

Hatikvah

INTERNATIONAL ACADEMY CHARTER SCHOOL

בית הספר הצ'רטר הבינלאומי - התקווה

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



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

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

**PREPARED BY
HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL**

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

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

December 29, 2023

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

Dear Commissioner:

We hereby submit the Annual Comprehensive Financial Report of the Hatikvah International Academy Charter School (the “Charter School” or “HIACS”) for the fiscal year ended June 30, 2023.

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

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

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

1) Reporting Entity and its Services

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

The Charter School is approved to provide a full range of educational services appropriate to grade levels K to 8. These include regular education as well as special education for handicapped youngsters. During the 2022-2023 school year the Charter School enrolled Kindergarten through 8th grade students.

2) Economic Condition and Outlook

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

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

2) Economic Condition and Outlook - *continued*

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

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

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

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

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

Growth

The Charter School has just completed its twelfth year of operations. During the 2022-2023 school-year, the school served 79 kindergarten students, 82 first grade students, 77 second grade students, 84 third grade students, 81 fourth grade students and 53 fifth grade students and 57 sixth grade 56 seventh grade and 41 eighth grade students.

3) **Major Initiatives**

The Charter School has honored its commitment to serve all students' needs. In terms of Special Education, during the 2022-2023 school year, the Charter School had 8 inclusion classes in grades one through seventh. In addition to the academic programs provided, the Charter School offered students eligible for special education and related services with speech, occupational therapy, as well as counseling. The Charter School's I & RS Committee meets as often as necessary to review and discuss students that may be at risk. The Committee offers parents strategies and creates action plans to help foster increased academic success. The Charter School offers ELL Services to students whose native language is not English. Academic support; resources, and strategies are provided to teachers and parents.

During the 2022-2023 school year, the Charter School enrolled Kindergarten through 8th grade students. In order to better meet the rigor of the New Jersey Learning Standards, the faculty also continued to have year-long professional development. One hundred percent of K-8 students participated in student designed service-learning projects. In 2018, the school received a five-year renewal from the Department of Education.

4) **Internal Accounting Controls**

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate system of internal controls is in place to ensure compliance with applicable laws and regulations related to those programs. This system of internal control is also subject to periodic evaluation by the Charter School's management.

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

5) Budgetary Controls

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the statutory requirements of charter school budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. No reservation of fund balance was made at June 30, 2023.

During the 2022-2023 fiscal school, the Charter School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

6) Accounting System and Report

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

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

7) Financial Statement Information at Fiscal Year End

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special revenue funds for the fiscal year ended June 30, 2023 fiscal year:

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

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

Revenue	2023	2022	Increase/ (decrease)	% Change
Local sources	\$ 6,489,275	\$ 6,105,783	\$ 383,492	6.28%
State sources	3,839,503	3,254,319	585,184	17.98%
Federal sources	934,843	1,057,057	(122,214)	-11.56%
	<u>\$ 11,263,621</u>	<u>\$ 10,417,159</u>	<u>\$ 846,462</u>	<u>8.13%</u>

The Charter School experienced a general increase in revenue of about 8.13% which was primarily due to the additional federal COVID19 related funding received during the fiscal year ended June 30, 2023.

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2023:

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

Expenditures	2022	2023	Increase/ (decrease)	% Change
Instruction	\$ 4,804,233	\$ 4,355,350	\$ 448,883	10.31%
Administrative	3,737,842	3,383,744	354,098	10.46%
Support	1,905,212	2,074,234	(169,022)	-8.15%
Capital outlay	87,649	225,517	(137,868)	100.00%
	<u>\$ 10,534,936</u>	<u>\$ 10,038,845</u>	<u>\$ 496,091</u>	<u>4.94%</u>

The 4.94% increase in expenditures was partly due to the general increase in the Charter School's enrollment and also the additional COVID-19 federal funding.

8) **Cash Management**

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

9) **Risk Management**

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

10) **Other Information**

Independent Audit

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

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

11) **Acknowledgments**

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

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

Respectfully submitted,

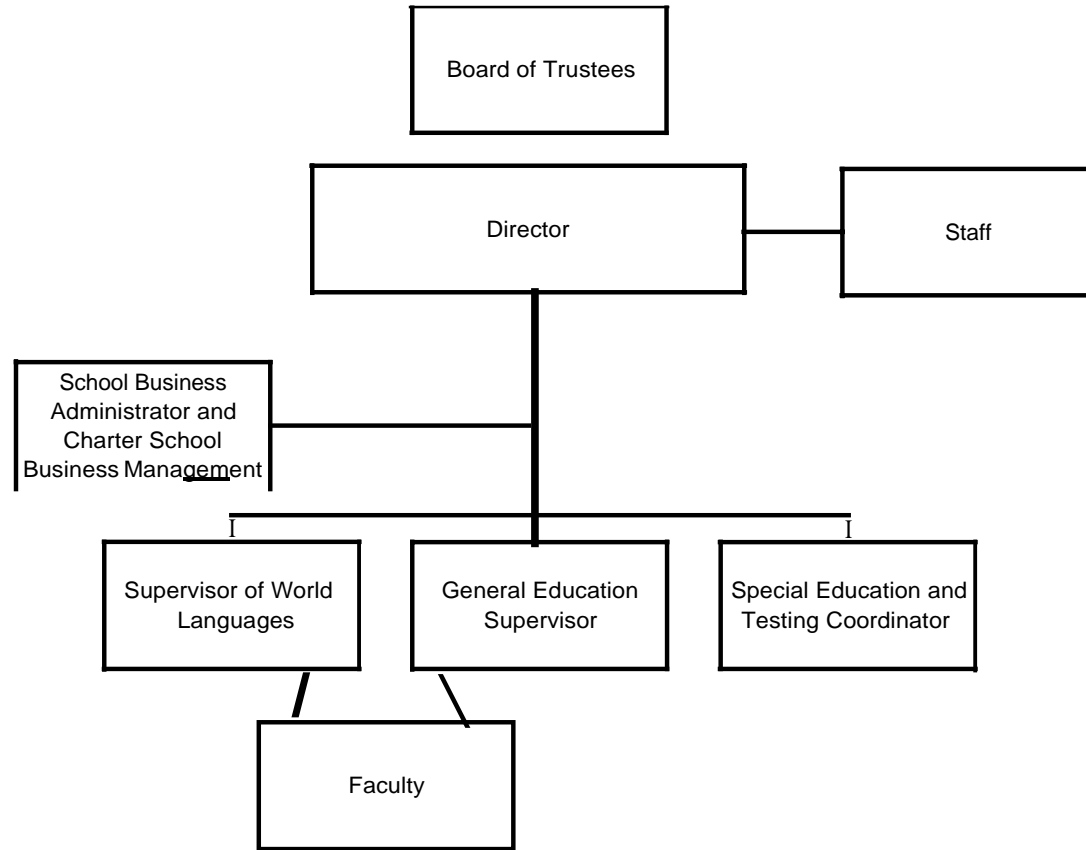
Marcia Grayson

Dr. Marcia Grayson
Director

Daniel Gresack

Mr. Daniel Gresack
Board President

Organizational Chart 2022-2023



HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

ROSTER OF TRUSTEES AND OFFICERS

JUNE 30, 2023

Members of Board of Trustees

Daniel Gresack	President
Harish Hathiramani	Vice President
Marc Herman	Trustee
Shawntell Manning	Trustee
Arie Behar	Trustee
Dr. Dake Zhang	Trustee
Cristal Sharma	Trustee

Administration

Dr. Marcia Grayson	Director; Ex Officio Non-voting
Kathleen Mone	School Business Administrator/ Board Secretary; Ex Officio Non-voting
Scott Loeffler, CPA	School Business Administrator/ Board Secretary; Ex Officio Non-voting
Claudia Fiel	Teacher Representative; Non-voting
Jordan Oran	Alternate Teacher Representative; Non-voting

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

CONSULTANTS AND ADVISORS

Independent Auditors

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

Attorney

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

Official Depository

TD Bank
East Brunswick, New Jersey

Sovereign Bank
East Brunswick, New Jersey

FINANCIAL SECTION

Olugbenga Olabintan

Certified Public Accountant/Consultant

137 Camden Street, Suite #3
Newark, NJ 07103

Tel: (201) 230-7518
Fax: (973) 368-8268
E-mail: oolabintan@aol.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hatikvah International Academy Charter School, in the County of Middlesex, State of New Jersey (the "Charter School") as of and for the fiscal year ended June 30, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Charter School as of June 30, 2023, and the respective changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 and the audit requirements 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 the 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 the 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 opinion. 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 generally accepted auditing standards (GAAS), *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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 generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement 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 the Charter School, Inc.'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 the Charter School, Inc.'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and 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 responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards as required by 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 schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Charter School. 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 and individual nonmajor fund financial statements, 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 section, financial schedules and statistical section 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 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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Olugbenga Olabintan, CPA

December 29, 2023
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant

A handwritten signature in black ink, appearing to read 'Olugbenga Olabintan', with a stylized flourish extending to the right.

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

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENTS DISCUSSION AND ANALYSIS

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

Introduction

This section of the Hatikvah International Academy Charter School's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- Net position of governmental activities ended the fiscal year with \$790,103. Net position of business-type activities, which represent food service operations ended the fiscal year with \$(33,170). Prior to the fiscal year ended June 30, 2023, the Charter School did not have any business-type activities.
- General revenues accounted for \$10,170,330 in revenue or 97 percent of total revenues of \$11,302,284. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$1,131,954 or 3 percent of total revenues.
- The Charter School had \$10,495,763 in expenses related to governmental activities; \$1,093,291 of these expenses is offset by operating grants and contributions. General revenues (primarily State and Local aid) of \$10,170,330 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2023, of \$2,077,007.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management’s Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

Using the Basic Financial Statements

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

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

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

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

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

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

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the fund used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, “how did we do financially during fiscal year 2023?” The Statements of Net Position and the Statement of Activities answer this question.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

Statement of Net Position and Statement of Activities-continued

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

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

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

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The food service operations/after care and summer instructional programs enterprise fund is reported as a business activity. However, it should be noted that the Charter School did not have any business-type activities during the year ended June 30, 2023.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

Governmental Funds- Continued

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

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, liabilities exceeded assets by \$756,933 at the close of 2023.

