

HOPE ACADEMY CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2015

HOPE ACADEMY CHARTER SCHOOL

***Hope Academy Charter School
Board of Trustees
Asbury Park, New Jersey***

***Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2015***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Prepared by
Hope Academy Charter School
Finance Department

And
Barre & Company, CPAs

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INTRODUCTORY SECTION

**HOPE ACADEMY CHARTER SCHOOL
601 GRAND AVENUE
ASBURY PARK, NEW JERSEY 07712
(732) 988-4227**

December 14, 2015

Honorable President and
Members of the Board of Trustees
Hope Academy Charter School
601 Grand Avenue
Asbury Park, New Jersey 07712

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Hope Academy Charter School (Charter School) for the fiscal year ended June 30, 2015. This CAFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board).

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Charter School. This report will provide the taxpayers of the Hope Academy Charter School with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

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

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

- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, “*Audits of States, Local Governments and Non-Profit Organizations*”, and the New Jersey State Office of Management and Budget (OMB) Circular 04-04, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

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

The Head of School is the chief executive officer of the Charter School, responsible to the Board for total educational and support operations. The School Business Administrator is the chief financial officer of the Charter School, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey law.

1. REPORTING ENTITY AND ITS SERVICES: Hope Academy Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report. The Charter School’s Board of Trustees, constitutes the Charter School’s reporting entity.

The Hope Academy Charter School provides a full range of educational services appropriate to grade levels Kindergarten through Grade 8. These services include regular, as well as special education, ELL and basic skills instruction. The Charter School completed the 2014-2015 school year with an enrollment of 205 students. The following details the student enrollment of the Charter School:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-2015	203.53	-0.53%
2013-2014	204.6	-0.93%
2012-2013	206.5	5.47%
2011-2012	195.2	4.71%
2010-2011	186	4.41%
2009-2010	177.8	24.07%

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

3. INTERNAL ACCOUNTING CONTROLS: Management of the Board of Trustees is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft 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 internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial assistance, the Charter School is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the Charter School management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal and State financial assistance programs, as well as to determine that the Charter School has complied with applicable laws, regulations, contracts, and grants.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

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

6. **RISK MANAGEMENT:** The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive collision, hazard and theft insurance on property and contents.

7. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, CPA’s, was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, “*Audits of State, Local Governments and Non-Profits Organizations*” and New Jersey Circular Letter 04-04 OMB, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.” The auditor’s report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

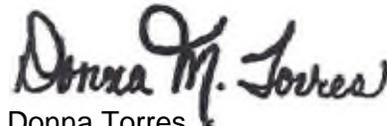
8. **ANTI-BULLYING:** On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act (“Act”) requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. In 2014-2015 training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

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

Respectfully submitted,



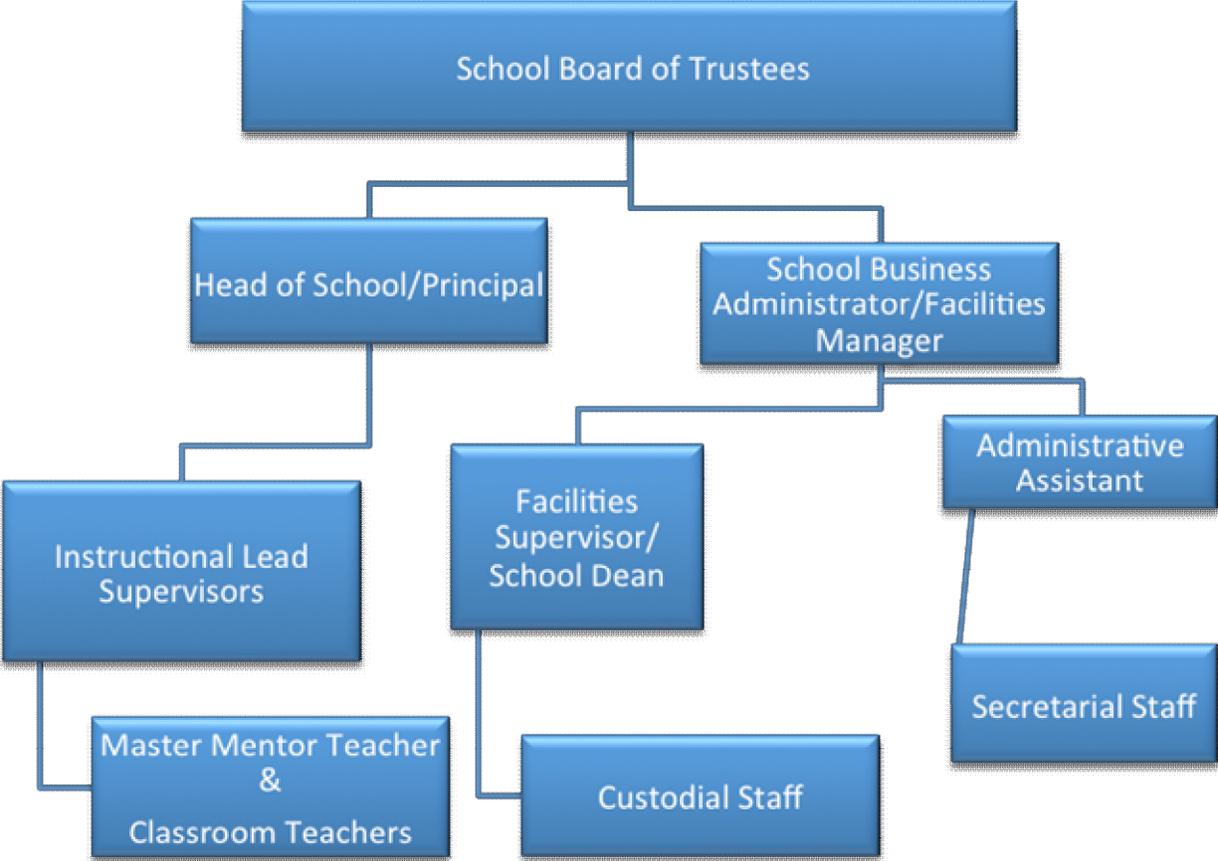
DaVisha T. Pratt
Principal / CSA



Donna Torres
Business Administrator/Board Secretary

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

Organizational Chart



**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2015**

MEMBERS OF THE BOARD OF TRUSTEES

Claudia Morgan, President

Frankie Winrow, Vice President

Sheree Jones, Trustee

Dennis Carroll, Trustee

Arlene Cabrera, Trustee

OTHER OFFICIALS

Donna Torres, Board Secretary/Business Administrator

DaVisha Pratt, Head Of School/CSA

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Frederick Neimann, P.C.
3499 Route 9 North
Suite 1-F
Freehold, New Jersey 07728

Official Depository

TD Bank
2200 Highway 66
Neptune, New Jersey 07753

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

908.686.3484

FAX - 908.686.6055

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Hope Academy Charter School
County of Monmouth
Asbury Park, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hope Academy Charter School (Charter School), in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Charter School's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hope Academy Charter School, in the County of Monmouth, State of New Jersey, as of June 30, 2015, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the basic financial statements, the Charter School implemented Governmental Accounting Standard Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions-An Amendment to the GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment if GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balance on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 13 to the basic financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 14 through 20 and pages 67 through 60, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hope Academy Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual non major fund financial statements and schedules of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget (OMB) Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*," and New Jersey OMB's Circular 04-04, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*," respectively; and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 on our consideration of the Hope Academy Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey* in considering the Hope Academy Charter School's internal control over financial reporting and compliance.



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's
Union, New Jersey

December 14, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

The discussion and analysis of Hope Academy Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ❖ General revenues accounted for \$3,546,347 in revenue or 94% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$223,107 or 6% percent of total revenues of \$3,769,454.
- ❖ The Charter School had 3,568,569 in expenses; only \$223,107 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$3,546,347 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had 3,231,357 in revenues and \$2,988,069 in expenditures. The General Fund's fund balance increased \$243,288 from 2014. This increase was anticipated by the Board of Trustees.
- ❖ During 2015, the Charter School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions- an amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Hope Academy Charter School, the General Fund is by far the most significant fund.

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2015?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Statement of Net Position and the Statement of Activities

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

Governmental Funds

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds 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.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 36 of this report.

The Charter School as a Whole

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

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

The Charter School's combined net position were \$727,266 for 2015 and \$1,149,210 for 2014.

