729,088</b>	<b>(3,528,930)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	1,645,598		1,645,598	731,104	914,494
Purchased Prof/Tech Services	170,087		170,087	50,847	119,240
Other Purchased Services	38,961		38,961	38,960	1
General Supplies	316,368		316,368	137,139	179,229
<b>Total Instruction</b>	<b>2,181,670</b>	<b>-</b>	<b>2,181,670</b>	<b>958,050</b>	<b>1,223,620</b>
<b>Support Services:</b>					
Salaries of Supervisors of Instruction	1,284,694		1,284,694	617,636	667,058
Personal Services - Employee Benefits	1,061,877		1,061,877	246,168	815,709
Purchased Prof/Ed Services	715,585		715,585	254,458	461,127
Travel	59,640		59,640	2,487	57,153
Other Purchased Professional Services	283,782		283,782	28,975	254,807
Supplies and Materials	361,439		361,439	74,332	287,107
Indirect Costs	4,924		4,924		4,924
Miscellaneous Expenditures			-	27	(27)
<b>Total Support Services</b>	<b>3,771,941</b>	<b>-</b>	<b>3,771,941</b>	<b>1,224,083</b>	<b>2,547,858</b>
<b>Capital Outlay:</b>					
Instructional Equipment			-	111,478	(111,478)
<b>Total Capital Outlay</b>	<b>304,407</b>	<b>-</b>	<b>304,407</b>	<b>545,690</b>	<b>(241,283)</b>
<b>Total Expenditures</b>	<b>6,258,018</b>	<b>-</b>	<b>6,258,018</b>	<b>2,727,823</b>	<b>3,530,195</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,265</b>	<b>\$ (1,265)</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, 2023

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	<b>[C-1]</b>	\$ 20,486,690	<b>[C-2]</b>	2,729,088
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				(17,099)
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	<b>[B-2]</b>	\$ 20,486,690	<b>[B-2]</b>	\$ 2,711,989
 <b>Uses/Outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<b>[C-1]</b>	\$ 19,162,828	<b>[C-2]</b>	2,727,823
 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.				(17,099)
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<b>[B-2]</b>	\$ 19,162,828	<b>[B-2]</b>	\$ 2,710,724

***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,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Charter School's proportion of the net pension liability	0.00619008%	0.00950671%	0.003664950%	0.015900800%	0.020500151%	0.024395260%	0.029415380%	0.035420481%	0.034385760%
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	\$ 5,189,285
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%	184%
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%

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

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,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 46,641	\$ 78,372	\$ 121,929	\$ 141,260	\$ 212,714	\$ 231,620	\$ 289,650	\$ 324,716	\$ 433,631
Contributions in relation to the contractually required contribution	(48,449)	(78,372)	(121,929)	(141,260)	(212,714)	(231,620)	(289,650)	(324,716)	(433,631)
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%	15.42%

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

**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,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability attributable of the Charter School	0.0129349%	0.01818950%	0.02061662%	0.03033860%	0.04302293%	0.05208041%	0.05002675%	0.05284399%	0.05002675%
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	\$ 25,811,012
Charter School's covered payroll (plan measurement period)	\$ 4,209,720	\$ 2,744,160	\$ 5,754,475	\$ 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%	550.42%
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%

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



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

**Foundation Academy Charter School  
Required Supplementary Information Schedules  
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios  
Last Six Fiscal Years  
(Unaudited)**

	Measurement Date					
	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Total Non-Employer OPEB Liability- States's Proportionate Share of the Total OPEB Liability Associated with the Charter School						
OPEB Liability at Beginning of Measurement Period	\$ 6,630,732	\$ 6,822,303	\$ 5,869,497	\$ 6,312,551	\$ 12,140,055	\$ 11,156,447
Service cost	1,441,265	1,183,799	1,117,755	1,200,891	2,187,166	1,826,171
Interest on Total OPEB Liability	227,898	283,930	266,803	259,415	289,410	225,548
Effect on Changes of Benefit Terms		(1,595,457)	(847,593)	2,354,569	(11,875)	-
Difference between expected and actual experience	(1,325,392)	(673,554)	94,121	2,217,571	11,007	(2,197,884)
Effect of Changes of Assumptions	5,819	5,424	5,744	6,406	7,399	7,167
Contributions - Employee	(158,019)	(156,948)	(193,776)	(211,348)	(227,974)	(223,412)
Gross Benefits Paid by the State						
Net Change in Total OPEB Liability	191,571	(952,806)	443,054	5,827,504	(983,608)	(2,645,538)
OPEB Liability at Beginning of Measurement Period	6,630,732	6,822,303	5,869,497	6,312,551	12,140,055	11,156,447
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>	<u>\$ 8,510,909</u>