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current assets	\$ 3,106,207	\$ 2,315,635	\$ 17,386	\$ -	\$ 3,123,593	\$ 2,315,635
Capital assets, net	57,661	851,947	-	-	57,661	851,947
Deferred outflows of resources	622,965	706,390	-	-	622,965	706,390
Total assets	3,786,833	3,873,972	17,386	-	3,804,219	3,873,972
Liabilities						
Current liabilities	1,029,200	967,313	50,556	-	1,079,756	967,313
Long term liabilities	1,701,862	2,065,753	-	-	1,701,862	2,065,753
Deferred inflows of resources	265,668	818,661	-	-	265,668	818,661
Total liabilities	2,996,730	3,851,727	50,556	-	3,047,286	3,851,727
Net position						
Invested in capital assets (net of related debt)	57,661	47,160	-	-	57,661	47,160
Unrestricted	732,442	(24,915)	(33,170)	-	699,272	(24,915)
Total net position	\$ 790,103	\$ 22,245	\$ (33,170)	\$ -	\$ 756,933	\$ 22,245

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

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

The total net position of the Charter School increased by \$734,688 during the current fiscal year ended June 30, 2023. The increase is primarily attributable to the increase of \$767,858 in the General Fund.

The table that follows reflects the change in net position for fiscal year 2023.

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charge for services			\$14,828		\$ 14,828	\$ -
Operating grants and contributions	\$1,093,291	\$1,253,222	23,835	-	1,117,126	1,253,222
Total program revenues	1,093,291	1,253,222	38,663	-	1,131,954	1,253,222
General revenues:						
Local aid	6,391,657	5,797,716	-	-	6,391,657	5,797,716
Federal and state aid	3,745,194	3,211,746	-	-	3,745,194	3,211,746
Miscellaneous	33,479	154,475	-	-	33,479	154,475
Total general revenues	10,170,330	9,163,937	-	-	10,170,330	9,163,937
Total revenues	11,263,621	10,417,159	38,663	-	11,302,284	10,417,159
Expenses:						
Instructions	4,804,233	4,355,350	-	-	4,804,233	4,355,350
Administrative & support services	5,525,408	5,432,183	-	-	5,525,408	5,432,183
Unallocated depreciation	166,122	122,297	-	-	166,122	122,297
Enterprise fund	-	-	71,833	-	71,833	-
Total expenses	10,495,763	9,909,830	71,833	-	10,567,596	9,909,830
Change in net position	\$ 767,858	\$ 507,329	\$ (33,170)	\$ -	\$ 734,688	\$ 507,329

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2023.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

Governmental Activities - *continued*

	Total Cost of Services	Net Cost of Services
Instruction	\$ 4,804,233	\$ 3,935,248
Administrative & Support Services	5,525,408	5,388,751
Unallocated Depreciation	166,122	78,473
Total Expenses	\$ 10,495,763	\$ 9,402,472

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation program. This program had revenues of \$38,663 and operating expenses of \$71,833 for fiscal year 2023. The Charter School intended to have food services be self-operating without assistance from the General Fund. However, it should be noted that the Charter School started operating the food program for the first time during the fiscal year ended June 30, 2023. The Board has the intention of funding the deficit of \$33,170 from the General Fund.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$11,263,621 and expenditures of \$10,534,936. The positive change in fund balance for the year was \$728,685. The cumulative surplus fund balance from the prior years was \$1,348,322.

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

During the course of fiscal 2023, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management teams.

For the General Fund, final budgeted revenues were \$8,653,515 which included a local tax levy of \$6,391,657. Expenditures and other financing uses were budgeted at \$7,923,830. The Charter School anticipated budgeted fund balance of \$2,077,007 in its 2022-2023 budget year.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

The State of New Jersey reimbursed the Charter School \$248,499 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$1,269,316 into the TPAF pension - representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. This unbudgeted amount was included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2023, the Charter School had \$57,661 invested in capital assets in its governmental activities.

The Charter School's 2023-2024 budget projects spending approximately \$-0- for capital projects.

Long-term debt

The Charter School had \$1,701,862 and \$1,260,966 at June 30, 2023 and 2022, respectively, in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long-term obligations is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2023-2024. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

COVID-19 and Paycheck Protection Program (PPP) Loan

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business for what may be an extended period of time. The Charter School had to close its physical locations. Future potential impacts may include continued disruptions or restrictions on its employees’ ability to work and impairment of its ability to obtain grants and contributions. Though the impact on the Charter School’s operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund and other state aid and the local tax levy. Nonetheless, the degree of any future impact to the Charter School's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

To date, the overall finances and operations of the Charter School have not been materially adversely affected by the COVID-19 pandemic.

During the previous fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$948,365 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was funded on April 28, 2020. During the prior fiscal year ended June 30, 2021, the Charter School was informed by the SBA that the entire PPP loan balance - - \$949,913 (principal amount of \$948,365 plus accrued interest of \$1,548) had been forgiven.

Board Designated Restriction

By a resolution, the Board of the Charter School transferred an amount equivalent to the forgiven loan - \$949,913 from the General Fund to the Special Revenue Fund. The amount was designated for future expenditures and therefore the portion not yet expended (\$801,548) was recognized as deferred revenue as of June 30, 2023.

Contacting the Charter School’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School’s finances and to reflect the Charter School’s accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

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

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

This Statement of Net Position and the Statement of Activities display information about the Charter School as a whole. The Statement of Net Position presents the financial condition of the government and business-type activities of the Charter School at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities.

Statement of Net Assets

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 2,220,790	\$ 12,944	\$ 2,233,734
Accounts receivable	737,571	4,442	742,013
Prepaid expenses	100,320	-	100,320
Interfund receivables	47,526	-	47,526
Capital assets (net of accumulated depreciation of \$313,877)	57,661	-	57,661
Right-of-use assets (net of accumulated amortization of \$4,175,571)	-	-	-
Total assets	<u>3,163,868</u>	<u>17,386</u>	<u>3,181,254</u>
Deferred outflows of resources			
Pension deferred outflows	<u>622,965</u>	<u>-</u>	<u>622,965</u>
Total assets and deferred outflows of resources	<u>\$ 3,786,833</u>	<u>\$ 17,386</u>	<u>\$ 3,804,219</u>
Liabilities			
Accounts payable	\$ 18,869	\$ 3,030	\$ 21,899
Intergovernmental payables - state	50,645	-	50,645
Deferred revenue	888,766	-	888,766
Payroll deductions and withholdings	70,920	-	70,920
Interfund payables	-	47,526	47,526
Net pension liability	1,701,862	-	1,701,862
Lease liabilities	-	-	-
Total liabilities	<u>2,731,062</u>	<u>50,556</u>	<u>2,781,618</u>
Deferred inflows of resources			
Pension deferred inflows	<u>265,668</u>	<u>-</u>	<u>265,668</u>
Total liabilities and deferred inflows of resources	<u>2,996,730</u>	<u>50,556</u>	<u>3,047,286</u>
Net position			
Invested in capital assets, net of related debt	57,661	-	57,661
Invested in right-of-use assets, net of related debt	-	-	-
Unrestricted, undesignated	732,442	(33,170)	699,272
Total net position	<u>790,103</u>	<u>(33,170)</u>	<u>756,933</u>
Total liabilities, deferred inflows of resources & net position	<u>\$ 3,786,833</u>	<u>\$ 17,386</u>	<u>\$ 3,804,219</u>

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

A-2

Statement of Activities

Year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 4,804,233	\$ -	\$ 868,985	\$ (3,935,248)	\$ -	\$ (3,935,248)
Administrative & Support services:						
General administration	3,620,196	-	-	(3,620,196)	-	(3,620,196)
Support services	1,905,212	-	136,657	(1,768,555)	-	(1,768,555)
Capital outlay	-	-	87,649	87,649	-	87,649
Unallocated depreciation	166,122	-	-	(166,122)	-	(166,122)
Total governmental activities	<u>10,495,763</u>	<u>-</u>	<u>1,093,291</u>	<u>(9,402,472)</u>	<u>-</u>	<u>(9,402,472)</u>
Business-type activities:						
Food service	71,833	14,828	23,835	-	(33,170)	(33,170)
Total business-type activities	<u>71,833</u>	<u>14,828</u>	<u>23,835</u>	<u>-</u>	<u>(33,170)</u>	<u>(33,170)</u>
Total primary government	<u>\$ 10,567,596</u>	<u>\$ 14,828</u>	<u>\$ 1,117,126</u>	<u>(9,402,472)</u>	<u>(33,170)</u>	<u>(9,435,642)</u>
General revenues, transfers and special items:						
Local sources				6,391,657	-	6,391,657
Federal and state sources				3,745,194	-	3,745,194
Miscellaneous				33,479	-	33,479
Total general revenues, transfers and special items				<u>10,170,330</u>	<u>-</u>	<u>10,170,330</u>
Change in net position				767,858	(33,170)	734,688
Net position - beginning				22,245	-	22,245
Net position - ending				<u>\$ 790,103</u>	<u>\$ (33,170)</u>	<u>\$ 756,933</u>

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Governmental Funds

B-1

Balance Sheet

June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Totals Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 2,440,664	\$ (219,874)	\$ 2,220,790
Accounts receivable:	-	-	-
Federal	-	207,639	207,639
State	37,038	26,693	63,731
Local	466,201	-	466,201
Other	-	-	-
Prepaid expenses	100,320	-	100,320
Interfund receivable	-	792,049	792,049
Total assets	<u>\$ 3,044,223</u>	<u>\$ 806,507</u>	<u>\$ 3,850,730</u>
Liabilities and Fund Balances			
Interfund accounts payables	\$ 744,523	\$ -	\$ 744,523
Accounts payable	13,910	4,959	18,869
Intergovernmental payables - Federal	-	-	-
Intergovernmental payables - State	50,645	-	50,645
Payroll deductions and withholdings	70,920	-	70,920
Deferred revenue	87,218	801,548	888,766
Total liabilities	<u>967,216</u>	<u>806,507</u>	<u>1,773,723</u>
Fund balances:			
Unreserved:			
Undesignated	<u>2,077,007</u>	<u>-</u>	<u>2,077,007</u>
Total fund balances	<u>2,077,007</u>	<u>-</u>	<u>2,077,007</u>
Total liabilities and fund balances	<u>\$ 3,044,223</u>	<u>\$ 806,507</u>	
	-	-	-
Amounts reported for governmental activities in the statement of net position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Cost of capital assets	\$ 371,538		
Accumulated depreciation	<u>(313,877)</u>		
	<u>\$ 57,661</u>		57,661
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)			
			622,965
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)			
			(265,668)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)			
			(1,701,862)
Right-of-use assets used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 4):			
Cost of right-of-use assets	\$ 4,175,578		
Accumulated amortization	<u>(4,175,578)</u>		
Cost of right-of-use assets, net of accumulated amortization	<u>\$ -</u>		-
Lease liabilities used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 5).			
			-
Net position of governmental activities - A-1			<u>\$ 790,103</u>

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

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Governmental Funds**

B-2

**Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2023**

	General Fund	Special Revenue Fund	Total
Revenues:			
Local sources:			
Local tax levy	\$ 6,391,657	\$ -	\$ 6,391,657
Contributions	-	64,139	64,139
Miscellaneous	33,479	-	33,479
Total revenues - local sources	6,425,136	64,139	6,489,275
Federal sources	-	934,843	934,843
State sources	2,227,379	94,309	2,321,688
Reimbursed TPAF-Social Security (non-budgeted)	248,499	-	248,499
TPAF pension and post retirement medical benefits on-behalf payments (non-budgeted)	1,269,316	-	1,269,316
Total revenues	10,170,330	1,093,291	11,263,621
Current expense:			
Instruction	3,935,248	868,985	4,804,233
Administrative	2,220,027		2,220,027
Support services	1,768,555	136,657	1,905,212
Capital outlay	-	87,649	87,649
Reimbursed and on-behalf payments:			-
Reimbursed TPAF-Social Security (non-budgeted)	248,499	-	248,499
TPAF pension and post retirement medical benefits on-behalf payments (non-budgeted)	1,269,316	-	1,269,316
Total expenditures	9,441,645	1,093,291	10,534,936
Excess (deficiency) of revenues over (under) expenditures	728,685	-	728,685
Fund balances, beginning of year	1,348,322	-	1,348,322
Prior period adjustment	-	-	-
Fund balances, beginning of year (restated)	1,348,322	-	1,348,322
Fund balances, end of year	\$ 2,077,007	\$ -	\$ 2,077,007

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2023

B-3

Total net change in fund balances - governmental funds (B-2) \$ 728,685

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expenses in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.