Governmental Activities

The Charter School's total revenues were \$3,624,323 for 2015 and \$3,913,278 for 2014, this includes \$274,962 for 2015 and \$248,043 for 2014 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was \$3,435,695 for 2015 and \$3,746,679 for 2014. Instruction comprises 49% for 2015 and 45% for 2014 of Charter School expenditures.

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

Business-Type Activities

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

- ❖ Food service revenues exceeded expenditures by \$12,257 for 2015 and \$3,052 for 2014.
- ❖ Charges for services represent \$3,302 for 2015 and \$3,696 for 2014 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast, and state snack program were \$141,777 for 2015 and \$142,440 for 2014.

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

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

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

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

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$3,624,323 for 2015 and \$3,913,278 for 2014 and expenditures were \$3,381,035 for 2015 and \$3,727,660 for 2014. The net change in fund balance was most significant in the general fund, an increase of \$243,288 for 2015 and an increase of \$185,618 for 2014.

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>2014 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 609,312	\$ 634,868	16.81%	\$ (25,556)	-4.03%
State Sources	2,637,767	2,603,485	72.78%	34,282	1.32%
Federal Sources	<u>377,244</u>	<u>674,925</u>	<u>10.41%</u>	<u>(297,681)</u>	<u>-44.11%</u>
Total	<u>\$ 3,624,323</u>	<u>\$ 3,913,278</u>	<u>100.00%</u>	<u>\$ (288,955)</u>	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2015, and the percentage of decreases and increases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>2014 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 1,358,919	\$ 1,347,742	40.20%	\$ 11,177	0.83%
Administration	1,011,428	1,151,952	29.91%	(140,524)	-12.20%
Support Services	956,980	1,227,966	28.30%	(270,986)	-22.07%
Capital Outlay	<u>53,708</u>	<u>-</u>	<u>1.59%</u>	<u>53,708</u>	<u>100.00%</u>
Total	<u>\$ 3,381,035</u>	<u>\$ 3,727,660</u>	<u>100.00%</u>	<u>\$ (346,625)</u>	

Changes in expenditures were the results of varying factors. Current expense decreased due to reductions in staff and enrollment along with other costs associated with support services.

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights

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

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

Capital Assets (Net of Depreciation)

At the end of the fiscal year 2015, the Charter School had \$180,690 invested in capital assets and \$199,709 for 2014.

For the Future

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

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact the School Business Administrator/Board Secretary at Hope Academy Charter School, 601 Grand Avenue, Asbury Park, New Jersey 07712.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS

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

HOPE ACADEMY CHARTER SCHOOL
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 739,377	\$ 45,921	\$ 785,298
Interfund Receivables	256,947		256,947
Receivables	334,334	10,740	345,074
Prepaid Expenses and Other Assets	142,516		142,516
Capital Assets, Net	180,690		180,690
Total Assets	1,653,864	56,661	1,710,525
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	30,635		30,635
Deferred Outflows of Resources	30,635	-	30,635
LIABILITIES:			
Interfund Payable	138,373	4,941	143,314
Payable to State Government	153,952		153,952
Accounts Payable	4,813		4,813
Deferred Revenue	22,710		22,710
Noncurrent Liabilities:			
Pensions	650,333		650,333
Total Liabilities	970,181	4,941	975,122
DEFERRED INFLOWS OF RESOURCES:			
Pensions	38,772		38,772
Deferred Inflows of Resources	38,772	-	38,772
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	180,690		180,690
Unassigned	494,856	51,720	546,576
Total Net Position	\$ 675,546	\$ 51,720	\$ 727,266

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

HOPE ACADEMY CHARTER SCHOOL
Statement of Activities
For The Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 1,358,919	\$ 336,675	\$ -	\$ 78,028	\$ -	\$ (1,617,566)	\$ -	\$ (1,617,566)
Administration	533,280	116,352				(649,632)		(649,632)
Support Services	956,980	60,762				(1,017,742)		(1,017,742)
Capital Outlay	53,708					(53,708)		(53,708)
Unallocated Depreciation	19,019					(19,019)		(19,019)
Total Governmental Activities	2,921,906	513,789	-	78,028	-	(3,357,667)	-	(3,357,667)
BUSINESS-TYPE ACTIVITIES:								
Food Service	132,874		3,302	141,777			12,205	12,205
Total Business-Type Activities	132,874		3,302	141,777			12,205	12,205
Total Primary Government	\$ 3,054,780		\$ 3,302	\$ 219,805	\$ -	\$ (3,357,667)	\$ 12,205	\$ (3,345,462)
GENERAL REVENUES								
General Purposes			\$	574,921	\$		\$	574,921
Federal and State Aid Not Restricted				2,936,983				2,936,983
Investment Earnings				744			52	796
Miscellaneous Income				33,647				33,647
Total General Revenues				3,546,295			52	3,546,347
Change in Net Position				188,628			12,257	200,885
Net Position - Beginning of Year- Restated				486,918			39,463	526,381
Net Position - Ending				675,546			51,720	727,266

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

HOPE ACADEMY CHARTER SCHOOL
 Governmental Funds
 Balance Sheet
 June 30, 2015

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents	\$ 578,596	\$ 160,781	\$ 739,377
Interfund Receivables	256,947		256,947
Receivables From Other Governments	4,428	302	4,730
Tax Levy Receivable	329,604		329,604
Prepaid Expenses	68,350		68,350
Other Assets	74,166		74,166
	\$ 1,312,091	\$ 161,083	\$ 1,473,174
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	\$ -	\$ 138,373	\$ 138,373
Payable to State Government	153,952		153,952
Accounts Payable	4,813		4,813
Deferred Revenue		22,710	22,710
	158,765	161,083	319,848
Fund Balances:			
Unassigned:			
General Fund	1,153,326		1,153,326
	1,153,326	-	1,153,326
	\$ 1,312,091	\$ 161,083	
Amounts reported for <i>governmental activities</i> 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 governmental funds. The cost of the assets is \$380,390 and the accumulated depreciation is \$199,700.			180,690
Net pension liability of \$650,333 ,deferred inflows of resources of \$38,772 less deferred outflows of resources of \$30,635 related to pensions are not reported in the governmental funds			<u>(658,470)</u>
Net Position of Governmental Activities			\$ 675,546

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

HOPE ACADEMY CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For The Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 574,921	\$ -	\$ 574,921
Interest on Investments	744		744
Miscellaneous	17,925	15,722	33,647
Total Local Sources	593,590	15,722	609,312
State Sources	2,637,767		2,637,767
Federal Sources		377,244	377,244
Total Revenues	3,231,357	392,966	3,624,323
EXPENDITURES:			
Instruction	1,088,932	269,987	1,358,919
Administration	1,011,428		1,011,428
Support Services	834,001	122,979	956,980
Capital Outlay	53,708		53,708
Total Expenditures	2,988,069	392,966	3,381,035
NET CHANGE IN FUND BALANCES	243,288	-	243,288
FUND BALANCE, JULY 1	910,038	-	910,038
FUND BALANCE, JUNE 30	<u>\$ 1,153,326</u>	<u>\$ -</u>	<u>\$ 1,153,326</u>

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

HOPE ACADEMY CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For The Fiscal Year Ended June 30, 2015

Total net change in fund balances - governmental fund (from B-2)	\$ 243,288
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets, if capitalized is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current fiscal year.</p>	
Depreciation Expense	(19,019)
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>	
	<u>(35,641)</u>
Change in net position of governmental activities	<u>\$ 188,628</u>

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

PROPRIETARY FUNDS

HOPE ACADEMY CHARTER SCHOOL
 Proprietary Fund
 Statement of Net Position
 June 30, 2015

	Business-Type Activities
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 45,921
Intergovernmental Accounts Receivable:	
Federal	10,604
State	136
	56,661
Total Current Assets	56,661
Total Assets	\$ 56,661
LIABILITIES AND NET POSITION:	
Liabilities:	
Interfund Accounts Payable	\$ 4,941
	4,941
Total Liabilities	4,941
Net Position:	
Unassigned	51,720
	51,720
Total Liabilities and Net Position	\$ 56,661