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

**Notes to Schedule:**

*Differences Between Expected and Actual Experiences:* The \$1,399,200,736 decrease in the liability from June 30, 2021 to June 30, 2022 is due the combined effect of the following:

Update in census information	\$ 1,102,043,610
Premium and Claims Experience	297,157,126
Total	<u>\$ 1,399,200,736</u>

*Changes in Assumptions:*

The \$13,586,368,097 decrease in the liability from June 30, 2021 to June 30, 2022 is due to the combined effect of the following:

Trend Update	\$ 1,934,312,842
Experience Study Update	\$ (2,690,739,174)
Discount Rate Change	<u>\$ (12,829,941,765)</u>
Total Changes in Assumption	<u>\$ (13,586,368,097)</u>

***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, 2023**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate remained unchanged at 7.00% as of June 30, 2021 and as of June 30, 2022 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, 2023**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate changed from 5.60% as of June 30, 2021 to 7.00% as of June 30, 2022 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, 2023

	Title I	Title III	ESSER II CRRSA Learning Acceleration	ESSER II CRRSA Mental Health	ARP ESSER Accelerated Learning Loss	ARP ESSER Evidence-Based Comp Beyond the School Day	ARP ESSER NJTSS Mental Health Support Staffing	ARP ESSER III	IDEA Part B	ARP IDEA Basic	Pre K and Charter School Security	Local Grants	Student Activity / Athletics Fund	SDA Emergent and Maintenance	Total
Revenues:															
Federal Sources	\$ 462,309	\$ 67,288	169,578	11,568	35,384	19,167	14,773	1,587,278	214,241	634	\$ -	\$ -	\$ -	\$ -	\$ 2,592,220
State Sources											45,987	7,449		92,140	138,127
Local Sources															8,741
<b>Total Revenues</b>	<b>\$ 462,309</b>	<b>\$ 67,288</b>	<b>\$ 169,578</b>	<b>\$ 11,568</b>	<b>\$ 35,384</b>	<b>\$ 19,167</b>	<b>\$ 14,773</b>	<b>\$ 1,587,278</b>	<b>\$ 214,241</b>	<b>\$ 634</b>	<b>\$ 45,987</b>	<b>\$ 7,449</b>	<b>\$ 1,292</b>	<b>\$ 92,140</b>	<b>\$ 2,729,088</b>
Expenditures:															
Instruction:															
Salaries of Teachers	\$ 277,930	\$ 58,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,208	\$ 159,741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 731,104
Purchased Prof/Tech Services								50,847							50,847
Other Purchased Services	6,881		8,131					38,960							38,960
General Supplies								122,127							137,139
<b>Total Instruction</b>	<b>284,811</b>	<b>58,225</b>	<b>8,131</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>447,142</b>	<b>159,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>956,050</b>
Support Services:															
Salaries of Supervisors of Instruction			10,772			19,167	14,773	572,924							617,636
Personal Services/Employee Benefits	149,241	9,063	76,296	11,568	35,384										246,168
Purchased Prof/Ed Services	21,606		28,443					116,891	54,500	634					254,468
Tuition and Travel Services			24,013									2,487			26,497
Supplies and Materials	6,651		24,923					42,758				4,962			28,975
Student Activities													27		27
<b>Total Support Services</b>	<b>177,498</b>	<b>9,063</b>	<b>161,447</b>	<b>11,568</b>	<b>35,384</b>	<b>19,167</b>	<b>14,773</b>	<b>732,573</b>	<b>54,500</b>	<b>634</b>	<b>-</b>	<b>7,449</b>	<b>27</b>	<b>-</b>	<b>1,224,083</b>
Facilities Acquisition and Construction Services:															
Buildings														92,140	92,140
Instructional Equipment								296,085			45,987				434,212
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>407,563</b>	<b>-</b>	<b>-</b>	<b>45,987</b>	<b>-</b>	<b>-</b>	<b>92,140</b>	<b>645,690</b>
<b>Total Expenditures</b>	<b>462,309</b>	<b>67,288</b>	<b>169,578</b>	<b>11,568</b>	<b>35,384</b>	<b>19,167</b>	<b>14,773</b>	<b>1,587,278</b>	<b>214,241</b>	<b>634</b>	<b>45,987</b>	<b>7,449</b>	<b>27</b>	<b>92,140</b>	<b>2,727,823</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,265	\$ -	\$ 1,265