Depreciation expense	\$ (166,122)	
Capital outlays	<u>87,649</u>	(78,473)

Adoption of GASB 87 resulted in an increase in right-to-use lease assets offset by the current year amortization of the right-to-use assets, allocated over the term of the leases

Amortization expense	-
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Adoption of GASB 87 resulted in an increase in lease liabilities offset by the current year principal payments on lease liabilities. Principal payments on lease liabilities decrease liabilities in the statement of net position, but are included in the governmental funds as expenses

Principal payments	804,787
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Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period

	(687,141)
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Change in net position of governmental activities (A-2)	<u><u>\$ 767,858</u></u>
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See independent auditor's report and accompanying notes to basic financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Proprietary Funds**

B-4

Statement of Net Assets

June 30, 2023

	<u>Food Services</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 12,944
Accounts receivable:	-
Federal	4,319
State	123
Other current assets	-
Interfunds receivable	-
Total current assets	<u>\$ 17,386</u>
Liabilities	
Current liabilities:	
Interfunds payable	\$ 47,526
Accounts payable	3,030
Total current liabilities	<u>\$ 50,556</u>
Net position	
Unrestricted	(33,170)
Total net position	<u><u>\$ (33,170)</u></u>

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

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Proprietary Funds**

B-5

Statement of Revenues, Expenditures and Changes in Net Assets

Year ended June 30, 2023

	Food Services
Operating revenues:	
Charges for services:	
Daily sales - reimbursable program	\$ 14,828
Daily sales - non-reimbursable program	-
Miscellaneous revenue	-
Total Operating revenues	14,828
Operating expenses:	
Cost of sales - reimburseable program	-
Cost of sales - non-reimburseable program	-
Salaries	19,695
Employee benefits	-
Professional /technical service	48,742
Supplies and materials	3,396
Depreciation	-
Miscellaneous	-
Total operating expenses	71,833
Operating income/(loss)	(57,005)
Nonoperating revenues:	
State sources:	
State school lunch program	752
State school breakfast program	-
Federal sources:	
National school lunch program	22,542
National school breakfast program	-
After school snacks program	-
Healthy, Hunger-Free Kids Act	541
Summer Food Program	-
Total nonoperating revenues	23,835
Net income/(loss) before contributions & transfers	(33,170)
Other financing sources:	
Transfer in/(out) - board contribution	-
Change in net position	(33,170)
Total net position-beginning of year	-
Total net position-end of year	\$ (33,170)

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

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Proprietary Fund**

B-6

Statement of Cash Flows

Year ended June 30, 2023

	Food Services
Cash flows from operating activities	
Operating loss	\$ (57,005)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(4,442)
Due to/from general fund	47,526
Accounts payable	3,030
Net cash used in operating activities	(10,891)
 Cash flows from noncapital financing activities:	
Cash received from state reimbursements	752
Cash received from federal reimbursements	23,083
Transfers within fund	-
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	23,835
 Cash flows from investing activities	-
 Net change in cash and cash equivalents	12,944
Cash and cash equivalents, beginning	-
Cash and cash equivalents, ending	\$ 12,944

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

FIDUCIARY FUNDS FINANCIAL STATEMENTS

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

NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

1 Description of the Charter School and Reporting Entity

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

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities of the Charter School.

The primary criterion for including activities within the Charter School’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

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

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies

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

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

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

A Basis of Presentation

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

Charter School Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

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

Fund Financial Statements

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

B Fund Accounting

The Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter Schools' major governmental funds:

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2023, there was no Capital Projects Fund.

Proprietary Funds

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

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fiduciary Funds

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

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

GASB Statement No 84 Fiduciary Activities – As of June 30, 2023, there was no Fiduciary Fund due to the adoption of GASB Statement 84, Fiduciary Activities.

C Measurement Focus and Basis of Accounting

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

Measurement Focus

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

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

Basis of Accounting

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

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determine and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

D Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by Charter School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

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

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

E Cash, Cash Equivalent and Investments

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

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

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

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - continued

F Short-Term Interfund Receivables/Payables

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

G Inventories and Prepaid Expenses

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

H Capital Assets

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

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

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

I Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The entire sick leave and vacation leave liabilities are reported on the charter school-wide financial statements.

The Charter School had no compensated absences as of June 30, 2023.

J Accrued Liabilities and Long-Term Obligations

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

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

K Deferred Revenue

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

L Fund Balance and Equity

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

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

M Net Position

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

N Management Estimates

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

O On-Behalf Payments

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

P GASB Pronouncements

Adoption of New Accounting Standard – GASB 84

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

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

Adoption of New Accounting Standard – GASB 87

During the prior fiscal year ended June 30, 2022, the Charter School adopted and implemented **GASB Statement No. 87, *Leases***. The implementation of the Statement changes the reporting for leases.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

Q Fair Value of Financial Instruments

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

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

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

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

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

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

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

3 Deposits and Investments

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

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

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

The Charter School’s cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School’s deposits and investments are exposed to custodial credit risk. As of June 30, 2023, the Charter School’s carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Operating A/C	\$ 2,440,664	\$ (219,874)	\$ 12,944	\$ -	\$ 2,233,734

Operating cash accounts are held in the Charter School’s name by two banking institutions. At June 30, 2023, the Charter School’s carrying amount of deposits was \$2,333,734 and the bank balance was \$2,336,693. Of the bank balance, \$250,000 of the Charter School’s cash deposits on June 30, 2023 were secured by federal deposit insurance (FDIC) and \$2,086,693 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act (“GUDPA”).

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

3 Deposits and Investments - *continued*

Establishment of an Escrow Account

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

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

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

Investments

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

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

As of June 30, 2023, the Charter School did not hold any investments.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

4 Capital Assets and Right-of-Use Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2023:

Governmental activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets, being depreciated:			
Leasehold improvements	\$ 246,872	\$ 87,649	\$ 334,521
Equipment	37,017	-	37,017
	<u>283,889</u>	<u>87,649</u>	<u>371,538</u>
 Less accumulated depreciation for:			
Leasehold improvements	(122,235)	(158,718)	(280,953)
Equipment	(25,520)	(7,404)	(32,924)
	<u>(147,755)</u>	<u>(166,122)</u>	<u>(313,877)</u>
 Total capital assets net	<u>\$ 136,134</u>	<u>\$ (78,473)</u>	<u>\$ 57,661</u>

Depreciation expense of \$166,122 was charged to an unallocated function.

Changes in right-of-use lease assets are as follows for the fiscal year ended June 30, 2023:

Governmental Activities	Beginning Balance June 30, 2022	Net Additions	Ending Balance June 30, 2023
Right-of-use lease assets			
Premises	\$ 4,175,578	\$ -	\$ 4,175,578
Total cost	<u>4,175,578</u>	<u>-</u>	<u>4,175,578</u>
 Less - accumulated amortization			
Premises	3,459,765	715,813	4,175,578
Total accumulated amortization	<u>3,459,765</u>	<u>715,813</u>	<u>4,175,578</u>
 Right-of-use lease assets - net	<u>\$ 715,813</u>	<u>\$ (715,813)</u>	<u>\$ -</u>

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
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Year Ended June 30, 2023

5 Lease Obligations

Lease Agreements – Implementation of GASB 87

Lease Liabilities	Outstanding Balance June 30, 2022	Acquired Current Year	Retired Current Year	Ending Balance June 30, 2023
Facilities lease liabilities	\$ 804,787	\$ -	\$ (804,787)	\$ -
Total lease liabilities	\$ 804,787	\$ -	\$ (804,787)	-
Current portion				-
Non-current portion				-
Total lease liabilities				<u>\$ -</u>

The Charter School leases its premises under the terms of a lease with its related party – Friends of Hatikvah International Academy Charter School. It should be noted that starting from the fiscal year ended June 30, 2023, the lease is no longer long term. It is a one year lease renewable every year, one year at a time.

The leases required aggregate annual cash payments of approximately \$1.2 million. Interest expense on the lease was \$21,862 for the year ended June 30, 2023 which is reflected as lease interest expense on the accompanying budgetary comparison schedule – general fund (exhibit C-1).

The value of the lease liabilities was \$4,175,578 as of June 30, 2023 which was calculated using a discount rate of 5% (the Charter School’s estimated incremental borrowing rate).

The net value of the right-of-use assets at June 30, 2023 was \$-0-. Amortization of the related right-of-use lease assets was \$715,813 for the year ended June 30, 2023.

Future minimum payments under these agreements and future amortization are as follows:

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

5 Lease Obligations

Lease Agreements – Implementation of GASB 87

Year ending June 30:	Interest	Principal	Amortization
2024	\$ -	\$ -	\$ -
2025 to 2028	-	-	-
Thereafter	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Description of Lease Terms

Facilities Leases Payable

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

7 Lexington Avenue, East Brunswick, New Jersey – A lease between the Charter School and a related party, Friends of Hatikvah International Academy Charter School (FOH). The FOH was a sub-landlord of the facilities until sometimes during the prior year ended June 30, 2018 when it purchased the facilities from the former landlord. Pursuant to the purchase, a new lease was executed with the Charter School effective September 1, 2017 thru June 30, 2022 after which it is being extended one year at a time. The most recent extension was for the fiscal year ending June 30, 2024 at an annual rent of \$1,085,000. The amount paid under the lease agreement during the year ended June 30, 2023 was \$1,120,400.