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

HOPE ACADEMY CHARTER SCHOOL
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ 3,302
Total Operating Revenues	3,302
OPERATING EXPENSES:	
Rent Expense	10,000
Cost of Sales	122,874
Total Operating Expenses	132,874
OPERATING LOSS	(129,572)
NONOPERATING REVENUES:	
Interest Earned	52
State Source:	
State School Lunch Program	1,727
Federal Source:	
National School Breakfast Program	44,002
National School Lunch Program	93,729
National School Snack Program	2,319
Total Nonoperating Revenues	141,829
CHANGE IN NET POSITION	12,257
TOTAL NET POSITION, JULY 1	39,463
TOTAL NET POSITION, JUNE 30	\$ 51,720

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

HOPE ACADEMY CHARTER SCHOOL
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 3,618
Cash Payments to Suppliers and Employees	(141,634)
	(138,016)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	141,777
	141,777
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Deposits and Investments	52
	52
Net Increase In Cash And Cash Equivalents	3,813
Cash And Cash Equivalents, Beginning Of Year	42,108
Cash And Cash Equivalents, End Of Year	\$ 45,921
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss Used in Operating Activities	\$ (129,572)
Change In Assets And Liabilities:	
Decrease In Intergovernmental Accounts Receivable	316
Decrease In Interfund Payable	(8,760)
	(8,444)
Net Cash Used In Operating Activities	\$ (138,016)

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

FIDUCIARY FUNDS

HOPE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2015

	<u>Total Agency Fund</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$ 129,841</u>
Total Assets	<u><u>\$ 129,841</u></u>
LIABILITIES:	
Interfund Accounts Payable	\$ 113,632
Payroll Deductions and Withholdings	13,483
Due to Student Groups	<u>2,726</u>
Total Liabilities	<u><u>\$ 129,841</u></u>

NOTES TO THE FINANCIAL STATEMENTS

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hope Academy Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Charter School are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (Statement No. 34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal year ending 2002 (for larger governments). In addition, the Charter School has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2004.

Starting on fiscal year ended June 30, 2013, the Charter School implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Charter School's June 30, 2013 fiscal year financial statements; however, there was no effect on beginning net position/fund balance.

A. Reporting Entity

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

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Charter School management. 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 and account groups of the Charter School.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, Basis of Accounting

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

Charter school-wide 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 overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the Charter School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School. *Fund Financial Statements:* During the fiscal year, 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. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental, proprietary, and fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

The Charter School reports the following governmental funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: Not applicable.

The Charter School reports the following proprietary fund:

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and includes Student Activities Fund, Payroll and Payroll Agency Funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements: The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. 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. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$ 392,966
Adjustments:	
Less Encumbrances at June 30,2015	-
Plus Encumbrances at June 30,2014	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 392,966</u>

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Encumbrances Accounting

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

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

E. Assets, Liabilities, and Equity

Interfund Transactions:

Transfers between governmental and business-type activities on the Charter School – wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Office & Computer Equipment	5-10

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are recorded as deferred revenue.

Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the Charter School – 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.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. There is no fund balance reserve for the current year.

Revenues — Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: state and local revenues available as an advance, interest, and tuition.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accrued Salaries and Wages:

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

F. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension for the State of New Jersey Public

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions (Continued)

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

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

Deposits

New Jersey statutes require that charter schools deposit public funds in public depositories located in New Jersey which 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.

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 five percent of the average daily balance of collected public funds on deposit.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

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.

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. 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
- c. Bonds or other obligations of the charter school.

As of June 30, 2015, cash and cash equivalents and investments of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 578,596	\$ 160,781	\$ 45,921	\$ 129,841	\$915,139

The investments recorded in the statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter school-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2015 was \$915,139 and the bank balance was \$1,033,902. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 — Insured or collateralized with securities held by the Board or by its agent in the Board's name.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Risk Category (Continued)

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

As of June 30, 2015, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2015, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3: RECEIVABLES

Receivables at June 30, 2015 consisted of accounts, intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 334,334	\$ 334,470
Federal Aid	-	10,604
Other	-	-
Total Receivables, Net	\$ 334,334	\$ 345,074

NOTE 4: INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 256,947	\$ -
Special Revenue Fund		138,373
Proprietary Fund		4,942
Fiduciary Fund		113,632
Total	\$ 256,947	\$ 256,947

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 380,390	\$ -	\$ -	\$ 380,390
Totals at Historical Cost	<u>380,390</u>	<u>-</u>	<u>-</u>	<u>380,390</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	180,681	19,019	-	199,700
Total Accumulated Depreciation	<u>180,681</u>	<u>19,019</u>	<u>-</u>	<u>199,700</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	199,709	(19,019)	-	180,690
Government Activity Capital Assets, Net	<u>\$ 199,709</u>	<u>\$ (19,019)</u>	<u>\$ -</u>	<u>\$ 180,690</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense of \$19,019 was charged to an unallocated function.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6: RENTAL LEASES

In April 2008, the school entered into a lease for five (5) years requiring a minimum base rent plus a portion of the operating costs of the building commencing on July 1, 2008 and ending June 30, 2013. In July 2011, the school entered into a new lease after the building was sold. The lease is for ten (10) years commencing on November 1, 2012 and ending October 31, 2021. The base rent is \$34,583 per month (\$415,000 annual). In year six (6) rent is increased to \$435,750 per year until the end of the lease. The new lease requires a security deposit of \$74,166 and tenant has the option to purchase the building in the future upon \$50,000 option payment made during the first year of the initial lease term. The purchase price for the building shall be reasonably determined by landlord and subject to tenant's acceptance and board approval. Total rental payments amounted to \$432,155 for this year.

NOTE 7: OBLIGATIONS UNDER EQUIPMENT LEASES

The Charter School is leasing three (3) copiers for a period of 48 months with monthly payments in the amount of \$569 commencing May 2013 and expiring April 2017. The following is a schedule of the future minimum lease payments under the capital leases at June 30, 2015:

<u>Year</u>	<u>Amount</u>
2016	\$ 6,828
2017	5,690
Total minimum lease payments	<u>\$ 12,518</u>

NOTE 8: PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and required contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Contributions (Continued)

certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$ 26,819 for fiscal year 2015.

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

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

At June 30, 2015, the Charter School reported a liability of \$ 649,648 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 which was rolled forward to June 30, 2014. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the Charter School's proportion was 0.00347350%, which was an increase of 0.00007358% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2014, the Charter School recognized pension expense of \$ 33,244 . At June 30, 2014, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 20,450	\$ -
Changes in Proportion	10,185	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	38,772
	\$ 30,635	\$ 38,772

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

Fiscal Year Ending June 30,	Total
2015	\$ (8,400)
2016	(8,400)
2017	(8,400)
2018	(8,400)
2019	6,593
Thereafter	2,901
	\$ (24,107)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuations as of July 1, 2013. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40% based on age
Thereafter	3.15-5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgage	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and June 30, 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and June 30, 2013, respectively based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2014			
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Charter School's proportionate share of the Net Pension Liability	\$ 818,142	\$ 650,333	\$ 509,417

Fiscal Year Ended June 30, 2013			
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Charter School's proportionate share of the Net Pension Liability	\$ 808,905	\$ 649,792	\$ 516,476

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

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

B. Teacher’s Pension Annuity Fund (TPAF)

Pension Description

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

Benefit Provided

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

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

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2014 and 2013, the State's pension contribution was less than the actuarially determined amount.

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2015, the State of New Jersey contributed \$to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 40,318 .

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

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

As June 30, 2015, the State's proportionate share of the net pension liability associated with the Charter School was \$ 7,206,822 . The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, Charter School's proportion was 0.0134841%, which was a decrease of 0.0005899% from its proportion measured as of June 30, 2013.

