

***PRIDE ACADEMY CHARTER SCHOOL***

***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***FISCAL YEAR ENDED JUNE 30, 2010***

***PRIDE ACADEMY CHARTER SCHOOL***

***Pride Academy Charter School  
Board of Trustees  
East Orange, New Jersey***

***Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2010***

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Prepared by  
Pride Academy Charter School  
Finance Department**

**And  
Barre & Company, CPAs**

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**PRIDE ACADEMY CHARTER SCHOOL  
TABLE OF CONTENTS**

	Page
<b>INTRODUCTORY SECTION .....</b>	<b>1</b>
Letter of Transmittal.....	2
Organizational Chart.....	15
Roster of Officials .....	16
Consultants and Advisors .....	17
<b>FINANCIAL SECTION .....</b>	<b>18</b>
Independent Auditor’s Report .....	19
<b>REQUIRED SUPPLEMENTARY INFORMATION – PART I.....</b>	<b>21</b>
Management’s Discussion and Analysis.....	22
<b>BASIC FINANCIAL STATEMENTS.....</b>	<b>29</b>
<b>SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS.....</b>	<b>30</b>
A-1 Statement of Net Assets.....	31
A-2 Statement of Activities.....	32
<b>SECTION B – FUND FINANCIAL STATEMENTS .....</b>	<b>33</b>
<b>GOVERNMENTAL FUNDS.....</b>	<b>34</b>
B-1 Combining Balance Sheet.....	35
B-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	36
B-3 Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	37
<b>PROPRIETARY FUNDS .....</b>	<b>38</b>
B-4 Statement of Fund Net Assets .....	39
B-5 Statement of Revenues, Expenses, and Changes in Net Assets.....	40
B-6 Statement of Cash Flows .....	41
<b>FIDUCIARY FUNDS.....</b>	<b>42</b>
B-7 Statement of Fiduciary Net Assets.....	43
B-8 Statement of Changes in Fiduciary Net Assets.....	N/A
<b>NOTES TO BASIC FINANCIAL STATEMENTS .....</b>	<b>44</b>

**PRIDE ACADEMY CHARTER SCHOOL  
TABLE OF CONTENTS**

Page

**FINANCIAL SECTION (CONTINUED)**

<b>REQUIRED SUPPLEMENTARY INFORMATION – PART II</b> .....	<b>66</b>
<b>SECTION C – BUDGETARY COMPARISON SCHEDULES</b> .....	<b>67</b>
C-1 Budgetary Comparison Schedule – General Fund .....	68
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual .....	N/A
C-1b American Recovery and Reinvestment Act - Budget and Actual .....	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund .....	70
<b>NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION</b> .....	<b>71</b>
C-3 Budget-To-GAAP Reconciliation.....	72
<b>OTHER SUPPLEMENTARY INFORMATION</b> .....	<b>73</b>
<b>SECTION D – ABBOTT SCHEDULES</b> .....	<b>N/A</b>
D-1 Combining Balance Sheet.....	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual.....	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual.....	N/A
<b>SECTION E – SPECIAL REVENUE FUND</b> .....	<b>74</b>
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis .....	75
<b>SECTION F – CAPITAL PROJECTS FUND</b> .....	<b>N/A</b>
F-1 Summary Schedule of Project Expenditures .....	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis.....	N/A
<b>SECTION G – PROPRIETARY FUND</b> .....	<b>76</b>
<b>ENTERPRISE FUND</b> .....	<b>N/A</b>
G-1 Combining Statement of Net Assets .....	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	N/A
G-3 Combining Statement of Cash Flows.....	N/A

**PRIDE ACADEMY CHARTER SCHOOL  
TABLE OF CONTENTS**

Page

**FINANCIAL SECTION (CONTINUED)**

**INTERNAL SERVICE FUND..... N/A**

G-4	Combining Statement of Net Assets .....	N/A
G-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	N/A
G-6	Combining Statement of Cash Flows.....	N/A