Year Ending June 30:	Space Rent
2024	\$ 1,085,000
2025 to 2028	-
Thereafter	-
	<u>\$ 1,085,000</u>

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6 Pension Plans

Description of Plans

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

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

Teachers' Pension and Annuity Fund (TPAF)

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

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6 Pension Plans - *continued*

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

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

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6 Pension Plans - *continued*

Annual Pension Costs (APC)

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

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

The Charter School's contribution to PERS for the year ended June 30, 2023 was \$142,209.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$248,499 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$1,269,316 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures

Teachers’ Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers’ Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF’s fiduciary net position have been determined on the same basis as they are reported by the TPAF.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$12,646,068 as measured on June 30, 2022 and \$10,183,921 as measured on June 30, 2021.

For the year ended June 30, 2023, the Charter School recognized pension expense of \$340,341 and revenue of \$340,341 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

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

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Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

	June 30, 2022	June 30, 2021
Collective deferred outflows of resources	\$ 4,885,289,911	\$ 6,230,825,389
Collective deferred inflows of resources	\$19,563,805,393	\$27,221,092,460
Collective net pension liability (non-employer State of New Jersey)	\$51,594,415,806	\$48,075,188,642
State's portion of the net pension liability that was associated with the Charter School	\$ 12,646,068	\$ 10,183,921
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.024511%	0.021183%

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2022, 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%
Inflation rate - wage	3.25%
Salary increases: thereafter	2.75% - 5.65% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
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Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

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

Actuarial Assumptions - continued

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022.

Long-Term Expected Rate of Return - continued

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

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(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return - continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-US 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%

Discount Rate

The discount rate used to measure the State's 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.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
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Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf22.pdf>

Pension Plan Fiduciary Net Position

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
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Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2023, the Charter School reported a liability of \$1,701,862 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability 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. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2021. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021, respectively. At June 30, 2022, the Charter School's proportion was 0.0112770487 % which was an increase of 0.0006328447% from its proportion measured as of June 30, 2021 which was 0.0106442040 %.

For the year ended June 30, 2023, the Charter School recognized pension expense of \$142,209. At June 30, 2023, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
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Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,283	\$ 10,832
Changes in assumptions	5,273	254,836
Net difference between projected and actual earnings on pension plan investments	70,439	-
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	534,970	-
Subtotal	622,965	265,668
Charter School's contributions subsequent to the measurement date	142,209	-
Total	\$ 765,174	\$ 265,668

\$142,209 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Pension Expense
2023	\$ 293,570
2024	149,564
2025	72,940
2026	(159,126)
2027	350
Thereafter	-
	\$ 357,297

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
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7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

	June 30, 2022	June 30, 2021
Collective deferred outflows of resources	\$ 1,715,543,211	\$ 1,164,739,169
Collective deferred inflows of resources	\$ 4,112,583,758	\$ 8,339,123,762
Collective net pension liability (Non-State Local Group)	\$ 15,091,376,611	\$ 11,846,499,172
Charter School's portion of the net pension liability	\$ 1,701,862	\$ 1,260,966
Charter School's proportion (percentage)	0.01127705%	0.01064421%

Actuarial Assumptions

The collective 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. This actuarial valuation used the following actuarial assumptions:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: thereafter	2.75%-6.55% based on years of service
Investment rate of return	7.00%

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

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.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-US 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%

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 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 employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
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Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	\$ 2,204,910	\$ 1,701,862	\$ 1,300,426
	2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	\$ 1,735,484	\$ 1,260,966	\$ 883,118

Pension Plan Fiduciary Net Position

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

The total non-employer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms.

At June 30, 2022, the following employees were covered by the benefit terms:

Active plan member = 213,148

Inactive plan members entitled to but not yet receiving benefits = 151,669

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

Total plan members = 364,817

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits – *continued*

Total Non-employer OPEB Liability

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

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

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%	TPAF/ABP	PERS
Salary increases:			
Through 2029		2.75 to 5.65% based on years of service	2.75 to 6.55% based on years of service
Thereafter		2.75 to 5.65% based on years of service	2.75 to 6.55% based on years of service

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits – *continued*

Actuarial Assumptions and Other Inputs - *continued*

Preretirement mortality rates were based on the Pub-2010 Health "Teachers" (TP AF) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF) classification headcount weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TP AF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021. 100% of active members are considered to participate in the plan upon retirement.

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 year 2033. For HMO the trend is initially -3.54% in fiscal year 2023 increasing to 15.19% in fiscal year 2026 and decreases to 4.5% 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%.

Discount Rate

The discount rate for June 30, 2022 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.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits – continued

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

	Increase/(Decrease) Total OPEB Liability
Balance as of June 30, 2021 measurement date	\$ 60,007,650,970
Changes recognized for the fiscal year:	
Service cost	\$ 2,770,618,025
Interest on total OPEB liability	1,342,187,139
Changes of benefit terms	-
Difference between expected and actual experiences	1,399,200,736
Effect of changes of assumptions	(13,586,368,097)
Gross benefits paid by the State	(1,329,476,059)
Contributions from the members	42,650,252
Net changes	\$ (9,361,188,004)
Balance as of June 30, 2022 measurement date	\$ 50,646,462,966

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

The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.54%; as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate:

	2022		
	At 1% Decrease (2.54%)	At 1% Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB liability attributable to the Charter School	\$ 4,782,138	\$ 4,068,538	\$ 3,496,623
	2021		
	At 1% Decrease (1.16%)	At 1% Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB liability attributable to the Charter School	\$ 5,160,729	\$ 4,308,352	\$ 3,637,156

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits – continued

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

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2022 and 2021, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2022		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 3,362,895	\$ 4,068,538	\$ 4,995,442
	2021		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 3,487,625	\$ 4,308,352	\$ 5,410,528

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 expense of \$916,681 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits – continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 9,042,402,619	\$ 15,462,950,679
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	8,765,620,577	17,237,289,230
Subtotal	17,808,023,196	32,700,239,909
Contributions made in fiscal year 2019 after June 30, 2018 measurement date	TBD	N/A
Total	\$ TBD	\$ 32,700,239,909

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

Measurement Period - Fiscal Year Ending June 30:	Total
2023	\$ (2,517,151,602)
2024	\$ (2,517,151,602)
2025	\$ (2,517,151,602)
2026	\$ (2,175,449,761)
2027	\$ (1,243,951,140)
Thereafter	\$ (3,921,361,006)
	\$ (14,892,216,713)

9 Compensated Absences

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

9 **Compensated Absences - *continued***

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

As of June 30, 2023, Charter School-wide compensated absences amounted to \$-0-.

10 **Deferred Compensation**

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

11 **Economic Dependency**

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

12 **Contingent Liabilities**

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

13 Risk Management

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State.

14 Related Party

Friends of Hatikvah (FOH), is a non-profit organization which was founded to provide support to the Charter School. During the year ended June 30, 2023, FOH is the sub-landlord on the lease for the current facilities occupied by the Charter School – the sub-tenant.

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

Of the \$2,077,007 General Fund balance at June 30, 2023, \$-0- is reserved for encumbrances; \$2,077,007 is unreserved and undesignated.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

16 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2023 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 744,523
Special Revenue Fund	792,049	-
Enterprise Fund	-	47,526
Trust and Agency Fund	-	-
	\$ 792,049	\$ 792,049

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

17 Receivables

Receivables as of June 30, 2023 consisted of accounts, intergovernmental, grants and miscellaneous receivables. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

Federal and state aid	
State receivable	\$ 63,854
Federal grants receivable	211,958
Local	
Non-resident districts	466,201
Other receivables	-
Grand total	\$ 742,013

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

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

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

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

Board Designated Restriction

By a resolution, the Board of the Charter School transferred an amount equivalent to the forgiven loan - \$949,913 from the General Fund to the Special Revenue Fund. The unspent portion (\$801,548) of the amount was designated for future expenditures and therefore recognized as deferred revenue as of June 30, 2023.

19 Subsequent Events

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

20 Risk and Uncertainties – COVID-19 and Its Impact

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

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

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

However, it should be noted that as of December 29, 2023, the date of this report, the Organization’s various federal and state grants have not been materially impacted.

21 Reconciliation of Government-Wide and Fund Financial Statements

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

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

Fund balance per B-1	\$ 2,077,007
Cost of capital assets net accumulated depreciation	57,661
Pension deferred outflows	622,965
Pension deferred inflows	(265,668)
Deferred pension liability as of June 30, 2023	(1,701,862)
Right-of-use assets net of accumulated amortization	-
Lease liabilities	-
Net position (per A-1) as of June 30, 2023	<u><u>\$ 790,103</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Local Sources:					
Local tax levy	\$ 6,391,657	\$ -	\$ 6,391,657	\$ 6,391,657	\$ -
Contributions	-	-	-	-	-
Miscellaneous	50,000	(16,521)	33,479	33,479	-
Total revenues -local sources	<u>6,441,657</u>	<u>(16,521)</u>	<u>6,425,136</u>	<u>6,425,136</u>	<u>-</u>
State sources					
State aids	2,158,584	68,795	2,227,379	2,227,379	-
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	248,499	248,499
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	263,860	263,860
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	1,004,424	1,004,424
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,032	1,032
	<u>2,158,584</u>	<u>68,795</u>	<u>2,227,379</u>	<u>3,745,194</u>	<u>1,517,815</u>
Total revenues	<u>8,600,241</u>	<u>52,274</u>	<u>8,652,515</u>	<u>10,170,330</u>	<u>1,517,815</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	3,835,288	\$ (288,182)	3,547,106	3,547,106	-
Other salaries for instruction	74,465	100,879	175,344	175,344	-
Purchased professional technical services	65,000	(659)	64,341	64,341	-
Other purchased services	-	-	-	-	-
General educational supplies	70,000	37,413	107,413	107,413	-
Textbooks	24,000	845	24,845	24,845	-
Miscellaneous expenses	34,000	(17,801)	16,199	16,199	-
	<u>4,102,753</u>	<u>(167,505)</u>	<u>3,935,248</u>	<u>3,935,248</u>	<u>-</u>

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Salaries	839,957	(110,300)	729,657	729,657	-
Total benefit costs	1,214,261	101,186	1,315,447	1,315,447	-
Professional /technical service	85,000	(27,724)	57,276	57,276	-
Other purchased services	64,397	3,958	68,355	68,355	-
Communications and telephones	23,284	(2,302)	20,982	20,982	-
Interest on current loan	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Miscellaneous expenses	32,389	(4,079)	28,310	28,310	-
	<u>2,259,288</u>	<u>(39,261)</u>	<u>2,220,027</u>	<u>2,220,027</u>	<u>-</u>
Support services:					
Salaries	306,615	(13,477)	293,138	293,138	-
Purchased prof/tech service	63,160	3,144	66,304	66,304	-
Other purchased services	-	-	-	-	-
Rent on land and buildings, net of lease related liabilities	1,100,000	(806,349)	293,651	293,651	-
Insurance-fidelity, liability property	63,366	11,590	74,956	74,956	-
Supplies and materials	136,195	(19,729)	116,466	116,466	-
Energy & utilities	95,678	1,613	97,291	97,291	-
Miscellaneous expenses	-	-	-	-	-
Transportation other than to/from school	-	-	-	-	-
Lease interest expense	-	-	-	21,962	(21,962)
Principal payments on lease liabilities	-	-	-	804,787	(804,787)
Total support services	<u>1,765,014</u>	<u>(823,208)</u>	<u>941,806</u>	<u>1,768,555</u>	<u>(826,749)</u>