Charter School's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School		<u>7,206,822</u>
Total	\$	<u><u>7,206,822</u></u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the Charter School in the amount of \$ 57,279 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	\$ -
Difference Between Expected and Actual Experience		21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,741,236,574</u>
	<u><u>\$ 2,306,623,861</u></u>	<u><u>\$ 1,763,205,593</u></u>

The \$ 2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$ 1,763,205,593 reported as a deferred inflow of resources resulting from the difference between projected and actual.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

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

Fiscal Year Ending June 30,	Total
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,498)
2020	304,620,646
Thereafter	761,551,612
	\$ 543,418,266

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2013. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 200 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2014 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and June 30, 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and June 30, 2013, respectively based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2014			
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Charter School's proportionate share of the Net Pension Liability	\$ 8,727,323	\$ 7,256,217	\$ 6,032,642

Fiscal Year Ended June 30, 2013			
	1% Decrease (3.95%)	Current Discount Rate (4.95%)	1% Increase (5.95%)
Charter School's proportionate share of the Net Pension Liability	\$ 7,867,713	\$ 6,549,017	\$ 5,460,898

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position – TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

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

For DCRP, the Charter School recognized \$879 of pension expense for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$1,612 for the fiscal year ended June 30, 2015.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014 there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance

The charter school maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

NOTE 11: FUND BALANCE APPROPRIATED

General Fund

The General Fund fund balance in the fund financial statements at June 30, 2015, in the amount of \$1,153,326, is unassigned and undesignated.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 14, 2015, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the Charter School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014.

Net Position at June 30, 2014		<u>\$ 1,109,747</u>
Adjustments:		
Net Pension Liability		(649,648)
Deferred Outflow - Payments Subsequent to Measurement Date		<u>26,819</u>
Total Adjustments		<u>(622,829)</u>
Restated Net Position June 30, 2014		<u><u>\$ 486,918</u></u>

Other than employer contributions subsequent to the measurement date, the Charter School made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

HOPE ACADEMY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
"Local Levy" Local Share-Charter School Aid	\$ 596,335	\$ (21,414)	\$ 574,921	\$ 574,921	\$ -
Total Local Sources	596,335	(21,414)	574,921	574,921	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	2,142,493	34,034	2,176,527	2,176,527	-
Security Aid	98,997	(927)	98,070	98,070	-
State Adjustment	66,240	(56,060)	10,180	10,180	-
Special Education	82,751	(4,723)	78,028	78,028	-
Total Categorical Aid	2,390,481	(27,676)	2,362,805	2,362,805	-
Other Sources:					
Interest Income				744	744
Miscellaneous Revenue				17,925	17,925
On-Behalf TPAF Pension Contributions (Non-Budgeted)				182,685	182,685
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				92,277	92,277
Total Other Sources	-	-	-	293,631	293,631
Total Revenues	2,986,816	(49,090)	2,937,726	3,231,357	293,631
EXPENDITURES:					
Instruction:					
Salaries of Teachers	568,530	38,032	606,562	597,896	8,666
Other Salaries for Instruction	400,662	4,451	405,113	393,403	11,710
Other Purchased Services		78,000	78,000	63,348	14,652
General Supplies	15,000	(2,500)	12,500	11,699	801
Textbooks	20,000	2,675	22,675	15,239	7,436
Miscellaneous	6,000	5,500	11,500	7,347	4,153
Total Instruction	1,010,192	126,158	1,136,350	1,088,932	47,418
Administration:					
Salaries - General Administration	111,958	(7,870)	104,088	103,781	307
Salaries of Principals	110,000	4,210	114,210	114,115	95
Salaries of Secretarial/Clerical Assistants	98,860	26,000	124,860	124,688	172
Total Benefits Cost	476,438	(96,020)	380,418	238,826	141,592
Purchases Prof/Tech Services	18,500	(3,500)	15,000	14,000	1,000
Other Purchased Professional Services	86,100	40,000	126,100	88,565	37,535
Communications/Telephone	17,000	(7,500)	9,500	4,958	4,542
Supplies and Materials	20,000	(4,000)	16,000	12,018	3,982
Miscellaneous Expenses	43,628	(6,500)	37,128	35,515	1,613
Total Administration	982,484	(55,180)	927,304	736,466	190,838

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

HOPE ACADEMY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Salaries	\$ 174,587	\$ 8,725	\$ 183,312	\$ 178,906	\$ 4,406
Purchased Prof/Ed Services	77,450	(10,703)	66,747	56,220	10,527
Cleaning, Repair, and Maintenance Services	90,000	(16,700)	73,300	53,004	20,296
Rental of Land and Buildings	485,500		485,500	432,155	53,345
Transportation-Other Than To/From School	2,000	3,000	5,000	1,658	3,342
Insurance for Property, Liability and Fidelity	72,600		72,600	50,024	22,576
Supplies and Materials	20,000	4,500	24,500	17,035	7,465
Energy Costs (Heat and Electricity)	58,000	(12,000)	46,000	44,999	1,001
Total Support Services	995,137	(23,178)	971,959	834,001	137,958
Capital Outlay:					
Instructional Equipment		16,800	16,800	16,704	96
Non-Instructional Equipment		38,400	38,400	37,004	1,396
Total Capital Outlay	-	55,200	55,200	53,708	1,492
On-Behalf TPAF Pension Contributions (Non-Budgeted)				182,685	(182,685)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				92,277	(92,277)
Total Expenditures	2,987,813	103,000	3,090,813	2,988,069	102,744
Excess (Deficiency) of Revenues Over (Under) Expenditures	(997)	(152,090)	(153,087)	243,288	396,375
FUND BALANCE, JULY 1	910,038	-	910,038	910,038	-
FUND BALANCE, JUNE 30	\$ 909,041	\$ (152,090)	\$ 756,951	\$ 1,153,326	\$ 396,375
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures: Budgeted Fund Balance	\$ 909,041	\$ (152,090)	\$ 756,951	\$ 1,153,326	\$ 396,375
Total	\$ 909,041	\$ (152,090)	\$ 756,951	\$ 1,153,326	\$ 396,375

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

HOPE ACADEMY CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Local	\$ 15,722	\$ -	\$ 15,722	\$ 15,722	\$ -
Federal	381,228	(3,984)	377,244	377,244	-
Total Revenues	396,950	(3,984)	392,966	392,966	-
EXPENDITURES:					
Instruction:					
Salaries	228,117	4,084	232,201	232,201	-
Purchased Prof/Tech Services	4,685	1	4,686	4,686	-
Other Purchased Services	8,741		8,741	8,741	-
General Supplies	16,592	1,433	18,025	18,025	-
Other Objects	8,834	(2,500)	6,334	6,334	-
Total Instruction	266,969	3,018	269,987	269,987	-
Support Services:					
Salaries	12,625		12,625	12,625	-
Personal Services - Employee Benefits	48,003	250	48,253	48,253	-
Purchased Professional Services	44,639	(1,110)	43,529	43,529	-
Travel	422		422	422	-
Other Purchased Services	14,534	(1)	14,533	14,533	-
Supplies and Materials	3,234	383	3,617	3,617	-
Total Support Services	123,457	(478)	122,979	122,979	-
Total Expenditures	390,426	2,540	392,966	392,966	-
Total Outflows	390,426	2,540	392,966	392,966	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 6,524	\$ (6,524)	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

HOPE ACADEMY CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 Fiscal Year Ended June 30, 2015

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 3,231,357	[C-2] \$ 392,966
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	-	-
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>3,231,357</u>	[B-2] \$ <u>392,966</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 2,988,069	[C-2] \$ 392,966
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.	-	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>2,988,069</u>	[B-2] \$ <u>392,966</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

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

	Fiscal Year Ending June 30,	
	2014	2015
Charter School's proportion of the net pension liability	0.00339992%	0.003473496%
Charter School's proportionate share of the net pension liability	\$ 649,648	\$ 650,333
Charter School's covered employees payroll	\$ 405,142	\$ 342,584
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	160%	190%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

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

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

	Fiscal Year Ending June 30,	
	2014	2015
Contractually required contribution	\$ 25,612	\$ 28,635
Contributions in relation to the contractually required contribution	<u>(33,244)</u>	<u>(26,819)</u>
Contribution deficiency/(excess)	<u>\$ (7,632)</u>	<u>\$ 1,816</u>
Charter School's covered employee payroll	\$ 405,142	\$ 342,584
Contributions as a percentage of covered employee payroll	6.32%	8.36%

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

HOPE ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2014	2015
State's proportion of the net pension liability attributable of the Charter School	0.0128942%	0.01348412%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 6,516,614	\$ 7,206,822
Charter School's covered employees payroll	\$ 898,449	\$ 991,299
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	725.32%	727.01%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

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

**HOPE ACADEMY CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS
 TEACHER'S PENSION AND ANNUITY FUND
 LAST FISCAL YEAR
 UNAUDITED**