**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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 10,694,096	\$ 11,056,268	\$ 6,982,788	\$ 1,480,241	\$ 4,467,883	\$ 53,449	\$ 24,903	\$ 21,597	\$ 20,463	\$ 48,864
Restricted	21,309	22,575	94,363	94,363	33,608	666,006	33,608	18,805	-	16,725
Unrestricted	(694,900)	(2,688,762)	1,222,165	2,493,258	(528,433)	411,189	2,674,079	1,210,197	859,442	1,315,851
<b>Total Governmental Activities Net Assets/ Position</b>	<b>\$ 10,020,505</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>Business-Type Activities</b>										
Unrestricted	\$ 355,677	369,156	\$ 232,950	\$ 137,733	\$ 57,317	\$ 121,715	\$ 105,686	38,190	18,096	12,752
<b>Total Business-Type Activities Net Assets/Position</b>	<b>\$ 355,677</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>Charter School-Wide</b>										
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ 10,694,096	\$ 11,056,268	\$ 6,982,788	\$ 1,480,241	\$ 4,467,883	\$ 53,449	\$ 24,903	\$ 21,597	\$ 20,463	\$ 48,864
Restricted	21,309	22,575	94,363	94,363	33,608	666,006	33,608	18,805	-	16,725
Unrestricted	(339,223)	(2,319,606)	1,455,115	2,614,973	(471,116)	532,904	2,779,765	1,248,387	877,538	1,328,603
<b>Total Charter School Net Position</b>	<b>\$ 10,376,182</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>