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital outlay:					
Instructional equipment	23,124	(23,124)	-	-	-
Non-instructional equipment	10,000	(10,000)	-	-	-
Purchase land/improvements	10,000	(10,000)	-	-	-
Total capital outlay	<u>43,124</u>	<u>(43,124)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	248,499	(248,499)
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)				263,860	(263,860)
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	1,004,424	(1,004,424)
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,032	(1,032)
Total expenditures	<u>8,170,179</u>	<u>(1,073,098)</u>	<u>7,097,081</u>	<u>9,441,645</u>	<u>(1,076,280)</u>
Excess (deficiency) of revenues over (under) expenditures	430,062	1,125,372	1,555,434	728,685	441,535
Fund balances, beginning of year	<u>1,348,328</u>	<u>(6)</u>	<u>1,348,322</u>	<u>1,348,322</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,778,390</u>	<u>\$ 1,125,366</u>	<u>\$ 2,903,756</u>	<u>\$ 2,077,007</u>	<u>\$ 441,535</u>

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

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Budget Comparison Schedule

Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$ 934,843	\$ -	\$ 934,843	\$ 934,843	\$ -
State sources	94,309		94,309	94,309	-
Local sources	64,139	-	64,139	64,139	-
Total revenues -all sources	<u>1,093,291</u>	<u>-</u>	<u>1,093,291</u>	<u>1,093,291</u>	<u>-</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	563,816	-	563,816	563,816	-
Purchased Prof. and technical services	77,127	-	77,127	77,127	-
Other purchased services	-	-	-	-	-
General supplies	137,943	-	137,943	137,943	-
Miscellaneous expenditures	90,099	-	90,099	90,099	-
Total instruction	<u>868,985</u>	<u>-</u>	<u>868,985</u>	<u>868,985</u>	<u>-</u>
Support services					
Support services salaries	-	-	-	-	-
Employee benefits	131,041	-	131,041	131,041	-
Purchased professional services	-	-	-	-	-
Other purchased services	3,444	-	3,444	3,444	-
Supplies	-	-	-	-	-
Miscellaneous expenditures	2,172	-	2,172	2,172	-
Total support services	<u>136,657</u>	<u>-</u>	<u>136,657</u>	<u>136,657</u>	<u>-</u>
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	87,649	-	87,649	87,649	-
Total facilities acquisition and construction services	<u>87,649</u>	<u>-</u>	<u>87,649</u>	<u>87,649</u>	<u>-</u>
Total expenditures	<u>\$ 1,093,291</u>	<u>\$ -</u>	<u>\$ 224,306</u>	<u>\$ 1,093,291</u>	<u>\$ -</u>

NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION

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

C-3

Year ended June 30, 2023

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule:	[C-1]	\$ 10,170,330		
	[C-2]			\$ 1,093,291
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$ 10,170,330		\$ 1,093,291
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule				
	[C-1]	\$ 9,441,645		
	[C-2]			\$ 1,093,291
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		-		-
Net transfer (outflows) to general fund		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 9,441,645		\$ 1,093,291

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

L-1

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)	0.0112770187%	0.0106442040%	0.0089950216%	0.0076204982%	0.0068541854%	0.0049059082%	0.0064009400%	0.0063957155%	0.0040784314%	0.0038125785%
Charter School's proportionate share of the net pension liability (assets)	\$ 1,701,862	\$ 1,260,966	\$ 1,466,853	\$ 1,373,098	\$ 1,349,555	\$ 1,142,017	\$ 1,895,774	\$ 1,435,710	\$ 763,594	\$ 728,660
Charter School's covered employee payroll	\$ 576,325	\$ 476,302	\$ 433,002	\$ 433,002	\$ 393,637	\$ 375,745	\$ 357,852	\$ 444,440	\$ 392,932	\$ 202,991
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	295.30%	264.74%	338.76%	317.11%	342.84%	303.93%	529.76%	323.04%	194.33%	358.96%
Plan fiduciary net position as a percentage of the total pension liability - local	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
 County of Middlesex New Jersey

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 142,209	\$ 124,656	\$ 98,401	\$ 75,293	\$ 70,875	\$ 48,564	\$ 58,802	\$ 54,986	\$ 33,622	\$ 28,727
Contribution in relation to the contractually required contribution	(142,209)	(124,656)	(98,401)	(75,293)	(70,875)	(48,564)	(58,802)	(54,986)	(33,622)	(28,727)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered employee payroll	\$ 576,325	\$ 476,302	\$ 433,002	\$ 433,002	\$ 393,637	\$ 375,745	\$ 357,852	\$ 444,440	\$ 392,932	\$ 202,991
Contributions as a percentage of covered employee payroll	24.68%	26.17%	22.73%	17.39%	18.01%	12.92%	16.43%	12.37%	8.56%	14.15%

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

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

	2022	2021	2020	2019	Fiscal Year Ended June 30,		2016	2015	2014	2013
					2018	2017				
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 12,646,068	\$ 10,183,921	\$ 14,523,898	\$ 11,246,461	\$ 9,644,030	\$ 8,494,969	\$ 8,871,986	\$ 5,256,729	\$ 2,693,043	\$ 683,179
Total	<u>\$ 12,646,068</u>	<u>\$ 10,183,921</u>	<u>\$ 14,523,898</u>	<u>\$ 11,246,461</u>	<u>\$ 9,644,030</u>	<u>\$ 8,494,969</u>	<u>\$ 8,871,986</u>	<u>\$ 5,256,729</u>	<u>\$ 2,693,043</u>	<u>\$ 683,179</u>
Charter School's covered employee payroll	\$ 2,035,224	\$ 1,850,204	\$ 1,762,099	\$ 1,682,003	\$ 1,601,908	\$ 1,529,094	\$ 1,456,280	\$ 1,212,892	\$ 951,070	\$ 628,174
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

**Note

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

M-1

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

	Fiscal Year Ending					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 693,540	\$ 857,327	\$ 422,010	\$ 314,078	\$ 288,979	\$ 348,326
Interest cost	107,821	111,763	91,209	72,807	76,817	62,163
Changes of benefit terms	-	(4,586)	-	-	-	-
Differences between expected and actual experiences	153,621	(1,484,502)	1,357,139	271,183	(418,016)	-
Changes of assumptions	(1,091,422)	4,251	896,757	33,176	(183,617)	(345,014)
Member contributions	3,426	2,857	2,590	2,025	1,479	1,601
Gross benefit payments	(106,800)	(88,038)	(85,467)	(68,302)	(42,785)	(43,480)
Net change in total OPEB liability	(239,814)	(600,928)	2,684,238	624,967	(277,143)	23,596
Total OPEB liability - beginning	4,308,352	4,909,280	2,225,042	1,600,075	1,877,218	1,853,622
Total OPEB liability, ending	<u>\$ 4,068,538</u>	<u>\$ 4,308,352</u>	<u>\$ 4,909,280</u>	<u>\$ 2,225,042</u>	<u>\$ 1,600,075</u>	<u>\$ 1,877,218</u>
Covered employee payroll - PERS and TPAF	\$ 1,185,168	\$ 1,035,716	\$ 1,032,950	\$ 742,715	\$ 473,326	\$ 472,225
Total OPEB liability as a percentage of covered employee payroll	343%	416%	475%	300%	338%	398%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%
Charter School's contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

** Information not available.

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to Required Supplementary Information
Year Ended June 30, 2023

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

Benefit Changes

There were none.

Changes of Assumptions

None - The discount rate remained at 7% as of June 30, 2022 same as of June 30, 2021.

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

Benefit Changes

There were none.

Changes of Assumptions

None - The discount rate remained at 7% as of June 30, 2022 same as of June 30, 2021.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.16% as of June 30, 2021, to 3.54% as of June 30, 2022.

OTHER SUPPLEMENTARY INFORMATION

**SCHOOL LEVEL SCHEDULES
NOT APPLICABLE**

SPECIAL REVENUE FUND

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Special Revenue Fund

E-1

Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis

Year ended June 30, 2023

	Title IA 2022-2023	Title III Immigrant 2022-2023	IDEA Part B 2022-2023	IDEA Preschool 2022-2023	Charter School 2020-2022	ARP ESSER III 2020-2024	ARP ESSER II Learning Coaching & Educator Support 2020-2024	ARP ESSER II Summer Learning & Enrichment Activities 2020-2024	Emergent & Capital Maintenance 2021-2022	School Climate Change Grant	Student Activity Fund	Total
Revenues												
Federal sources	\$ 79,865	\$ 2,880	\$ 113,003	\$ 3,066	\$ 536,858	\$ 143,634	\$ 50,755	\$ 4,782	\$ -	\$ -	\$ -	\$ 934,843
State sources	-	-	-	-	-	-	-	-	87,649	6,660	-	94,309
Local sources	-	-	-	-	-	-	-	-	-	-	64,139	64,139
Total revenues -all sources	\$ 79,865	\$ 2,880	\$ 113,003	\$ 3,066	\$ 536,858	\$ 143,634	\$ 50,755	\$ 4,782	\$ 87,649	\$ 6,660	\$ 64,139	\$ 1,093,291
Expenditures												
Instruction												
Salaries of teachers	\$ 55,008	\$ -	\$ 73,000	\$ -	\$ 275,398	\$ 108,480	\$ 47,148	\$ 4,782	\$ -	\$ -	\$ -	\$ 563,816
Purchased Prof. and technical services	20,393	-	-	-	38,020	18,714	-	-	-	-	-	77,127
Other purchased services	-	-	-	-	-	-	-	-	-	-	-	-
General supplies	-	2,880	2,773	3,066	116,261	11,919	-	-	-	1,044	-	137,943
Miscellaneous expenditures	-	-	-	-	25,960	-	-	-	-	-	64,139	90,099
Total instruction	75,401	2,880	75,773	3,066	455,639	139,113	47,148	4,782	-	1,044	64,139	868,985
Support services												
Support services salaries	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefits	4,464	-	37,230	-	81,219	4,521	3,607	-	-	-	-	131,041
Purchased professional services	-	-	-	-	-	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-	-	-	-	3,444	-	3,444
Supplies	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-	2,172	-	2,172
Total support services	4,464	-	37,230	-	81,219	4,521	3,607	-	-	5,616	-	136,657
Facilities acquisition and construction services												
Instructional equipment	-	-	-	-	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	-	87,649	-	-	87,649
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	87,649	-	-	87,649
Total expenditures	\$ 79,865	\$ 2,880	\$ 113,003	\$ 3,066	\$ 536,858	\$ 143,634	\$ 50,755	\$ 4,782	\$ 87,649	\$ 6,660	\$ 64,139	\$ 1,093,291
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year (restated)	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL PROJECTS FUND

At June 30, 2023, there was no capital project fund.