**SECTION H – FIDUCIARY FUNDS ..... 77**

H-1	Combining Statement of Fiduciary Net Assets.....	78
H-2	Combining Statement of Changes in Fiduciary Net Assets.....	N/A
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements .....	79
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements.....	80

**SECTION I – LONG-TERM DEBT..... N/A**

I-1	Schedule of Mortgage Obligations.....	N/A
I-2	Schedule of Obligations under Capital Leases.....	N/A
I-3	Debt Service Fund - Budgetary Comparison Schedule .....	N/A

**STATISTICAL SECTION (UNAUDITED)..... 81**

**INTRODUCTION TO THE STATISTICAL SECTION ..... 82**

**FINANCIAL TRENDS ..... 83**

J-1	Net Assets by Component.....	84
J-2	Changes in Net Assets.....	85
J-3	Fund Balances – Governmental Funds.....	86
J-4	Changes in Fund Balances – Governmental Funds .....	87
J-5	General Fund Other Local Revenue by Source (NJ) .....	88

**REVENUE CAPACITY ..... N/A**

J-6	Assessed Value and Estimated Actual Value of Taxable Property .....	N/A
J-7	Direct and Overlapping Property Tax Rates .....	N/A
J-8	Principal Property Taxpayers*.....	N/A
J-9	Property Tax Levies and Collections .....	N/A

**PRIDE ACADEMY CHARTER SCHOOL  
TABLE OF CONTENTS**

Page

**STATISTICAL SECTION (CONTINUED)**

**DEBT CAPACITY ..... N/A**

J-10	Ratios of Outstanding Debt by Type.....	N/A
J-11	Ratios of General Bonded Debt Outstanding.....	N/A
J-12	Direct and Overlapping Governmental Activities Debt.....	N/A
J-13	Legal Debt Margin Information.....	N/A

**DEMOGRAPHIC AND ECONOMIC INFORMATION ..... N/A**

J-14	Demographic and Economic Statistics.....	N/A
J-15	Principal Employers, Current and Nine Years Ago.....	N/A

**OPERATING INFORMATION ..... 90**

J-16	Full-Time Equivalent Charter School Employees by Function/Program.....	91
J-17	Operating Statistics.....	92
J-18	School Building Information.....	N/A
J-19	Schedule of Allowable Maintenance Expenditures by School Facility.....	N/A
J-20	Insurance Schedule.....	93

\*Private citizen should be listed as Individual Taxpayer 1, Taxpayer 2, etc.

**SINGLE AUDIT SECTION ..... 94**

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	95
K-2	Report on Compliance with Requirements Applicable To Each Major Program and On Internal Control over Compliance In Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04.....	97
K-3	Schedule of Expenditures of Federal Awards – Schedule A.....	100
K-4	Schedule of Expenditures of State Financial Assistance – Schedule B.....	101
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance.....	102
K-6	Schedule of Findings and Questioned Costs.....	104
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs.....	108

***INTRODUCTORY SECTION***



August 26, 2010

Honorable President and  
Members of the Board of Trustees  
Pride Academy Charter School  
117 Elmwood Avenue  
East Orange, New Jersey 07018

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Pride Academy Charter School (Charter School) for the fiscal year ended June 30, 2010. 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 Pride 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 seven member Board of Trustees serves as the governance and policy maker for the Charter School. The Board approves and adopts an annual budget and oversees all expenditures, which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

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

**1. REPORTING ENTITY AND ITS SERVICES:** Pride Academy Charter School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the Charter School are included in this report.