	<i>Fiscal year</i> Ending June 30, <u>2015</u>
Contractually required contribution	\$ 57,279
Contributions in relation to the contractually required contribution	<u>(40,318)</u>
Contribution deficiency/(excess)	<u>\$ 16,961</u>
Charter School's covered employee payroll	\$ 898,449
Contributions as a percentage of covered employee payroll	6.38%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

HOPE ACADEMY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2014

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

HOPE ACADEMY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2014

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

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

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

HOPE ACADEMY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	NCLB Title I	NCLB Title III	I.D.E.A. Basic	Title II Part A	21st Century Grant	21st Century Grant 2012-2013	F. Forgotson Grant	Borden Grant
REVENUE SOURCES:								
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 896	\$ 10,000
Federal	\$ 171,229	\$ 9,375	\$ 52,731	\$ 17,283	\$ 96,648	\$ 29,978		
Total Revenues	171,229	9,375	52,731	17,283	96,648	29,978	896	10,000
EXPENDITURES:								
Instruction:								
Salaries	129,867		41,850		43,008	15,907		
Purchased Prof/Tech Services					1,278	3,408		
Other Purchased Services					6,821	1,920		
General Supplies		8,530			7,500			
Other Objects						5,455		
Total Instruction	129,867	8,530	41,850	-	58,607	26,690	-	-
Support Services:								
Salaries					11,397	1,228		
Personal Services - Employee Benefits	32,953		10,881		4,419			
Purchased Professional Services	8,409	845		17,283	16,602	390		
Travel					422			
Other Purchased Services					3,093	1,440		10,000
Supplies and Materials					2,108	230	896	
Total Support Services	41,362	845	10,881	17,283	38,041	3,288	896	10,000
Total Expenditures	171,229	9,375	52,731	17,283	96,648	29,978	896	10,000
Total Outflows	171,229	9,375	52,731	17,283	96,648	29,978	896	10,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HOPE ACADEMY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	TD Bank Foundation Grant	FEMA	Target Grant	Grand Total
REVENUE SOURCES:				
Local	\$ 2,541	\$ 383	\$ 1,902	\$ 15,722
Federal				377,244
Total Revenues	2,541	383	1,902	392,966
EXPENDITURES:				
Instruction:				
Salaries	1,569			232,201
Purchased Prof/Tech Services				4,686
Other Purchased Services				8,741
General Supplies	972		1,023	18,025
Other Objects			879	6,334
Total Instruction	2,541	-	1,902	269,987
Support Services:				
Salaries				12,625
Personal Services - Employee Benefits				48,253
Purchased Professional Services				43,529
Travel				422
Other Purchased Services		383		14,533
Supplies and Materials				3,617
Total Support Services	-	383	-	122,979
Total Expenditures	2,541	383	1,902	392,966
Total Outflows	2,541	383	1,902	392,966
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

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

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

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school for a specific purpose.

Agency Funds are used to account for assets held by the school as an agent for individuals, private organizations, other governments and/or other funds.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school.

HOPE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2015

	Agency			Total Agency Funds
	Payroll Agency	Net Payroll	Student Activities	
ASSETS:				
Cash and Cash Equivalents	\$ 126,433	\$ 682	\$ 2,726	\$ 129,841
Total Assets	<u>\$ 126,433</u>	<u>\$ 682</u>	<u>\$ 2,726</u>	<u>\$ 129,841</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 112,950	\$ 682	\$ -	\$ 113,632
Payroll Deductions and Withholdings	13,483			13,483
Due to Student Groups			2,726	2,726
Total Liabilities	<u>\$ 126,433</u>	<u>\$ 682</u>	<u>\$ 2,726</u>	<u>\$ 129,841</u>

HOPE ACADEMY CHARTER SCHOOL
 Fiduciary Fund
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
Student Groups	\$ 488	\$ 9,589	\$ 7,351	\$ 2,726
Total	<u>\$ 488</u>	<u>\$ 9,589</u>	<u>\$ 7,351</u>	<u>\$ 2,726</u>

HOPE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For The Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
ASSETS:				
Cash	\$ 86,210	\$ 713,577	\$ 673,354	\$ 126,433
Total Assets	<u>\$ 86,210</u>	<u>\$ 713,577</u>	<u>\$ 673,354</u>	<u>\$ 126,433</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 69,945	\$ 700,094	\$ 657,089	\$ 112,950
Payroll Deductions and Withholdings	16,265	13,483	16,265	13,483
Total Liabilities	<u>\$ 86,210</u>	<u>\$ 713,577</u>	<u>\$ 673,354</u>	<u>\$ 126,433</u>

**STATISTICAL SECTION
(UNAUDITED)**

GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

HOPE ACADEMY CHARTER SCHOOL
 Net Assets/Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Invested in capital assets, net of related debt	\$ 180,690	\$ 199,709	\$ 218,728	\$ 237,747	\$ 256,766	\$ 275,785	\$ 294,804	\$ 313,823	\$ 332,842	\$ 351,861
Restricted										8,100
Unassigned	494,856	910,038	724,420	556,629	460,529	500,973	204,868	147,204	122,092	196,816
Total Governmental Activities Net Assets/Position	\$ 675,546	\$ 1,109,747	\$ 943,148	\$ 794,376	\$ 717,295	\$ 776,758	\$ 499,672	\$ 461,027	\$ 454,934	\$ 556,777
Business-Type Activities										
Unassigned	\$ 51,720	\$ 39,463	\$ 36,411	\$ 22,458	\$ 20,673	\$ 18,741	\$ 17,617	\$ 19,755	\$ 18,529	\$ 13,078
Total Business-Type Activities Net Assets/Position	\$ 51,720	\$ 39,463	\$ 36,411	\$ 22,458	\$ 20,673	\$ 18,741	\$ 17,617	\$ 19,755	\$ 18,529	\$ 13,078
Charter School-wide										
Invested in capital assets, net of related debt	\$ 180,690	\$ 199,709	\$ 218,728	\$ 237,747	\$ 256,766	\$ 275,785	\$ 294,804	\$ 313,823	\$ 332,842	\$ 351,861
Restricted										8,100
Unassigned	546,576	949,501	760,831	579,087	481,202	519,714	222,485	166,959	140,621	209,894
Total Charter School-wide Net Assets/Position	\$ 727,266	\$ 1,149,210	\$ 979,559	\$ 816,834	\$ 737,968	\$ 795,499	\$ 517,289	\$ 480,782	\$ 473,463	\$ 569,855