ENTERPRISE FUND

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Enterprise Funds**

G-1

Combining Statement of Net Assets

June 30, 2023

	Food Services
Assets	
Current assets:	
Cash and cash equivalents	\$ 12,944
Accounts receivable:	-
Federal	4,319
State	123
Other current assets	-
Interfunds receivable	-
Total current assets	\$ 17,386
Liabilities	
Current liabilities:	
Interfunds payable	\$ 47,526
Accounts payable	3,030
Total current liabilities	50,556
Net position	
Unrestricted	(33,170)
Total net position	\$ (33,170)

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Enterprise Fund**

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Assets

Year ended June 30, 2023

	Food Services
Operating revenues:	
Charges for services:	
Daily sales - reimbursable program	\$ 14,828
Daily sales - non-reimbursable program	-
Miscellaneous revenue	-
Total Operating revenues	14,828
Operating expenses:	
Cost of sales - reimburseable program	-
Cost of sales - non-reimburseable program	-
Salaries	19,695
Employee benefits	-
Professional /technical service	48,742
Supplies and materials	3,396
Depreciation	-
Miscellaneous	-
Total operating expenses	71,833
Operating income/(loss)	(57,005)
Nonoperating revenues:	
State sources:	
State school lunch program	752
State school breakfast program	-
Federal sources:	
National school lunch program	22,542
National school breakfast program	-
After school snacks program	-
Healthy, Hunger-Free Kids Act	541
Summer Food Program	-
Total nonoperating revenues	23,835
Net income/(loss) before contributions & transfers	(33,170)
Other financing sources:	
Transfer in/(out) - board contribution	-
	-
Change in net position	(33,170)
Total net position-beginning of year	-
Total net position-end of year	\$ (33,170)

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Enterprise Fund**

G-3

Statement of Cash Flows

Year ended June 30, 2023

	Food Services
Cash flows from operating activities	
Operating loss	\$ (57,005)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(4,442)
Due to/from general fund	47,526
Accounts payable	3,030
Net cash used in operating activities	(10,891)
 Cash flows from noncapital financing activities:	
Cash received from state reimbursements	752
Cash received from federal reimbursements	23,083
Transfers within fund	-
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	23,835
 Cash flows from investing activities	-
 Net change in cash and cash equivalents	12,944
Cash and cash equivalents, beginning	-
Cash and cash equivalents, ending	\$ 12,944

FIDUCIARY FUND
Not Applicable

LONG-TERM DEBT

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

Long-Term Debt
Schedule of Obligations Under Renovation Loan

Year ended June 30, 2023

<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2022</u>	<u>Acquired Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2023</u>
NONE					
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-1

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

	2023		2022		2021		2020		Fiscal Year Ended June 30,		2017		2016		2015		2014	
									2019	2018								
Governmental activities																		
Invested in capital assets, net of related debt	\$	57,661	\$	47,160	\$	32,914	\$	42,453	\$	25,519	\$	-	\$	-	\$	-	\$	-
Restricted		-		-		-		-		-		-		-		-		-
Unrestricted		732,442		(24,915)		(517,998)		(492,336)		(605,630)		(691,008)		(851,449)		(620,768)		(473,640)
Total governmental activities net assets	\$	790,103	\$	22,245	\$	(485,084)	\$	(449,883)	\$	(580,111)	\$	(691,008)	\$	(851,449)	\$	(620,768)	\$	(473,640)
Business-type activities																		
Invested in capital assets, net of related debt	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Restricted		-		-		-		-		-		-		-		-		-
Unrestricted		(33,170)		-		-		-		-		-		-		-		-
Total business-type activities	\$	(33,170)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
School-wide																		
Invested in capital assets, net of related debt	\$	57,661	\$	47,160	\$	32,914	\$	42,453	\$	25,519	\$	-	\$	-	\$	-	\$	-
Restricted		-		-		-		-		-		-		-		-		-
Unrestricted		699,272		(24,915)		(517,998)		(492,336)		(605,630)		(691,008)		(851,449)		(620,768)		(473,640)
Total charter school net position	\$	756,933	\$	22,245	\$	(485,084)	\$	(449,883)	\$	(580,111)	\$	(691,008)	\$	(851,449)	\$	(620,768)	\$	(473,640)

Notes

GASB requires that ten year of statistical data be presented.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

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

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,804,233	\$ 4,355,350	\$ 3,565,222	\$ 3,391,320	\$ 3,174,400	\$ 3,172,612	\$ 2,712,502	\$ 2,172,064	\$ 1,750,218	\$ 1,550,005
Support services:										
General administration	3,620,196	3,357,949	3,057,500	2,579,982	2,436,023	2,101,967	1,855,100	1,666,525	1,032,648	955,385
School administrative services	1,656,713	1,845,536	1,399,022	1,084,990	991,776	649,088	811,915	897,458	788,509	716,682
On-behalf TPAF/FICA reimbursements	248,499	228,698	208,447	189,968	176,743	153,693	146,923	102,071	98,373	87,035
Capital outlay	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	166,122	122,297	9,539	9,539	6,380	-	-	-	-	-
Total governmental activities expenses	<u>10,495,763</u>	<u>9,909,830</u>	<u>8,239,730</u>	<u>7,255,799</u>	<u>6,785,322</u>	<u>6,077,360</u>	<u>5,526,440</u>	<u>4,838,118</u>	<u>3,669,748</u>	<u>3,309,107</u>
Business-type activities:										
Total business-type activities expense										
Total charter school expenses	<u>\$ 10,495,763</u>	<u>\$ 9,909,830</u>	<u>\$ 8,239,730</u>	<u>\$ 7,255,799</u>	<u>\$ 6,785,322</u>	<u>\$ 6,077,360</u>	<u>\$ 5,526,440</u>	<u>\$ 4,838,118</u>	<u>\$ 3,669,748</u>	<u>\$ 3,309,107</u>
Program revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 1,093,291	\$ 1,253,222	\$ 286,406	\$ 158,955	\$ 137,885	\$ 172,940	\$ 203,779	\$ 241,509	\$ 63,167	\$ 80,507
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>1,093,291</u>	<u>1,253,222</u>	<u>286,406</u>	<u>158,955</u>	<u>137,885</u>	<u>172,940</u>	<u>203,779</u>	<u>241,509</u>	<u>63,167</u>	<u>80,507</u>
Business-type activities:										
Total business type activities program revenues										
Total charter school program revenues	<u>\$ 1,093,291</u>	<u>\$ 1,253,222</u>	<u>\$ 286,406</u>	<u>\$ 158,955</u>	<u>\$ 137,885</u>	<u>\$ 172,940</u>	<u>\$ 203,779</u>	<u>\$ 241,509</u>	<u>\$ 63,167</u>	<u>\$ 80,507</u>

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

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

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net (expense)/revenue										
Governmental activities	\$ (9,402,472)	\$ (8,656,608)	\$ (7,953,324)	\$ (7,096,844)	\$ (6,647,437)	\$ (5,904,420)	\$ (5,322,661)	\$ (4,596,609)	\$ (3,606,581)	\$ (3,228,600)
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total charter school-wide net expense	<u>\$ (9,402,472)</u>	<u>\$ (8,656,608)</u>	<u>\$ (7,953,324)</u>	<u>\$ (7,096,844)</u>	<u>\$ (6,647,437)</u>	<u>\$ (5,904,420)</u>	<u>\$ (5,322,661)</u>	<u>\$ (4,596,609)</u>	<u>\$ (3,606,581)</u>	<u>\$ (3,228,600)</u>
General revenues and other changes in net position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 6,391,657	\$ 5,797,716	\$ 5,336,022	\$ 4,816,680	\$ 4,583,359	\$ 4,021,518	\$ 3,573,003	\$ 3,280,792	\$ 2,887,658	\$ 2,370,871
Grants and contributions	3,745,194	3,211,746	2,532,070	2,365,692	2,174,327	1,960,801	1,507,482	1,162,347	827,412	858,721
Miscellaneous income	33,479	154,475	50,031	44,700	648	82,542	11,495	6,342	503	3,025
Total governmental activities	<u>10,170,330</u>	<u>9,163,937</u>	<u>7,918,123</u>	<u>7,227,072</u>	<u>6,758,334</u>	<u>6,064,861</u>	<u>5,091,980</u>	<u>4,449,481</u>	<u>3,715,573</u>	<u>3,232,617</u>
Business-type activities:										
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>\$ 10,170,330</u>	<u>\$ 9,163,937</u>	<u>\$ 7,918,123</u>	<u>\$ 7,227,072</u>	<u>\$ 6,758,334</u>	<u>\$ 6,064,861</u>	<u>\$ 5,091,980</u>	<u>\$ 4,449,481</u>	<u>\$ 3,715,573</u>	<u>\$ 3,232,617</u>
Change in net position										
Governmental activities	\$ 767,858	\$ 507,329	\$ (35,201)	\$ 130,228	\$ 110,897	\$ 160,441	\$ (230,681)	\$ (147,128)	\$ 108,992	\$ 4,017
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total charter school	<u>\$ 767,858</u>	<u>\$ 507,329</u>	<u>\$ (35,201)</u>	<u>\$ 130,228</u>	<u>\$ 110,897</u>	<u>\$ 160,441</u>	<u>\$ (230,681)</u>	<u>\$ (147,128)</u>	<u>\$ 108,992</u>	<u>\$ 4,017</u>

Notes

GASB requires that ten year of statistical data be presented.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-3

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Fiscal Year Ended June 30,</u>		<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
					<u>2019</u>	<u>2018</u>				
General Fund										
Unreserved	\$2,077,007	\$ 1,348,322	\$ 970,008	\$ 812,062	\$ 646,578	\$ 449,931	\$ 225,982	\$ 246,471	\$ 234,907	\$ 180,962
Total general fund	<u>\$2,077,007</u>	<u>\$ 1,348,322</u>	<u>\$ 970,008</u>	<u>\$ 812,062</u>	<u>\$ 646,578</u>	<u>\$ 449,931</u>	<u>\$ 225,982</u>	<u>\$ 246,471</u>	<u>\$ 234,907</u>	<u>\$ 180,962</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes

GASB requires that ten year of statistical data be presented.