## OUR MISSION

Pride Academy Charter School strongly believes that every member of the staff plays a vital role in creating a safe and supportive learning community where our children can develop and grow. All members of the Pride Academy Charter School team are dedicated to the following mission:

*“Pride Academy Charter School endeavors to ignite success in middle school students of all abilities through a curriculum rooted in the values of peace, respect, integrity, determination, and empathy. By establishing a community dedicated to academic achievement, mastery of fundamental skills, positive leadership, and active service, Pride Academy Charter School strives to embolden its students to harness their own power to shape their futures and the world.”*

## OUR CORE BELIEFS

The foundation of Pride Academy Charter School is built upon the following core beliefs:

- Students of all abilities will thrive in a peaceful learning community that values respect, integrity, determination, and empathy for others.
- Within all students lies the power to shape their own future by making positive choices today.
- By serving individual academic needs through cohesive skill-centered curriculum, untapped student potential will be realized.
- Through critical examination and active response to challenges facing our community, students are best able to comprehend the interconnectedness of life and the power of the individual.
- By deliberately honoring accomplishments while continuously setting new challenges, students gain the courage, confidence, and competencies needed to take academic and leadership risks.
- Adults teach students with their actions. All members of our school community—administration, faculty, and parents – must live and embody the values that the school seeks to instill in its students.
- A culture which prizes goal-setting, positive choices, and perseverance will equip students with the skills and mindset needed to seize future educational opportunities.
- By questioning, seeking, understanding, and responding, all members of our school community will be active participants in the lifelong learning cycle essential for growth.

In the power of the words quoted by Nelson Mandela: "...as we let our light shine, we unconsciously give other people permission to do the same."

## THE PRIDE PHILOSOPHY

Pride Academy Charter School is characterized by a culture that is orderly, supportive and focused on academic achievement. Our school community emphasizes mutual care and respect. Our philosophy emphasizes a positive approach to teaching and managing discipline, in which the students are gradually led towards self-discipline. Students are expected to behave respectfully towards their teachers, classmates, school staff and property. Our committed staff will likewise address students with respect and compassion. Administrators and teachers will work together to promote student achievement and to ensure that the code of conduct is consistently followed, and enforced in a timely and fair manner.

Our teachers strive to create a sense of community within our classrooms. Our students are expected to come to school on time every day and be prepared to contribute positively to the school community. Our goal is to discourage misbehavior and teach students to make better choices in the future.

Lastly, Pride Academy Charter School is shaped by five guiding principles, or core values. The first of these core values is peace. Violence of any type has no place at Pride Academy Charter School. Students, parents, staff, and administration will work together to resolve conflicts constructively and peacefully.

## THE PRIDE VISION

The cornerstones of our school vision are represented by letters that spell **PRIDE**:

**P**ace **R**espect **I**ntegrity **D**etermination **E**mpathy

At Pride Academy Charter School, students work together and encourage one another in a supportive learning community; teachers and administrators work as a team and actively facilitate opportunities to grow and support student leadership; parents commit to work in partnership with the school; and all member of our school community model and live the core values of Peace, Respect, Integrity, Determination, and Empathy.

## OUR CORE VALUES

The Pride philosophy is based upon five core values; peace, respect, integrity, determination, and empathy. All member of our school community are expected to live by these values. Students and their parents or guardian affirm their commitment to practice the core values by signing the PRIDE Academy Charter School Parent Compact.

The five core values are characterized as follows:

**Peace:** Conflicts will be resolved in non-violent ways. Students and adults will work together to create a calm, safe environment by learning and teaching how to resolve and avoid conflicts in non-violent, non-confrontational ways.

**Respect:** All members of the school community will treat each other with respect. We treat each person as valuable, worthy of greatness and goodness. We accept individuals for who they are. We demonstrate high regard for others, for property, for differences, and for opinions different from our own. We respect the rights of our teachers to teach and of our classmates to learn.

**Integrity:** Honestly will be at the core of all that we say and do. We follow through on our obligation and commitments. We do not do things halfway.

**Determination:** We will not allow obstacles to block our pathways to excellence. We do our best in every area. We never give up.