HOPE ACADEMY CHARTER SCHOOL
 Changes in Net Assets/Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities:										
Instruction	\$ 1,695,594	\$ 1,695,261	\$ 1,703,768	\$ 1,781,206	\$ 1,647,919	\$ 1,688,085	\$ 1,226,422	\$ 1,313,265	\$ 1,068,450	\$ 955,744
Administration	649,632	715,776	699,182	678,559	709,133	408,142	376,961	438,530	432,795	396,460
Support Services	1,017,742	1,316,623	1,407,137	1,192,613	1,140,525	758,776	573,750	555,417	420,082	408,971
Capital Outlay	53,708	-	-	2,599	-	-	-	-	-	-
Unallocated Depreciation	19,019	19,019	19,019	19,019	19,019	19,019	19,019	19,019	19,019	19,939
Total Governmental Activities Expenses	\$ 3,435,695	\$ 3,746,679	\$ 3,829,106	\$ 3,673,996	\$ 3,516,596	\$ 2,874,022	\$ 2,195,152	\$ 2,326,231	\$ 1,940,346	\$ 1,781,114
Business-Type Activities:										
Food Service	132,874	143,122	122,817	95,369	87,515	86,477	64,670	65,337	57,455	51,258
Total Business-Type Activities Expenses	\$ 132,874	\$ 143,122	\$ 122,817	\$ 95,369	\$ 87,515	\$ 86,477	\$ 64,670	\$ 65,337	\$ 57,455	\$ 51,258
Total Charter School Expenses	\$ 3,568,569	\$ 3,889,801	\$ 3,951,923	\$ 3,769,365	\$ 3,604,111	\$ 2,960,499	\$ 2,260,822	\$ 2,391,568	\$ 1,997,801	\$ 1,832,372
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 78,028	\$ 71,401	\$ 74,893	\$ 60,465	\$ 45,047	\$ 19,477	\$ 20,318	\$ 31,048	\$ 33,492	\$ 65,723
Total Governmental Activities Expenses	\$ 78,028	\$ 71,401	\$ 74,893	\$ 60,465	\$ 45,047	\$ 19,477	\$ 20,318	\$ 31,048	\$ 33,492	\$ 65,723
Business-Type Activities:										
Charges for Services	3,302	3,696	4,859	6,045	9,815	7,027	6,352	5,576	5,002	7,020
Operating Grants and Contributions	141,777	142,440	131,871	91,068	79,570	80,505	56,073	60,368	56,909	51,295
Total Business-Type Activities Expenses	\$ 145,079	\$ 146,136	\$ 136,730	\$ 97,113	\$ 89,385	\$ 87,532	\$ 62,425	\$ 65,944	\$ 61,911	\$ 58,315
Total Charter School Program Revenues	\$ 223,107	\$ 217,537	\$ 211,623	\$ 157,578	\$ 134,432	\$ 107,009	\$ 82,743	\$ 96,992	\$ 95,403	\$ 124,038
Net (Expense)/Revenue										
Governmental Activities	\$ (3,357,667)	\$ (3,675,278)	\$ (3,754,213)	\$ (3,613,531)	\$ (3,471,549)	\$ (2,854,545)	\$ (2,175,834)	\$ (2,295,183)	\$ (1,906,854)	\$ (1,715,391)
Business-Type Activities	12,205	3,014	13,913	1,744	1,870	1,055	(2,245)	607	4,456	7,057
Total Charter School-wide Net Expense	\$ (3,345,462)	\$ (3,672,264)	\$ (3,740,300)	\$ (3,611,787)	\$ (3,469,679)	\$ (2,853,490)	\$ (2,178,079)	\$ (2,294,576)	\$ (1,902,398)	\$ (1,708,334)
General Revenues and Other Changes in Net Assets/Position										
Governmental Activities:										
General Purposes	\$ 574,921	\$ 590,882	\$ 563,194	\$ 548,462	\$ 503,303	\$ 462,972	\$ 324,798	\$ 396,749	\$ 311,099	\$ 398,052
Federal and State Aid Not Restricted	2,936,983	3,207,009	3,276,761	3,129,914	2,880,121	2,626,269	1,883,359	1,780,246	1,488,870	1,296,569
Miscellaneous Income	34,391	43,986	63,030	12,236	28,662	42,390	6,322	124,281	5,042	24,777
Total Governmental Activities	\$ 3,546,295	\$ 3,841,877	\$ 3,902,985	\$ 3,690,612	\$ 3,412,086	\$ 3,131,631	\$ 2,214,479	\$ 2,301,276	\$ 1,805,011	\$ 1,719,398
Business-Type Activities:										
Investment Earnings	52	38	40	41	62	69	107	619	995	-
Total Business-Type Activities	\$ 52	\$ 38	\$ 40	\$ 41	\$ 62	\$ 69	\$ 107	\$ 619	\$ 995	\$ -
Total Charter School-wide	\$ 3,546,347	\$ 3,841,915	\$ 3,903,025	\$ 3,690,653	\$ 3,412,148	\$ 3,131,700	\$ 2,214,586	\$ 2,301,895	\$ 1,806,006	\$ 1,719,398
Change in Net Assets/Position										
Governmental Activities	\$ 188,628	\$ 166,599	\$ 148,772	\$ 77,081	\$ (69,463)	\$ 277,086	\$ 38,645	\$ 6,093	\$ (101,843)	\$ 4,007
Business-Type Activities	12,257	3,052	13,953	1,785	1,932	1,124	(2,138)	1,226	5,451	7,057
Total Charter School	\$ 200,885	\$ 169,651	\$ 162,725	\$ 78,866	\$ (67,531)	\$ 278,210	\$ 36,507	\$ 7,319	\$ (96,392)	\$ 11,064

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

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	\$ 1,153,326	\$ 910,038	\$ 724,420	\$ 556,629	\$ 460,529	\$ 500,973	\$ 204,868	\$ 147,204	\$ 122,092	\$ 204,916
Unassigned	\$ 1,153,326	\$ 910,038	\$ 724,420	\$ 556,629	\$ 460,529	\$ 500,973	\$ 204,868	\$ 147,204	\$ 122,092	\$ 204,916
Total General Fund	\$ 1,153,326	\$ 910,038	\$ 724,420	\$ 556,629	\$ 460,529	\$ 500,973	\$ 204,868	\$ 147,204	\$ 122,092	\$ 204,916

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

Fiscal Year Ending June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local Sources:										
Local Tax Levy	\$ 574,921	\$ 590,882	\$ 563,194	\$ 548,462	\$ 530,587	\$ 487,112	\$ 324,798	\$ 396,749	\$ 311,099	\$ 245,015
Interest In Investments	744									
Miscellaneous	33,647	43,986	63,030	12,236	1,378	42,390	6,322	124,281	5,042	23,857
State Sources	2,637,767	2,603,485	2,699,332	2,543,673	2,197,274	2,047,343	1,702,719	1,629,410	1,365,609	1,334,683
Federal Sources	377,244	674,925	652,322	646,706	727,894	574,263	200,958	181,884	156,753	180,646
Total Revenues	3,624,323	3,913,278	3,977,878	3,751,077	3,457,133	3,151,108	2,234,797	2,332,324	1,838,503	1,784,208
Expenditures:										
Instruction	1,358,919	1,347,742	1,342,266	1,418,329	1,380,032	1,315,608	1,005,787	1,099,278	886,607	804,642
Administration	1,011,428	1,151,952	1,164,775	1,115,352	1,030,218	737,094	637,044	688,080	628,520	559,479
Support Services	956,980	1,227,966	1,303,046	1,118,697	1,087,327	802,301	534,302	519,854	406,200	397,054
Capital Outlay	53,708	-	-	2,599	-	-	-	-	-	-
Total Expenditures	3,381,035	3,727,660	3,810,087	3,654,977	3,497,577	2,855,003	2,177,133	2,307,212	1,921,327	1,761,175
Excess (Deficiency) of Revenues Over (Under) Expenditures	243,288	185,618	167,791	96,100	(40,444)	296,105	57,664	25,112	(82,824)	23,033
Other Financing Sources (Uses):										
State Repayment										920
Transfers In										(920)
Transfers Out										
Total Other Financing Sources (Uses)										
Net Change in Fund Balance	\$ 243,288	\$ 185,618	\$ 167,791	\$ 96,100	\$ (40,444)	\$ 296,105	\$ 57,664	\$ 25,112	\$ (82,824)	\$ 23,033

Source: Charter School records

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

Fiscal Year Ending June 30,	Donations	Miscellaneous Revenue	Annual Total
2015	\$ -	\$ 17,925	\$ 17,925
2014	4,969	10,380	15,349
2013	3,812	33,662	37,474
2012	-	5,075	5,075
2011		1,378	1,378
2010	12,240	30,150	42,390
2009		6,322	6,322
2008	12,500	84,581	97,081
2007		5,042	5,042
2006		23,857	23,857

Source: Charter School records

DEMOGRAPHIC AND ECONOMIC INFORMATION

HOPE ACADEMY CHARTER SCHOOL
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2015	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A
2013	16,116	26,370	13,516	7.4
2012	N/A	N/A	N/A	N/A
2011	16,132	N/A	N/A	N/A
2010	16,116	N/A	20,368	N/A
2009	16,862	N/A	N/A	9.8
2008	16,894	N/A	N/A	10.7
2007	16,923	N/A	N/A	10.5
2006	16,903	N/A	N/A	11.2

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 Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

HOPE ACADEMY CHARTER SCHOOL
Principal Employers
Last Year and Fifteen Years Ago

Employer	2012			1997		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Asbury Park School District	732	1	7.91%	500	1	6.14%
Townco Consultants, Inc.	400	2	4.32%	0		0.00%
City of Asbury Park	280	3	3.03%	292	2	3.58%
Keystone Laundries	100	4	1.08%	100	3	1.23%
Asbury Park Post Office	85	5	0.92%	89	4	1.09%
Jersey Central Power & Light	0		0.00%	81	5	0.99%
Jersey Shore Addiction Services	55	6	0.59%	67	6	0.82%
Malo & Weste Corp	0		0.00%	53	7	0.65%
Asbury Park Housing Authority	52	7	0.56%	52	8	0.64%
Monmouth County Probation Dept.	50	8	0.54%	0		0.00%
Grand Union	0		0.00%	50	9	0.61%
Interfaith Neighbors	39	9	0.42%	50	10	0.61%
Our Lady of Mount Carmel School	21	10	0.23%	0		0.00%
	<u>1,814</u>		<u>19.60%</u>	<u>1,334</u>		<u>16.36%</u>