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-4

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

Function	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Local tax levy	\$ 6,391,657	\$ 5,797,716	\$ 5,336,022	\$ 4,816,680	\$ 4,583,359	\$ 4,021,518	\$ 3,573,003	\$ 3,280,792	\$ 2,887,658	\$ 2,370,800
Contributions	64,139	153,592	17,297	-	-	55,920	10,000	10,000	17,594	27,953
Miscellaneous	33,479	154,475	50,031	44,700	648	82,542	11,495	6,342	503	3,025
State sources	3,839,503	3,254,319	2,532,070	2,365,692	2,174,327	1,960,801	1,507,482	1,162,347	827,412	858,721
Federal sources	934,843	1,057,057	261,042	158,955	137,885	117,020	193,779	231,509	45,573	52,625
Total revenue	11,263,621	10,417,159	8,196,462	7,386,027	6,896,219	6,237,801	5,295,759	4,690,990	3,778,740	3,313,124
Expenditures										
Instruction	4,804,233	4,355,350	3,565,222	3,391,320	3,174,400	3,172,612	2,712,502	2,172,064	1,750,218	1,550,005
Administration	3,737,842	3,383,744	2,873,892	2,527,792	2,324,754	2,038,459	1,644,908	1,507,833	1,087,695	955,385
Support services	1,905,212	2,074,234	1,607,469	1,274,958	1,168,519	802,781	958,838	999,529	886,882	800,596
Capital Outlay	87,649	225,517	-	26,473	31,899	-	-	-	-	-
Total expenditures	10,534,936	10,038,845	8,046,583	7,220,543	6,699,572	6,013,852	5,316,248	4,679,426	3,724,795	3,305,986
Net change in fund balances	\$ 728,685	\$ 378,314	\$ 149,879	\$ 165,484	\$ 196,647	\$ 223,949	\$ (20,489)	\$ 11,564	\$ 53,945	\$ 7,138

Source: Charter School's Records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
 County of Middlesex New Jersey

J-5

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

Function	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Other local revenues										
Unrestricted donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71
Miscellaneous	33,479	154,475	50,031	44,700	648	82,542	11,495	6,342	503	3,025
Total other local revenue	<u>\$ 33,479</u>	<u>\$ 154,475</u>	<u>\$ 50,031</u>	<u>\$ 44,700</u>	<u>\$ 648</u>	<u>\$ 82,542</u>	<u>\$ 11,495</u>	<u>\$ 6,342</u>	<u>\$ 503</u>	<u>\$ 3,096</u>

Source: Charter School's Records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-10

Ratio of Outstanding Debt By Type
Last Ten Fiscal Years

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

NONE

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-14

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	48,459	\$ 2,435,888,553	\$ 50,267	7.10%
2015	48,749	2,558,640,014	52,486	7.10%
2016	48,976	2,618,599,792	53,467	7.10%
2017	48,630	2,600,100,210	53,467	7.10%
2018	48,630	2,600,100,210	53,467	3.70%
2019	48,630	2,600,100,210	53,467	3.70%
2020	48,630	2,600,100,210	53,467	3.70%
2021	48,630	2,600,100,210	53,467	3.70%
2022	48,630	2,600,100,210	53,467	3.70%
2023	48,630	2,600,100,210	53,467	3.70%

Source:

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

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

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

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-15

Principal Employers
Current Year
(Unaudited)

2023

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

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-16

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

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction										
Regular	48	48	48	48	48	46	45	39	18	18
Special education	6	6	6	6	6	6	6	6	5	5
Vocational										
Other instruction	12	12	12	12	12	12	11	11	10	10
Support Services:										
Student & instruction related services	3	3	3	3	3	3	3	3	3	3
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	3	3	3	3	3	3	3	3	3	3
Other administrative services										
Central services										
Administrative Information Technology										
Plant operations and maintenance	1	1	1	1	1	1	1	1	1	1
Pupil transportation										
Other support services	-	-	-	-	-	-	-	-	-	-
Total	<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>	<u>74</u>	<u>72</u>	<u>66</u>	<u>43</u>	<u>43</u>

Source: Charter School Personnel Records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-17

Operating Statistics

**Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Kindergarten	Elementary				
2014	269	\$ 3,305,986	\$ 12,290	21.30%	33	1:11	1:11	269	252	29.73%	93.68%
2015	299	3,724,795	12,458	12.67%	33	1:11	1:11	299	282	11.15%	94.31%
2016	333	4,679,426	14,052	25.63%	56	1:11	1:11	333	311	11.37%	93.39%
2017	376	5,316,248	14,139	13.61%	62	1:11	1:11	376	368	12.91%	97.87%
2018	438	6,013,852	13,730	13.12%	64	1:11	1:11	438	429	16.49%	97.95%
2019	489	6,667,673	13,635	10.87%	66	1:11	1:11	489	479	11.64%	97.96%
2020	518	7,194,070	13,888	7.89%	66	1:11	1:11	518	508	5.93%	98.07%
2021	548	8,046,583	14,684	11.85%	66	1:11	1:11	548	540	5.79%	98.62%
2022	570	9,813,328	17,216	21.96%	66	1:11	1:11	570	564	4.01%	98.99%
2023	596	10,447,287	17,529	6.46%	66	1:11	1:11	596	591	4.56%	99.10%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
 County of Middlesex New Jersey

J-18

School Building Information
 Last Ten Fiscal Years
 (Unaudited)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Square Feet	56,675	56,675	56,675	56,675	56,675	56,675	56,675	56,675	56,675	56,675
Capacity (students)	675	675	675	675	675	450	400	400	400	400
Enrollment	596	570	548	518	489	438	376	333	299	269

Source: School Records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-19

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

2014	636,111
2015	729,508
2016	825,107
2017	775,626
2018	599,638
2019	961,730
2020	1,051,960
2021	1,295,459
2022	695,058
2023	648,668
Total	<u>\$ 8,218,865</u>

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

Source: Charter School records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-20

Insurance Schedule

June 30, 2023
(Unaudited)

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-21

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2023
(Unaudited)

	2023	2022	2021
Cash	\$ 2,233,734	\$ 1,739,394	\$ 1,843,219
Current assets	889,859	576,241	293,078
Capital assets	57,661	136,134	32,914
Total assets	<u>3,181,254</u>	<u>2,451,769</u>	<u>2,169,211</u>
Current liabilities	72,544	99,154	153,436
Long term liabilities	-	-	-
Total liabilities	<u>72,544</u>	<u>99,154</u>	<u>153,436</u>
Net position	<u>\$ 3,108,710</u>	<u>\$ 2,352,615</u>	<u>\$ 2,015,775</u>
Total revenue	\$ 11,263,621	\$ 10,417,159	\$ 8,196,462
Total expenses	(10,534,936)	(10,038,845)	(8,046,583)
Change in net position	<u>\$ 728,685</u>	<u>\$ 378,314</u>	<u>\$ 149,879</u>
Depreciation expense	\$ 166,122	\$ 122,297	\$ 9,539
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	596	570	548
March 30th budgeted enrollment	600	600	550

	2023	2022	2021	Three Year Cumulative
NEAR TERM INDICATORS:				
Current ratio	43.06	23.35	13.92	80.33
Unrestricted days cash	77.39	63.24	83.61	224.24
Enrollment variance	99%	95%	100%	98%
Default	N/A	N/A	N/A	N/A

Source: Charter School Records

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
County of Middlesex New Jersey

J-22

Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2023
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash	\$ 2,233,734	\$ 1,739,394	\$ 1,843,219
Current assets	889,859	576,241	293,078
Total assets	<u>3,123,593</u>	<u>2,315,635</u>	<u>2,136,297</u>
Current liabilities	72,544	99,154	153,436
Long term liabilities	-	-	-
Total liabilities	<u>72,544</u>	<u>99,154</u>	<u>153,436</u>
Net position	<u>\$ 3,051,049</u>	<u>\$ 2,216,481</u>	<u>\$ 1,982,861</u>
Total revenue	\$ 11,263,621	\$ 10,417,159	\$ 8,196,462
Total expenses	(10,534,936)	(10,038,845)	(8,046,583)
Change in net position	<u>\$ 728,685</u>	<u>\$ 378,314</u>	<u>\$ 149,879</u>
Depreciation expense	\$ 166,122	\$ 122,297	\$ 9,539
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	596	570	548
March 30th budgeted enrollment	600	600	550

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Three Year Cumulative</u>
SUSTAINABILITY INDICATORS:				
Total margin	6%	4%	2%	4%
Liabilities to asset	N/A	N/A	N/A	N/A
Cash flow	\$ 494,340	\$ (103,825)	\$ 556,702	\$ 947,217
Debt service coverage ratio	N/A	N/A	N/A	N/A

Source: Charter School Records

SINGLE AUDIT SECTION

Olugbenga Olabintan

Certified Public Accountant/Consultant

137 Camden Street, Suite #3
Newark, NJ 07103

Tel: (201) 230-7518
Fax: (973) 368-8268
E-mail: oolabintan@aol.com

K-1

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hatikvah International Academy Charter School, in the County of Middlesex, State of New Jersey (“the Charter School”) as of and for the year ended June 30, 2023, 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 29, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Olugbenga Olabintan, CPA

December 29, 2023
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



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

Olugbenga Olabintan

Certified Public Accountant/Consultant

137 Camden Street, Suite #3
Newark, NJ 07103

Tel: (201) 230-7518
Fax: (973) 368-8268
E-mail: oolabintan@aol.com

K-2

Independent Auditors' Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance and *State of New Jersey Department of Treasury Circular 15-08-OMB*

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

Compliance

We have audited the Hatikvah International Academy Charter School in the County of Middlesex, State of New Jersey ("the Charter School") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplements and *State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal and state programs for the year ended June 30, 2023. The Organization's major federal and 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 Organization 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 federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey Department of the Treasury Circular Letter 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 the Organization 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 federal and state programs. Our audit does not provide a legal determination of the Organization'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 the Organization's federal and state 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 the Organization'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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey Department of the Treasury Circular Letter 15-08 OMB 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 the Organization's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey Department of the Treasury Circular Letter 15-08 OMB, 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 the Organization'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 the Organization'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 the Uniform Guidance and New Jersey Department of the Treasury Circular Letter 15-08 OMB, but

not for the purpose of expressing an opinion on the effectiveness of the Organization'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 federal and state programs 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 federal and 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 federal and 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.

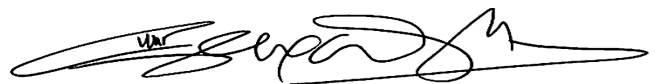
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance and New Jersey Department of the Treasury Circular Letter 15-08 OMB. Accordingly, this report is not suitable for any other purpose.