**Source: Annual Comprehensive Financial Report**

**FOUNDATION ACADEMY CHARTER SCHOOL**  
 Changes in Net Position  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Expenses</b>										
Governmental Activities:										
Instruction	\$ 12,363,823	\$ 6,883,709	\$ 9,657,315	\$ 9,005,783	\$ 8,698,083	\$ 8,402,428	\$ 7,678,693	\$ 7,729,591	\$ 6,094,237	\$ 4,090,815
Administration	6,298,775	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
Support Services	3,969,139	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
Capital Outlay				26,503	64,673	31,362	137,616	71,837		
Unallocated Depreciation and Amortization	907,862	913,695	282,409	214,337	179,483	160,867	121,884	1,134	1,134	1,134
Total Governmental Activities Expenses	23,539,599	23,076,129	21,592,152	19,185,884	16,113,049	15,378,277	13,208,783	13,757,698	11,087,595	8,455,145
Business-Type Activities:										
Food Service	802,288	645,034	260,875	471,077	717,738	576,009	473,816	469,464	428,013	275,701
Total Business-Type Activities Expenses	802,288	645,034	260,875	471,077	717,738	576,009	473,816	469,464	428,013	275,701
Total Charter School Expenses	\$ 24,341,887	\$ 23,721,163	\$ 21,853,027	\$ 19,656,961	\$ 16,830,787	\$ 15,954,286	\$ 13,682,599	\$ 14,227,162	\$ 11,515,608	\$ 8,730,846
<b>Program Revenues</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 982,663	\$ 920,444	\$ 963,071	\$ 964,433	\$ 519,405	\$ 336,527	\$ 331,154	\$ 362,181	\$ 313,411	\$ -
Total Governmental Activities Expenses	983,955	920,444	963,071	964,433	519,405	336,527	331,154	362,181	313,411	-
Business-Type Activities:										
Charges for Services	16,197	-	60	56,551	84,363	74,116	55,131	52,720	50,448	39,316
Operating Grants and Contributions	772,612	781,240	356,032	494,942	568,977	517,922	486,181	436,838	382,909	248,795
Total Business-Type Activities Expenses	788,809	781,240	356,092	551,493	653,340	592,038	541,312	489,558	433,357	288,111
Total Charter School Program Revenue	\$ 1,772,764	\$ 1,701,684	\$ 1,319,163	\$ 1,515,926	\$ 1,172,745	\$ 928,565	\$ 872,466	\$ 851,739	\$ 746,768	\$ 288,111
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (22,555,644)	\$ (22,155,685)	\$ (20,629,081)	\$ (18,221,451)	\$ (15,593,644)	\$ (15,041,750)	\$ (12,877,629)	\$ (13,395,517)	\$ (10,774,184)	\$ (8,455,145)
Business-Type Activities	(13,479)	136,206	95,217	80,416	(64,398)	16,029	67,496	20,094	5,344	12,410
Total Charter School Net Expense	\$ (22,569,123)	\$ (22,019,479)	\$ (20,533,864)	\$ (18,141,035)	\$ (15,658,042)	\$ (15,025,721)	\$ (12,810,133)	\$ (13,375,423)	\$ (10,768,840)	\$ (8,442,735)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
General Purposes	\$ 2,197,082	\$ 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
Federal and State Aid Not Restricted	21,874,851	20,728,780	19,963,054	17,164,668	17,328,612	17,061,412	14,605,272	12,753,308	11,079,761	7,984,084
Investment Earnings	89,974	8,046		9,020						
Miscellaneous Income	24,161	37,590	39,302	219,493	92,800	81,754	12,111	39,164	38,087	15,367
Total Governmental Activities	24,186,068	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
Total Charter School Wide	\$ 24,186,068	\$ 22,869,676	\$ 22,006,277	\$ 19,227,261	\$ 19,029,659	\$ 18,665,290	\$ 16,123,856	\$ 14,091,080	\$ 12,224,647	\$ -
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,630,424	\$ 713,991	\$ 1,377,196	\$ 1,005,810	\$ 3,436,015	\$ 3,623,540	\$ 3,246,227	\$ 695,563	\$ 1,450,463	\$ 352,324
Business-Type Activities	(13,479)	136,206	95,217	80,416	(64,398)	16,029	67,496	20,094	(1,858)	(4,258)
Total Charter School	\$ 1,616,945	\$ 850,197	\$ 1,472,413	\$ 1,086,226	\$ 3,371,617	\$ 3,639,569	\$ 3,313,723	\$ 715,657	\$ 1,448,605	\$ 348,066

Source: Annual Comprehensive Financial Report



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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund	\$ 77,086	\$ (49,947)	\$ 215,467	\$ 30,510	\$ 627,173	\$ 666,006	\$ 33,608	\$ 18,805	\$ -	\$ 16,725
Restricted	7,811,241	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
Unassigned	\$ 7,888,327	\$ 6,563,200	\$ 6,342,344	\$ 5,157,688	\$ 6,483,610	\$ 5,784,544	\$ 3,782,544	\$ 3,341,096	\$ 2,674,079	\$ 1,226,922
<b>Total General Fund</b>	<b>\$ 21,500</b>	<b>\$ 20,234</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
All Other Governmental Funds										
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund	\$ 21,500	\$ 20,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total All Other Governmental Funds</b>	<b>\$ 21,500</b>	<b>\$ 20,234</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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenues:</b>										
Local Sources:	2,312,509	\$ 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
Intermediate Sources	7,449	21,531	60,041	32,369	76,222	87,320	25,812	3,223	175,283	18,775
State Sources	18,275,169	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
Federal Sources	2,620,651	1,828,200	2,715,011	916,090	1,100,360	888,043	774,202	887,461	489,797	375,579
Total Revenues	23,215,778	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
<b>Expenditures:</b>										
Instruction	7,000,484	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
Administration	10,398,954	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
Support Services	3,945,523	3,367,095	3,374,682	2,639,454	2,577,521	2,212,563	2,530,479	2,576,507	2,525,185	2,110,084
Capital Outlay	545,690	4,987,175	1,226,894	1,047,716	794,303	218,694	579,436	73,403	5,224	-
Debt Outlay	-	-	2,667,858	-	-	-	-	-	-	-
Total Expenditures	21,890,651	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
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,325,127	(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
<b>Other Financing Uses:</b>										
Transfers In	-	5,027,275	-	-	-	-	-	-	-	-
Total Other Financing Uses	-	5,027,275	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,325,127	\$ 896,507	\$ (1,635,722)	\$ 1,341,936	\$ 1,015,506	\$ 2,106,409	\$ 1,722,267	\$ 703,017	\$ 1,447,157	\$ 353,458