**Empathy:** Compassion and understanding of each other's feelings will guide our choices and conduct. We will not hurt each other physically or emotionally. We are kind and supportive of one another.

We teach our students to take responsibility for their actions and to consider the impact of their actions on others. By doing so, we prepare our students to be successful in school in our community, and in our world.

## SCHOOL DESCRIPTION

**School Name:** Pride Academy Charter School

**Startup and Current Year.** Pride Academy Charter School commenced implementation in the 2008-2009 school year and has just completed its second year of operation.

**Address.** The school is located at 117 Elmwood Avenue, East Orange, NJ 07018.

**Facility.** The school is located in a three-story building that formerly served as a Catholic School and is rented from the Imani Baptist Church.

**Number of Students, Grades and Classes.** The school's charter authorized a maximum enrollment of 240 students in Grades 5-8. The enrollment at the beginning of the school year was 240 students. At the end of the year the enrollment was 234 students, with six open 8<sup>th</sup> grade spots. There are three classes each of Grades 5,6,7 and 8.

**Class Size.** Class size is 20 students per class.

**Demographics:** 98% of the student population is Black, 2% is Hispanic, and 82% qualify for free and reduced lunch.

**School Day.** The school day begins at 8:00 AM and ends at 4:00 PM for a total of eight hours.

**School Year.** School began September 2nd and ended June 23rd for a total of 188 school days.

**Planned Expansion.** There is no planned expansion for the 2010-2011 school year.

**District Residence.** The school draws its students from the following districts: Newark, Irvington, East Orange, and Orange.

**Employees:** The school employs 1 Principal, 1 Vice Principal, 1 School Business Administrator, 1 Dean of Students, 1 Dean of Student Life, 13 content teachers, 5 Special Education teachers, 2 Teacher Aides, 1 Physical Education teacher, 1 Spanish teacher, 1 Computer teacher, 1 Art teacher, 1 Nurse, and 1 Social Worker. In addition, the school employs the services of 1 Fiscal Assistant, 1 School Secretary, 1 Office Manager, and 1 Custodian. On a contract time basis, the school employs a learning consultant, a school psychologist, a speech therapist, and an occupational therapist.

**Lead Person.** The school's lead person is Mrs. Fiona Thomas (Tel. 973-627-3200), (Fax 973-672-3207), (email ffr.thomas@gmail.com).

**Board Member.** The school's organization documents provide for seven Board of Trustee members.

**Defining Attributes.** The defining attributes reference the mission with its focus on academic achievement and mastery of fundamental skills, positive leadership, and active service.

## 2. MAJOR ACCOMPLISHMENTS

### Summary of Accomplishments: Board of Trustees

This year the Board of Trustees has led and supported the following:

- The implementation of a School Improvement Action Plan that addressed action plan steps that enhanced the quality of instruction, school operations, retention of quality staff, and facility;
- Under the strong fiscal oversight and guidance of our School Business Administrator, the Board was able to make informed and strategic decisions and provide informed guidance;
- The creation of a committee to lead a Board expansion initiative, which resulted in the induction and appointment of two new members;
- The delivery of a Board Retreat and training to prepare the Board and school to embark on a strategic planning initiative;
- The erection of a digital information sign on school grounds that will greatly enhance school visibility in the community and communication with parents;
- The adoption of a Technology Plan to support an extensive infrastructure that will serve as the foundation for our school network for the next three years;
- A partnership with NJ READS to address facility improvements and development.