Olugbenga Olabintan, CPA

December 29, 2023
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal Grant/ Pass-Through Grantor/ Program Title	Assistance Listing (AL) Number	Federal Award Identification Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2022	Deferred Revenue at June 30, 2022	Due to Grantor at June 30, 2022	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2023	Deferred Revenue at June 30, 2023	Due to Grantor at June 30, 2023
Special Revenue Fund:															
U.S. Department of Education, Pass-Through Programs:															
Passed-Through State of New Jersey Department of Education															
Title IA - FY 2022-2023	84.010	S010A220030	7/1/22-9/30/23	\$ 79,865	\$ -	\$ -	\$ -	\$ -	\$ 72,909	\$ (79,865)	\$ -	\$ (6,956)	\$ -	\$ -	\$ -
Title III Immigrant - FY 2022-2023	84.365A	S365A220030	7/1/22-9/30/23	2,880	-	-	-	-	2,880	(2,880)	-	-	-	-	-
IDEA Part B - FY 2022-2023	84.027	H027A220100	7/1/22-9/30/23	113,003	-	-	-	-	102,980	(113,003)	-	(10,023)	-	-	-
IDEA Preschool - FY 2022-2023	84.173	H173A220114	7/1/22-9/30/23	2,481	-	-	-	-	3,066	(3,066)	-	-	-	-	-
CRRSA - ESSER II	84.425D	S425D210027	3/13/20-9/30/23	163,387	-	-	-	-	-	-	-	-	-	-	-
CRRSA - ESSER II - Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	25,000	-	-	-	-	-	-	-	-	-	-	-
CRRSA - ESSER II - Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000	(5,238)	-	-	-	5,238	-	-	-	-	-	-
ARP - ESSER III	84.425U	S425U210027	3/13/20-9/30/24	367,201	(73,268)	-	-	-	196,077	(143,634)	-	(20,825)	-	-	-
ARP - ESSER III-Learning Coaching & Educator	84.425U	S425U210027	3/13/20-9/30/24	50,755	-	-	-	-	45,682	(50,755)	-	(5,073)	-	-	-
ARP - ESSER III-Summer Learning & Enrichment	84.425U	S425U210027	3/13/20-9/30/24	40,000	-	-	-	-	4,782	(4,782)	-	-	-	-	-
ARP - IDEA, Basic	84.027X	H027X210100	7/1/22-9/30/23	23,693	(2,275)	-	-	-	2,275	-	-	-	-	-	-
ARP - IDEA, Preschool	84.173X	H173X210114	7/1/22-9/30/23	2,022	(143)	-	-	-	143	-	-	-	-	-	-
Title IA - FY 2021-2022	84.010	S010A210030	7/1/21-9/30/22	79,548	(79,548)	-	-	-	79,548	-	-	-	-	-	-
IDEA Part B - FY 2022-2023	84.027	H027A210100	7/1/21-9/30/22	106,028	(12,070)	-	-	-	12,070	-	-	-	-	-	-
IDEA Preschool - FY 2022-2023	84.173	H173A210114	7/1/21-9/30/22	2,481	(1,334)	-	-	-	1,334	-	-	-	-	-	-
Total U.S. Department of Education, Passed Through NJDOE					(173,876)	-	-	-	528,984	(397,985)	-	(42,877)	-	-	-
U.S. Department of Education, Direct Program:															
Charter Schools Grant - Replication and Expansion of High-Quality															
Charter Schools - 2021-2022	84.282M	S282M210004	10/1/21-6/30/22	381,785	(113,870)	-	-	-	113,870	-	-	-	-	-	-
Charter Schools - 2022-2023	84.282M	S282M220004	10/1/22-6/30/23	536,989	-	-	-	-	372,096	(536,858)	-	(164,762)	-	-	-
Total for U.S. Department of Education, Direct Program					(113,870)	-	-	-	485,966	(536,858)	-	(164,762)	-	-	-
Total Special Revenue/U.S. Department of Education					(287,746)	-	-	-	1,014,950	(934,843)	-	(207,639)	-	-	-
Enterprise Fund:															
U.S. Department of Agriculture															
Passed-Through New Jersey Dept of Agriculture															
National school lunch program	10.555	231NJ304N1199	7/1/22-6/30/23	22,542	-	-	-	-	18,313	(22,542)	-	(4,229)	-	-	-
Healthy, Hunger-Free Kids Act	10.555	231NJ304N1199	7/1/22-6/30/23	541	-	-	-	-	451	(541)	-	(90)	-	-	-
Subtotal Assistance Listing # 10.555				23,083	-	-	-	-	18,764	(23,083)	-	(4,319)	-	-	-
National School breakfast program	10.553	231NJ304N1099	7/1/22-6/30/23	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Assistance Listing # 10.553				-	-	-	-	-	-	-	-	-	-	-	-
Total Enterprise Fund/U.S. Department of Agriculture				23,083	-	-	-	-	18,764	(23,083)	-	(4,319)	-	-	-
Total Expenditures of Federal Awards				\$ (287,746)	\$ -	\$ -	\$ -	\$ -	\$ 1,033,714	\$ (957,926)	\$ -	\$ (211,958)	\$ -	\$ -	\$ -

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

Schedule of Expenditures of State Awards

Year ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2022	Deferred Revenue at June 30, 2022	Due to Grantor at June 30, 2022	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2023	Deferred Revenue at June 30, 2023	Due to Grantor at June 30, 2023
State Department of Education														
General Fund:														
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 8,204,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,721,491	\$ (8,204,645)	\$ -	\$ (466,201)	\$ -	\$ 50,645
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	7,220,148	(136,971)	-	76,078	-	-	136,971	-	(76,078)	-	-	-
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	197,998	-	-	-	-	-	197,998	(197,998)	-	-	-	-
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	65,239	-	-	-	-	-	65,239	(65,239)	-	-	-	-
State Non-Public Aid	23-100-034-5120-064	7/1/22-6/30/23	151,154	-	-	-	-	-	137,879	(151,154)	-	(13,275)	-	-
State Non-Public Aid	22-100-034-5120-064	7/1/21-6/30/22	107,614	(8,862)	-	-	-	-	8,862	-	-	-	-	-
TPAF/FICA Reimbursements	23-495-034-5094-003	7/1/22-6/30/23	248,499	-	-	-	-	-	224,736	(248,499)	-	(23,763)	-	-
TPAF/FICA Reimbursements	22-495-034-5094-003	7/1/21-6/30/22	228,698	(9,499)	-	-	-	-	9,499	-	-	-	-	-
TPAF Post Retirement Medical Contribution	23-495-034-5094-001	7/1/22-6/30/23	263,860	-	-	-	-	-	263,860	(263,860)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	23-495-034-5094-002	7/1/22-6/30/23	1,004,424	-	-	-	-	-	1,004,424	(1,004,424)	-	-	-	-
TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	1,032	-	-	-	-	-	1,032	(1,032)	-	-	-	-
Total General Fund				(155,332)	-	76,078	-	-	10,771,991	(10,136,851)	(76,078)	(503,239)	-	50,645
Special Revenue Fund:														
Preschool and Charter Security Grant	23-495-034-5120-086	7/1/22-6/30/23	28,139	(20,033)	-	-	-	-	-	-	-	(20,033)	-	-
Charter & Renaissance School Project Emergent and Capital Maintenance Funds	23-495-034-5120-071	7/1/22-6/30/23	42,573	-	-	-	-	-	87,649	(87,649)	-	-	-	-
School Climate Change Grant	Not Available	4/1/23-6/30/23	6,660	-	-	-	-	-	-	(6,660)	-	(6,660)	-	-
Total Special Revenue Fund				(20,033)	-	-	-	-	87,649	(94,309)	-	(26,693)	-	-
Total New Jersey State Department of Education				(175,365)	-	76,078	-	-	10,859,640	(10,231,160)	(76,078)	(529,932)	-	50,645
State Department of Agriculture														
Enterprise Fund:														
State school lunch program	23-100-010-3350-023		752	-	-	-	-	-	629	(752)	-	(123)	-	-
Total Enterprise Fund/State Department of Agriculture				-	-	-	-	-	629	(752)	-	(123)	-	-
Total State Financial Assistance				\$ (175,365)	\$ -	\$ 76,078	\$ -	\$ -	\$ 10,860,269	(10,231,912)	\$ (76,078)	\$ (530,055)	\$ -	\$ 50,645
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution										263,860				
TPAF Pension Contribution - Normal & NCGI										1,004,424				
TPAF Pension Contribution - Long-Term Disability Insurance										1,032				
Total Expenditures of State Financial Assistance Subject to Single Audit										\$ (8,962,596)				

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2023

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Charter School's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made. The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0- for the general fund and \$-0- for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3).

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2023

3. Relationship to Basic Financial Statements - *continued*

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 10,136,851	\$ 10,136,851
Special Revenue Fund	934,843	94,309	1,029,152
Enterprise Fund	23,083	752	23,835
Total	<u>\$ 957,926</u>	<u>\$ 10,231,912</u>	<u>\$ 11,189,838</u>

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. Other

TPAF Social Security contribution in the amount of \$248,499 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2023. The amount reported as TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions in the amount of \$1,269,316 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2023.

6. Paycheck Protection Program Not Subject to Federal Single Audit

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2023

7. On Behalf Programs Not Subject to State Single Audit

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

8. De Minimis Indirect Cost

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Part I Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes No

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

Noncompliance material to basic financial statements noted? _____ Yes No

Federal Awards:

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

Internal control over major programs:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Any audit findings disclosed that are required to be
 reported in accordance with 2 CFR 200.516(a)? _____ Yes No

Identification of major programs:

Assistance Listing		
<u>Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425U	S425U210027	American Rescue Plan (ARP) ESSER III
84.282M	S282M200004	CSP – Charter Schools Grant – Replication and Expansion of High Quality
10.555	231NJ304N1099	National School Lunch Program and Healthy, Hunger Free Kids Act – (Cluster)

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

Auditee qualifies as low-risk auditee? Yes _____ No

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Part I Summary of Auditors' Results - *continued*

State Financial Assistance Section

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

Auditee qualifies as low-risk auditee? yes No

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

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

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

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
23-495-034-5120-078	Equalization Aid
23-495-034-5120-089	Special Education Aid
23-495-034-5120-084	Security Aid
23-495-034-5120-064	State Non-Public Aid

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Part II – Schedule of Financial Statement Findings

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

NONE

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

**HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Part III – Schedule of Federal Awards and State Financial Assistance

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

Schedule of Federal Awards

The Charter School was determined to expend less than \$750,000 in federal awards and was therefore exempt from the federal single audit requirements for 2023.

Schedule of State Financial Assistance

NONE

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
(County of Middlesex)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2023

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

There were no prior year's audit findings.