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
2023	\$ 89,974	\$ 21,561	\$ 111,535
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	75	1,097	1,172
2014	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
2023	N/A	N/A	N/A	N/A
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	84,034	N/A	N/A	9.1%
2018	84,470	N/A	56,906	N/A
2017	83,343	N/A	55,933	N/A
2016	84,476	N/A	53,037	N/A
2015	84,952	N/A	51,706	N/A
2014	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	2023			Employer	2022		
	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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction	88	91	93.5	91	90.5	87.5	72.5	47	34	33
Administrative	11	10.25	6.25	4.25	5.25	4.25	5.25	4.25	3.25	3.25
Support Services	52	40.5	39	34	35.5	34.5	32.5	23	16.25	10.5
Food Service	0	-	-	-	-	-	-	-	-	1
Total	151.00	141.75	138.75	129.25	131.25	126.25	110.25	74.25	53.50	47.75



**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
2023	1044	\$ 19,162,828	\$ 18,355	6.55%	93.5	11:1	946.87	946.87	-11.75%	100.00%
2022	1074	18,502,059	17,227	7.56%	93.5	11:1	1073	1019.2	0.16%	94.99%
2021	1068	16,304,772	16,016	2.80%	93.5	11:1	1071.3	1030.8	4.22%	96.22%
2020	1018	15,658,640	15,581	-11.19%	91	11:1	1028.0	979.7	2.33%	95.31%
2019	1005	15,472,982	17,543	-4.88%	90.5	11:1	1004.6	962.9	13.64%	95.85%
2018	882	14,128,088	18,444	-26.95%	87.5	11:1	884.0	859.0	16.79%	97.17%
2017	766	13,355,992	25,248	-32.36%	72.5	10:1	756.9	747.8	43.79%	98.80%
2016	529	12,803,162	37,327	96.53%	47	9:1	526.4	520.5	55.51%	98.88%
2015	343	5,887,698	18,993	0.00%	34	11:1	338.5	323.4	11.53%	95.54%
2014	310	2,369,331	-	N/A	33	11:1	303.5	292.8		96.47%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b><u>Charter School Building</u></b>										
<b><u>Primary/Intermediate/Middle</u></b>										
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
<b><u>High School</u></b>										
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	1044	1068	1068	882	766	529	343	303	199	117

Number of Schools at June 30, 2023  
 Primary/Intermediate/Middle = 1  
 High = 1

**Source: Charter School Facilities Office**

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Insurance Schedule  
June 30, 2023

	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

J-21

	2021 Audit	2022 Audit	2023 Audit	Source
Cash	\$ 5,579,419	\$ 7,304,032	\$ 6,992,102	Audit: Exhibit A-1
Current Assets (include cash)	7,226,788	8,486,247	9,224,288	Audit: Exhibit A-1
Current Liabilities	703,919	1,553,891	980,284	Audit: Exhibit A-1
Total Expenses	21,854,349	23,721,163	24,341,887	Audit: Exhibit A-2
Change in Net Position	1,471,091	850,197	1,616,945	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	282,409	291,947	907,862	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments- Normal	93,336	-	-	Auditor/Workpapers
Principal Payments- Early Loan Payoff	2,548,019	-	-	Auditor/Workpapers
Interest Payments	0	-	-	Auditor/Workpapers