OPERATING INFORMATION

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

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction	18	19	20.7	21	21	22	18	22	21	13
Administrative	6	3.8	4.8	4.5	4	4	3	3	4	4
Support Services	7.5	1.7	8.6	4.5	10.5	3.5	4.5	4	1	1
Food Service			0.5	0.5	0.5	0.5	0.5			
Total	31.5	24.5	34.6	30.5	36.0	30.0	26.0	29.0	26.0	18.0

Source: Charter School Personnel Records

HOPE ACADEMY CHARTER SCHOOL
 Operating Statistics
 Last Ten Fiscal Years

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	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary/ Middle	School	School				
2015	204	\$ 3,327,327	16,310	-8.55%	18	11:1	11:1	203.53	195.27	-0.53%	95.16%	
2014	209	3,727,660	17,836	-3.57%	19	11:1	11:1	204.6	194.7	-0.93%	94.87%	
2013	206	3,810,087	18,496	0.77%	21	10:1	10:1	206.5	195.9	5.47%	96.52%	
2012	199	3,652,378	18,354	-2.40%	20	9:1	9:1	195.2	188.4	4.71%	98.06%	
2011	186	3,497,577	18,804	16.58%	21	8:1	8:1	186	182.4	4.41%	95.39%	
2010	177	2,855,003	16,130	0.02%	22	8:1	8:1	177.8	169.6	24.07%	94.81%	
2009	135	2,177,133	16,127	-5.64%	18	7:1	7:1	135	128	0.00%	94.81%	
2008	135	2,307,212	17,090	28.81%	22	7:1	7:1	135	128	0.74%	93.28%	
2007	133	1,764,574	13,267	12.99%	21	7:1	7:1	134	125	0.00%	94.78%	
2006	134	1,573,487	11,742	-0.24%	13	7:1	7:1	134	127	0.00%	94.78%	

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

HOPE ACADEMY CHARTER SCHOOL
 School Building Information
 Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Charter School Building</u>										
601 Grand Avenue										
Square Feet	25,000	25,000	25,000	25,000	19,500	19,500				
Capacity (students)										
Enrollment	204	209	206	199	186	177				
 <u>Lower School</u>										
700 Grand Avenue										
Square Feet							13,087	13,087	13,087	13,087
Capacity (students)										
Enrollment							90	90	89	74
 <u>Middle School</u>										
610 Asbury Avenue										
Square Feet										
Capacity (students)										
Enrollment										
503 Asbury Avenue										
Square Feet							13,776	13,776	13,776	
Capacity (students)										
Enrollment							45	43	45	
Number of Schools at June 30, 2015	1									

Source: Charter School Facilities Office

Note: Increases in square footage and capacity are the result of and additions.
 Enrollment is based on the annual October Charter School count.

HOPE ACADEMY CHARTER SCHOOL
SCHOOL ALLIANCE INSURANCE FUND (SAIF)
EXECUTIVE SUMMARY

JULY 1, 2014 TO JULY 1, 2015

"Blanket" Property Limit	\$ 250,000,000
Deductible	\$2,500
Boiler & Machinery	\$100,000,000
General Liability	
Per Occurrence Limit	\$5,000,000
Fund Aggregate	\$50,000,000
Employee Benefits Liability Limit	
Deductible	\$5,000,000
	\$1,000
Automobile Liability	
Per Occurrence Limit	\$5,000,000
Fund Aggregate	\$50,000,000
Comprehensive / Collision Deductible	\$1,000
School Leaders Professional Liability	
Per Occurrence Limit	\$5,000,000
Aggregate	\$5,000,000
Deductible	\$5,000
Excess Liability Limit	
	\$15,000,000
Workers Compensation	
Employers Liability Limit	\$5,000,000

Property

Limit of Liability	\$250,000,000 Per Occurrence
Member Deductible	\$2,500 Per Occurrence
Perils Included	Coverage written on an "All Risk" basis including flood and earthquake

Property Included in the Coverage Limits/Sub-Limits:

Building, Contents, Valuable Papers	\$250,000,000
Extra Expense	\$50,000,000
Builders Risk (New Construction)	\$25,000,000
Property In Transit	\$25,000,000
Automobile Physical Damage	Included \$1,000 Deductible Applies
Unnamed Locations	\$25,000,000
Demolition & Increased Cost of Construction	\$25,000,000
Earthquake	\$25,000,000 Per Occurrence \$25,000,000 Annual Aggregate
Flood (Excluding Zones A&V)	\$10,000,000 Per Occurrence \$10,000,000 Annual Aggregate
Flood (Zone's A&V) *	\$25,000,000 Per Occurrence \$25,000,000 Annual Aggregate

Boiler & Machinery

Limit of Liability	\$100,000,000 Per Occurrence
Member Deductible	\$2,500 Per Occurrence

Crime and Fidelity

Money & Securities – Inside Premises	\$50,000 each loss
Money & Securities – Outside Premises	\$50,000 each loss
Blanket Dishonesty Bond (including faithful performance for elected officials) *	\$500,000 per loss
Member Deductible	\$1,000 each loss

* Statutory bond positions are excluded.

Comprehensive General Liability, Auto Liability and Employee Benefits Liability

Limit of Liability	\$5,000,000 Per Occurrence \$50,000,000 Fund Aggregate
Member Deductible	None
Sub-Limit applicable to Sexual Molestation Coverage	\$5,000,000 Per Occurrence/Aggregate Per Member

Workers Compensation

Limit of Liability	Statutory benefits as required by the State of New Jersey
Employers Liability	\$5,000,000 Per Occurrence/Aggregate
Member Deductible	NIL

Supplemental Indemnity

Limit of Liability	Statutory benefits as required by the State of New Jersey
Member Deductible	NIL

Environmental Impairment Liability

Limit of Liability	\$1,000,000 Per Incident \$25,000,000 Fund Annual Aggregate
Member Deductible	\$10,000 Per Incident
Insuring Agreement	Provides coverage for on site clean-up costs and third party claims for bodily injury, property damage and clean-up costs resulting from environmental impairment conditions

School Leaders Professional Liability

Limit of Liability	\$5,000,000 Per Claim / Aggregate Per Member Claims Made Form, Full Prior Acts
Member Deductible	\$5,000 per claim

Excess Liability

Limit of Liability	\$15,000,000 per occurrence/aggregate per member
SAIF Self Insured Retention	NIL
Member Retention Maintenance of	\$5,000,000 Auto & General Liability \$5,000,000 per claim/annual aggregate school leaders professional liability

HOPE ACADEMY CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Near Term Indicators
 Last Three Fiscal Years

	2013 Audit	2014 Audit	2015 Audit	Source
Cash	\$ 386,492	\$ 734,442	\$ 785,298	Audit: Exhibit A-1
Current Assets	973,740	1,429,389	1,529,835	Audit: Exhibit A-1
Total Assets	1,192,468	1,450,559	1,710,525	Audit: Exhibit A-1
Current Liabilities	212,909	301,349	324,789	Audit: Exhibit A-1
Total Liabilities	212,909	301,349	975,122	Audit: Exhibit A-1
Net Assets	979,559	1,149,210	727,266	Audit: Exhibit A-1
Total Revenue	4,114,648	4,059,452	3,769,454	Audit: Exhibit A-2
Total Expenses	3,951,923	3,889,801	3,568,569	Audit: Exhibit A-2
Change in Net Assets	162,725	169,651	200,885	Audit: Exhibit A-2
Depreciation Expense	19,019	19,019	19,019	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	186.00	195.20	206.50	DOE Enrollment Reports
March 30th Budgeted Enrollment	207.00	207.00	206.00	Charter School Budget

RATIOS ANALYSIS...					
Near Term Indicators	2013	2014	2015	3 YR CUM	Source:
1a. Current Ratio	4.57	4.74	4.71	4.71	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	35.70	68.92	80.32	80.32	Cash/(Total Expenses/365)
1c. Enrollment Variance	90%	94%	100%	100%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	N/A	Audit

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? No

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION

BARRE & COMPANY
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**INDEPENDENT AUDITOR'S 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**

Honorable President and
Members of the Board of Trustees
Hope Academy Charter School
County of Monmouth
Asbury Park, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hope Academy Charter School (Charter School), in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2015, 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, and have issued our report thereon dated December 14, 2015.