- During the 2009-2010 school year, the Board approved the following additional policies:
  - i. Board Attendance policy
  - ii. Investment Policy
  - iii. FICA Policy & Procedure
  - iv. Employee Cash Advance Policy
  - v. Affirmative Action Grievance Procedure
  - vi. Addendum to the Admissions Procedure
  - vii. Sick/Personnel/Vacation days policy
  - viii. 2010-2011 Personnel Handbook

### **Summary of Accomplishments: School Administration**

During the 2009-2010 school year, the Administrative team continued to lead the growth and strengthening of our second year of operation. Some highlights in accomplishments include the following:

- The leadership of our School Business Administrator and combined efforts, skills, and capacity of our newly organized business office and newly hired personnel have allowed for a more efficient and professional management of critical policies and procedures, savings in many areas, stabilization in enrollment, as well as sustained and detailed oversight and management of the school budget, grants, facility issues, and personnel;
- Developed and implemented a School Improvement Action Plan that addressed action plan steps that improved the quality of instruction, school operations, retention of quality staff, and facility;
- Development and approval of State Mandated Plans including the Professional Development Plan and Technology Plan;
- Development and refinement of curricula aligned to NJCCCS standards and the continued implementation of a data driven assessment model of instruction;
- Provided embedded in-class professional development to support our co-teaching model and to develop our Professional Learning Community;
- Installed SMART board technology in all classrooms and established four mobile laptop labs for use in all classrooms;
- Set up and installed a NJ Alert System to enhance communication with parents and school community members;
- Set up and installed a Business Office server to increase security and streamline operations;
- Successfully nominated one of our teachers, Ms Jodi Cenac, New Jersey Charter School Teacher of the Year;

- Successfully applied for and received two Smarter Charter grants to support the development of our school database system and provide strategic planning training for our Board of Trustees;
- Enhanced security through the installation of a security alarm system and camera system;
- Trained and supported faculty and staff in their use of PowerSchool as our school wide data system;
- Developed and implemented an extracurricular and after school program that offered a wide range of athletic, academic, and culturally enriching activities and experiences that included MathCounts, chess, photography, Drama, Art, Earth Club, Fantasy Football, Yearbook, cheerleading, basketball, soccer, Spanish club, origami, yarnning, Speed Stacks, and book clubs;
- Developed and implemented a mentoring program that involved all 7<sup>th</sup> and 8<sup>th</sup> grade students.

## Academic Results

This year, all of our students in grades 5-8 participated in the NJASK state testing. The scores received from our first cycle (2009-2010) and second cycle (2008-2009) of NJASK data (**Table , Figure 2**) support evaluations derived from in-school data analysis during the 2009-2010 school year that a significant number of our students at each grade level, especially students entering in 5<sup>th</sup> grade, continue to present with below proficiency levels of achievement.

Moreover, the data indicates that students entering the school at 5<sup>th</sup> grade have even lower proficiency rates than in 2008-2009. The NJASK results indicate that 11% percent fewer 5<sup>th</sup> grade students achieved proficient or higher scores on the Literacy/Language Arts NJASK assessment than in 2008-2009. One percent fewer students achieved proficient or higher scores in the 2009-2010 Math assessment in 5<sup>th</sup> Grade than in 2008-2009. This presents an increased challenge in the coming year.

Grade	Subject	2008-2009		2009-2010	
		Proficient and above (%)	Advanced Proficient (%)	Proficient and above (%)	Advanced Proficient (%)
5	Literacy/LA	38.3		27.1	1.7
	Math	26.7	5	25.4	1.7
6	Literacy/LA	38.3		50.0	1.7
	Math	31.7	1.7	38.3	1.7
7	Literacy/LA	50.8		48.3	5
	Math	23.7	3.4	25.0	3.3
8	Literacy/LA	45.8		63.6	1.8
	Math	23.0	4.2	27.3	5.5
	Science	37.5		49.1	7.3

**Table 2** Percentage of students with scores on the 2008-9 and 2009-10 NJASK assessments that are at or above the proficient or advanced proficient levels. Only students who have been at Pride Academy Charter School for at least one year have been included in the 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> Grade 2009-10 NJASK scores.