Performance Indicators	2021	2022	2023	3 YR CUM	Calculation***	Target****
<b>Near Term Indicators</b>						
1a. Current Ratio (working capital ratio)	10.3	5.5	9.4		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b. Unrestricted days cash on hand	93	112	105		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c. Enrollment Variance	100%	105%	105%	104%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.** Default on loans or delinquent in debt payments	NO	NO	NO		Auditor	not in default
<b>Sustainability Indicators</b>						
2a*** 3 Year Cumulative Cash Flow	451,026	1,724,613	(311,930)	1,863,709	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b Debt Service Coverage Ratio	18.79	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 renaissance schools; use Oct 15 count if no final count; use head count if ADE not available  
 \*\* is school in default of loan covenant(s) and/or is delinquent with debt service payments? 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**  
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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, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated December 19, 2023.

***Report on 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.

### ***Report on 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  
December 19, 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, 2023. 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, 2023.

***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 OMB 15-08. Accordingly, this report is not suitable for any other purpose.

  
BARRE & COMPANY LLC  
Certified Public Accountants  
Public School Accountants

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

Union, New Jersey  
December 19, 2023

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2023

Federal Grant/Off-Fund Grant/Program Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2022	Carryover/(Withdraw) Amount	Cash Received	Budgetary Expenditures	Pass-Through To Subrecipients	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2023	
															Unearned Revenue	
<b>U.S. Department of Education</b>																
General Fund:																
Medical Assistance Program/Cluster	83.778	N/A		N/A	\$ 38,431	7/1/22	6,0023		\$ 38,431	\$(38,431)						
Total General Fund																
<b>U.S. Department of Education</b>																
Passed-through State Department of Education																
Special Revenue Fund:																
No Child Left Behind:																
Title I Part A Carryover	84.010A	N/A	S0010A20030	NCLB - 6017 - 23	\$ 462,310	7/1/22	6,0023		\$ 462,310	\$(462,310)						
Title II Carryover	84.010A	N/A	S0010A20030	NCLB - 6017 - 22	516,512	7/1/21	6,0022		386,337							
Title III Carryover	84.265	84.367A	S324A20025	NCLB - 6017 - 22	10,515	7/1/21	6,0022		3,911							
Title IV Part A Carryover	84.265	84.367A	S324A20025	NCLB - 6017 - 22	87,235	7/1/22	6,0021			(67,267)				(67,267)		
Title IV Site & Drug Free Carryover	84.265	84.367A	S324A20030	NCLB - 6017 - 22	3,901	7/1/21	6,0022		864,568	(829,697)				(67,267)		
Total No Child Left Behind	84.184															
Special Education Cluster (IDEA):																
IDEA Part B Basic	84.027	84.027A	H027A20031	IDEA - 6017 - 23	214,241	7/1/22	6,0023		68,004	(214,241)				(146,237)		
IDEA Part B Basic Carryover	84.027	84.027A	H027A20031	IDEA - 6017 - 22	3,125	7/1/21	6,0022		168,499					(146,237)		
IDEA Part B Special Education	84.027	84.027X	H027A20031	IDEA - 6017 - 22	28,888	7/1/22	6,0023		634	(634)						
Total Special Education Cluster (IDEA)									2,27,137	(214,875)				(146,237)		
Other Special Revenue Funds:																
COVID-19 CARES Emergency Relief	84.425	COVID-19, 84.425D	S425D20027	N/A		3/13/20	9/30/22							(23,787)		
CRSA Learning Acceleration Grant	84.425	COVID-19, 84.425D	S425D20027	N/A	49,719	3/13/20	9/30/23		168,578	(168,578)				(11,568)		
CRSA Learning Acceleration Grant	84.425	COVID-19, 84.425D	S425D20027	N/A	1,741,157	3/13/20	9/30/24		1,711,093	(1,837,278)				(205,208)		
ARP ESSER	84.425	COVID-19, 84.425J	S425D20027	N/A	40,000	3/13/20	9/30/24		10,833	(19,167)				(8,334)		
ARP ESSER Evidence Based Summer Learning and Enrichment	84.425	COVID-19, 84.425J	S425D20027	N/A	18,500	3/13/20	9/30/24		14,773	(14,773)				(28,250)		
ARP ESSER Evidence Based Comprehensive Beyond the School Day	84.425	COVID-19, 84.425J	S425D20027	N/A	88,500	3/13/20	9/30/24		1,921,771	(1,837,746)				(277,417)		
ARP ESSER Mental Health Support	84.425	COVID-19, 84.425J	S425D20027	N/A												
ARP ESSER Mental Health Support Staffing	84.425	COVID-19, 84.425J	S425D20027	N/A												
Total Other Special Revenue Funds									3,023,466	(2,892,220)				(490,941)		
Total Special Revenue Fund																
<b>U.S. Department of Agriculture</b>																
Passed-through State Department of Agriculture																
Enterprise Fund:																
COVID-19 School Breakfast Program	10.553	COVID-19	231NJ04N1099	N/A	192,048	7/1/22	6,0023		146,883	(192,048)				(43,165)		
COVID-19 School Breakfast Program	10.553	COVID-19	221NJ04N1099	N/A	187,688	7/1/21	6,0022		13,155	(484,973)				(99,171)		
COVID-19 National School Lunch Program	10.555	COVID-19	231NJ04N1099	N/A	484,973	7/1/22	6,0023		386,902					(8,960)		
COVID-19 National School Lunch Program	10.555	COVID-19	221NJ04N1099	N/A	5,702	7/1/22	6,0023		3,846	(2,702)				(8,960)		
School Snack Program	10.555	COVID-19	231NJ04N1099	N/A	2,702	7/1/22	6,0023		566,397	(679,723)				(143,102)		
Total Child Nutrition Cluster									64,227	(64,227)						
P-EB Administrative	10.649	COVID-19	23222900941	N/A	64,227	7/1/22	6,0023		649,624	(743,950)				(143,182)		
Total Enterprise Fund									\$ 3,714,591	\$(3,364,601)				\$(634,133)		
Total Federal Financial Awards																