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 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.

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

We also noted other matters that we reported to the Board of Trustees of the Hope Academy Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated December 14, 2015.

Purpose of this Report

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



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's
Union, New Jersey

December 14, 2015

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE FINANCIAL ASSISTANCE AS REQUIRED BY
“GOVERNMENT AUDITING STANDARDS” AND OMB NEW JERSEY OMB
CIRCULAR 04-04**

Honorable President and
Members of the Board of Trustees
Hope Academy Charter School
County of Monmouth
Asbury Park, New Jersey

Report on Compliance for Each Major State Program

Report on Compliance for Each Major Federal and State Program

We have audited the Hope Academy Charter School’s compliance with the types of compliance requirements described in the New Jersey Compliance Manual “State Grant Compliance Supplement” that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015. The Hope Academy Charter School’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.

Management’s Responsibility

The Charter School’s management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB’s Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, U.S. OMB Circular A-133, and New Jersey OMB’s Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test

basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Hope Academy Charter School, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Hope Academy Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

REPORT ON SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL FINANCIAL ASSISTANCE REQUIRED BY U.S. OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hope Academy Charter School, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated December 14, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal and state financial assistance as required by the New Jersey OMB Circular 04-04 and U.S. OMB Circular A-133 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and related directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of U.S. OMB Circular A-133 and NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's
Union, New Jersey

December 14, 2015

HOPE ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2014	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2015	Deferred Revenue	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
No Child Left Behind Cluster:														
	84.010A	NCLB - 6740 - 15	\$ 171,229	7/1/14	\$ -	\$ -	\$ 171,229	\$ (171,229)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	84.010A	NCLB - 6740 - 14	-	8/31/14	(8,919)	-	8,919	-	-	-	-	-	-	-
	84.365A	NCLB - 6740 - 15	9,375	9/1/14	-	-	9,073	(9,375)	-	-	(302)	-	-	-
	84.367A	NCLB - 6740 - 15	17,283	7/1/14	(3,495)	-	17,283	(17,283)	-	-	-	-	-	-
	84.367A	NCLB - 6740 - 14	-	8/31/14	(72,474)	-	2,089,999	(197,887)	-	-	(302)	-	-	-
		Total No Child Left Behind Cluster												
Individuals with Disabilities Cluster:														
	84.027	IDEA - 6740 - 15	52,731	7/1/14	(10,197)	-	52,731	(52,731)	-	-	-	-	-	-
	84.027	IDEA - 6740 - 14	-	9/1/13	(10,197)	-	62,928	(52,731)	-	-	-	-	-	-
		Total Individuals with Disabilities Cluster												
Other Special Revenue Funds:														
	84.287C	N/A	96,648	9/1/14	(72,722)	-	96,648	(96,648)	-	-	-	-	-	-
	84.287C	N/A	29,978	9/1/13	(72,722)	-	102,700	(29,978)	-	-	-	-	-	-
		Total Other Special Revenue Funds												
		Total Special Revenue Fund			(95,333)	-	472,275	(377,244)	-	-	(302)	-	-	-
U.S. Department of Agriculture														
Passed-through State Department of Agriculture														
Enterprise Fund:														
	10.553	N/A	40,002	7/1/14	(3,896)	-	40,745	(44,002)	-	-	(3,257)	-	-	-
	10.553	N/A	-	7/1/13	(3,896)	-	3,896	-	-	-	-	-	-	-
	10.555	N/A	93,729	7/1/14	(7,028)	-	86,382	(93,729)	-	-	(7,347)	-	-	-
	10.555	N/A	-	7/1/13	(7,028)	-	7,028	-	-	-	-	-	-	-
	10.556	N/A	2,319	7/1/14	(10,924)	-	140,370	(140,050)	-	-	(10,604)	-	-	-
		Total Enterprise Fund			(106,257)	-	612,645	(517,294)	-	-	(10,906)	-	-	-
		Sub-Total Federal Financial Awards												

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

HOPE ACADEMY CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Prior Year's Balance	Balance at June 30, 2015		MEMO
			From	To	Deferred Revenues (Accounts Receivable)	Due to Grantor					Deferred Revenues (Accounts Receivable)	Due to Grantor	
State Department of Education													
General Fund:													
"Local Levy" State Share - Charter School Aid	15-495-034-5120-071	\$ 2,176,527	7/1/14	6/30/15	\$ -	\$ -	\$ 2,176,527	\$ (2,176,527)	\$ -	\$ -	\$ -	\$ -	\$ 2,176,527
"Local Levy" State Share - Charter School Aid	14-495-034-5120-071	-	7/1/13	6/30/14	(67,624)	-	67,624	-	-	-	-	-	-
Special Education Aid	15-495-034-5120-069	78,028	7/1/14	6/30/15	-	-	78,028	(78,028)	-	-	-	-	78,028
Security Aid	15-495-034-5120-064	98,070	7/1/14	6/30/15	-	-	98,070	(98,070)	-	-	-	-	98,070
Adjustment Aid	15-495-034-5120-065	10,180	7/1/14	6/30/15	-	-	10,180	(10,180)	-	-	-	-	10,180
On-Behalf TPAF Pension Contributions	15-495-034-5095-006	182,685	7/1/14	6/30/15	-	-	182,685	(182,685)	-	-	-	-	182,685
Reimbursed TPAF - Social Security	15-495-034-5095-002	92,277	7/1/14	6/30/15	(10,009)	-	87,849	(92,277)	(4,428)	-	-	4,428	92,277
Reimbursed TPAF - Social Security	14-495-034-5095-002	-	7/1/13	6/30/14	(77,653)	-	2,710,972	(2,637,767)	(4,428)	-	-	4,428	2,637,767
Total General Fund													
State Department of Agriculture													
Emergency Fund													
National School Lunch Program (State Share)	15-100-010-3350-023	1,727	7/1/14	6/30/15	(132)	-	1,591	(1,727)	(136)	-	-	136	1,727
National School Lunch Program (State Share)	14-100-010-3350-023	-	7/1/13	6/30/14	(132)	-	1,723	(1,727)	(136)	-	-	136	1,727
Total Enterprise Fund													
Total All Funds													
State Financial Assistance Not Subject To Major Program Determination:													
General Funds:													
On-Behalf TPAF Pension Contributions	15-495-034-5095-006	182,685	7/1/14	6/30/15	-	-	(182,685)	182,685	-	-	-	-	(182,685)
On-Behalf TPAF Pension Contributions	14-495-034-5095-006	-	7/1/13	6/30/14	-	-	(182,685)	182,685	-	-	-	-	(182,685)
Total General Fund													
Total State Financial Assistance													

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

HOPE ACADEMY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2015

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, Hope Academy Charter School. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

HOPE ACADEMY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2015

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

	Federal	State	Total
General Fund	\$ -	\$ 2,637,767	\$ 2,637,767
Special Revenue Fund	377,244	-	377,244
Food Service Fund	140,050	1,727	141,777
Total Awards & Financial Assistance	\$ 517,294	\$ 2,639,494	\$ 3,156,788

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Hope Academy Charter School has no loan balances outstanding at June 30, 2015.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

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

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

HOPE ACADEMY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2015

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. There are no funds by program included in schoolwide programs in the charter school.

HOPE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? _____ Yes X No

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

Noncompliance material to basic financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

1) Material weakness(es) identified? _____ Yes X No

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

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

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? _____ Yes X No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
_____ 84.010 _____	_____ NCLB Cluster _____

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

HOPE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section II –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 for which *Government Auditing Standards* requires reporting in a Circular A-133 audit. See paragraphs 13.15 and 13.35.

Finding

There were no matters reported.

HOPE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

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

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

FEDERAL AWARDS

Findings

There were no matters reported.

STATE AWARDS

Findings

There were no matters reported.

HOPE ACADEMY CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs As Prepared by Management
For the Fiscal Year Ended June 30, 2015

STATUS OF PRIOR YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 (.315(a)(b)) and NJOMB's Circular 04-04.

Findings

There were no matters reported.