However, the data also indicates increases in the number of students achieving proficient or above scores amongst students who have been at the school for at least one year. The only exception to this is in 7<sup>th</sup> grade Literacy / Language Arts where there was a slight 2.5% decrease in the proportion of students achieving proficient or above. Literacy/Language Arts proficiency rates increased 11.7% in 6<sup>th</sup> grade and 17.8% in 8<sup>th</sup> grade. Similarly Math proficiency rates increase 6.6% in grade 6, 1.3% in grade 7 and 4.3% in grade 8. Science proficiency rates increased by 11.6% in grade 8 from 2008-2009 to 2009-2010.

The following action plan steps will be implemented this coming year in order to close the skill gaps and raise our achievement levels in math and language arts literacy:

### **Academic:**

- Grade-wide interim assessments and data analysis tools will be provided by Achievement Network which should help not only to standardize the assessments, but also give teachers the opportunity to focus more on the analysis of the assessment data rather than the time consuming task of inputting of the data and preparing it for analysis;
- There will be increased supervision of the pacing of instruction as well as the reteaching and reassessment process in between the interim tests;
- Lesson planning and curriculum unit planning will be more closely aligned with the assessment schedule of targeted skills;
- More targeted professional development will be delivered focusing on the action planning and reteaching steps of the data driven model and the co-teaching model in order to maximize the presence of two or sometimes three teachers in the LAL and math classrooms;
- More targeted professional development and oversight will be delivered focusing on the use and integration of technology as a tool to strengthen and reteach key skills.

### **Staffing:**

- Increased time and resources will continue to be dedicated to provide an embedded, standards-based professional development program aligned to teacher PIP goals, the implementation of our interim assessment initiative, and supportive of the co-teaching model;
- The number of Academic Support Team members have been increased in order to provide more extensive push in services both in the areas of Special Education and Title I;
- The House system of organizing student teams has been restructured to support a schedule that will create more planning time for co-teaching partners, peer coaching opportunities, and quality time to analyze assessment data and use it to inform instructional decisions.

### **Climate:**

- The *Student Code of Conduct* was reviewed, developed, and will be reinforced with even greater consistency and rigor to ensure a structured, safe, and focused learning environment;
- School wide expectations and procedures have been developed and expanded that will become required standard practice for all teachers in order to maintain and sustain a structured “no-excuses” learning environment;
- Attendance issues will continue to be addressed through an approach that involves timely response and documentation of response by teachers, administrators, the social workers, and school nurse;
- Administrators and staff will continue to be required to create and sustain a positive and learning focused classroom culture using a set of school-wide practices and norms.

### **Parent Involvement:**

- Parent Workshops and Family Math and Language Arts Literacy Nights will continue to be developed and offered to parents;
- Parents will continue to be invited and encouraged to participate in school wide leadership committees in the areas of NCLB School Improvement, Special Education, and Affirmative Action;
- An incentive program will continue to be developed and implemented to encourage and increase parent attendance and participation at our progress report and report card conference nights each trimester, and their support of our focus on academic achievement.