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, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balance	Balance at June 30, 2023		MEMO
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue/ Interfund Payable	
<b>State Department of Education</b>													
<b>General Public</b>													
TPAF Post-Retirement Medical Insurance	23-495-034-5120-078	\$ 13,933,172	7/1/22	6/30/23	\$ -	\$ -	\$ 13,509,832	\$ (13,933,172)	\$ -	\$ -	\$ (423,340)	\$ -	\$ 13,933,172
Equalization Aid- State Share	22-495-034-5120-071	11,880,309	7/1/21	6/30/22	(288,175)	-	268,175	(571,373)	(571,373)	-	-	-	571,373
Special Education, Categorical Aid	23-495-034-5120-069	556,820	7/1/22	6/30/23	(268,175)	-	556,820	(556,820)	(556,820)	-	-	-	556,820
Security Aid	23-495-034-5120-084	556,820	7/1/22	6/30/23	(268,175)	-	14,906,200	(15,061,365)	(15,061,365)	-	(423,340)	-	15,061,365
Total State Aid-Public													
<b>On Behalf:</b>													
TPAF Post-Retirement Medical Insurance	23-495-034-5094-001	553,880	7/1/22	6/30/23	-	-	553,880	(553,880)	(553,880)	-	-	-	553,880
TPAF Post-Retirement Medical Insurance	23-495-034-5094-002	2,108,433	7/1/22	6/30/23	-	-	2,108,433	(2,108,433)	(2,108,433)	-	-	-	2,108,433
TPAF Post-Retirement Medical Insurance	23-495-034-5094-003	411,290	7/1/22	6/30/23	-	-	374,662	(411,290)	(411,290)	-	(36,628)	-	411,290
Reimbursed TPAF - Social Security Contributions	23-495-034-5094-003	411,290	7/1/22	6/30/23	(38,586)	-	38,596	(411,290)	(411,290)	-	(36,628)	-	411,290
Total Reimbursed TPAF - Social Security Contributions	22-495-034-5094-003	410,493	7/1/21	6/30/22	(38,586)	-	413,248	(411,290)	(411,290)	-	(36,628)	-	411,290
Total General Fund					(306,761)	-	17,983,835	(18,137,042)	(18,137,042)	-	(459,969)	-	18,137,042
<b>Special Revenue Fund:</b>													
SDA Emergent and Capital Maintenance Funds	N/A	92,140	7/1/22	6/30/23	-	-	92,140	(92,140)	(92,140)	-	(45,987)	-	92,140
Pre K and Charter School Security	N/A	45,987	7/1/22	6/30/23	-	-	-	(45,987)	(45,987)	-	-	-	45,987
Total Special Revenue Fund					-	-	92,140	(138,127)	(138,127)	-	(45,987)	-	138,127
<b>State Department of Agriculture</b>													
Enterprise Fund:													
School Breakfast Program	23-100-010-3350-021	11,481	7/1/22	6/30/23	-	-	8,876	(11,481)	(11,481)	-	(2,605)	-	11,481
National School Lunch Program (State Share)	23-100-010-3350-023	15,428	7/1/22	6/30/23	(2,517)	-	12,387	(15,428)	(15,428)	-	(3,041)	-	15,428
National School Lunch Program (State Share)	22-100-010-3350-023	7,269	7/1/21	6/30/22	(2,517)	-	2,517	(15,428)	(15,428)	-	-	-	15,428
Total Enterprise Fund					(2,517)	-	23,780	(26,909)	(26,909)	-	(5,646)	-	26,909
Total State Financial Assistance Subject to Major Program Determination for State Single Audit					\$ (309,278)	\$ -	\$ 18,099,755	\$ (18,302,078)	\$ (18,302,078)	\$ -	\$ (511,601)	\$ -	\$ 18,302,078
<b>Program Determination:</b>													
<b>General Funds (Non-Cash Assistance)</b>													
TPAF Post-Retirement Medical Insurance	23-495-034-5094-001	553,880	7/1/22	6/30/23	-	-	553,880	(553,880)	(553,880)	-	-	-	553,880
TPAF Post-Retirement Medical Insurance	23-495-034-5094-002	2,108,433	7/1/22	6/30/23	-	-	2,108,433	(2,108,433)	(2,108,433)	-	-	-	2,108,433
TPAF Post-Retirement Medical Insurance	23-495-034-5094-004	2,074	7/1/22	6/30/23	-	-	-	(2,074)	(2,074)	-	-	-	2,074
Total General Funds (Non-Cash Assistance)					-	-	-	(2,664,367)	(2,664,367)	-	-	-	2,664,367
Total State Financial Assistance							\$ (15,637,691)	\$ (15,637,691)	\$ (15,637,691)				

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures  
Of Federal Awards and State Financial Assistance  
**June 30, 2023**

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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, 2023**

**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	\$ 38,431	\$ 18,137,042	\$ 18,175,473
Special Revenue Fund	2,582,220	6,184	2,588,404
Food Service Fund	679,723	26,909	706,632
Total Awards & Financial Assistance	<u>\$ 3,300,374</u>	<u>\$ 18,170,135</u>	<u>\$ 21,470,509</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, 2023.

**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, 2023. 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, 2023.

**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.

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures  
Of Awards and Financial Assistance  
**June 30, 2023**

**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	2022
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 462,308	\$ 398,336
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>	67,288	20,952
Title IV, Part A: <i>Safe and Drug-Free Schools and Communities</i>		
Title V, Part A: <i>Innovative Programs</i>		
	<hr/>	<hr/>
Total	<u>\$ 529,596</u>	<u>\$ 419,288</u>

**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, 2023

**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>
EDUCATION STABILIZATION FUND	
<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>
<u>84.425U</u>	ARP ESSER Evidence Based Summer Learning and Enrichment
<u>84.425U</u>	ARP ESSER III Evidence Based Comprehensive Beyond the School Day
<u>84.425U</u>	ARP ESSER III Accelerated Learning Coach and Educator Support
<u>84.425U</u>	ARP ESSER III Mental Health Support Staffing

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, 2023

**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>23-495-034-5120-078</u>	<u>STATE AID – PUBLIC</u>
<u>23-495-034-5120-089</u>	<u>Equalization Aid</u>
<u>23-495-034-5120-085</u>	<u>Special Education Aid</u>
<u>23-495-034-5120-084</u>	<u>Adjustment Aid</u>
<u>23-495-034-5120-084</u>	<u>Security Aid</u>

**FOUNDATION ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2023

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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, 2023

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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