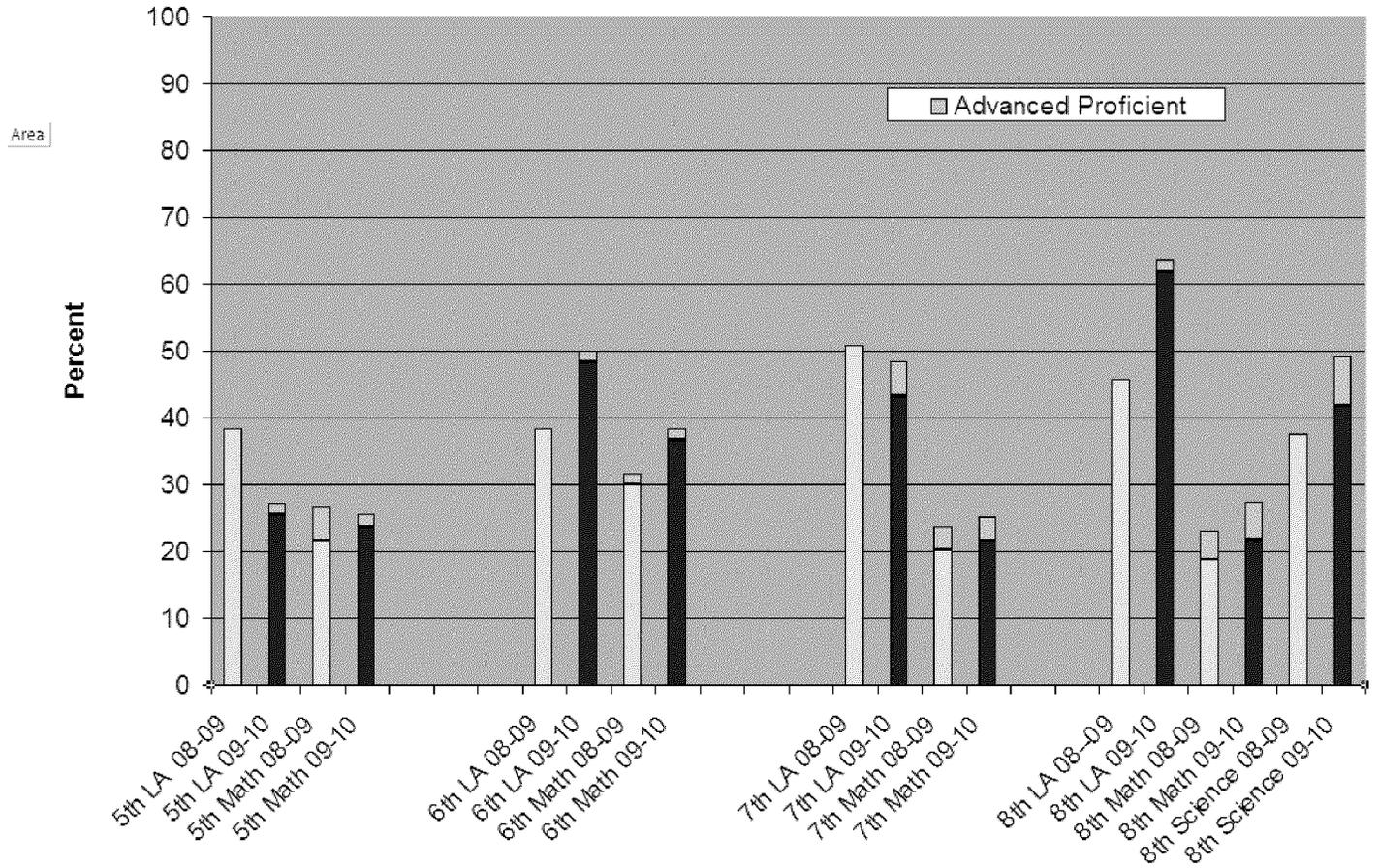
### **Support:**

- An After School Enrichment Program will be designed and offered to strengthen core skills in math and LAL and explore the feasibility of offering a Saturday Morning Skills Enrichment program;
- A Home Work accountability program will continue to be implemented to support students in practicing effective study skills and producing a consistent level of quality homework assignments;
- More professional development and support will be provided to train and assist teachers in their utilization of our SMART board and Study Island technology to provide students online practice, assessment, and differentiated reinforcement of targeted skills.

Figure 2:

Proficient 2008-2009  
 Proficient 2009-2010  
 Advanced Proficient

**Percentage of General Education and Special Education Students  
With Proficient and Advanced Proficient Scores**



**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.

**5. BUDGETARY CONTROLS:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget 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, 2010.

**6. 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.

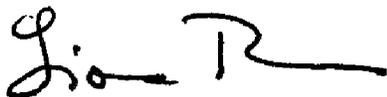
**7. RISK MANAGEMENT:** The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive collision, hazard and theft insurance on property and contents.

**8. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, 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.

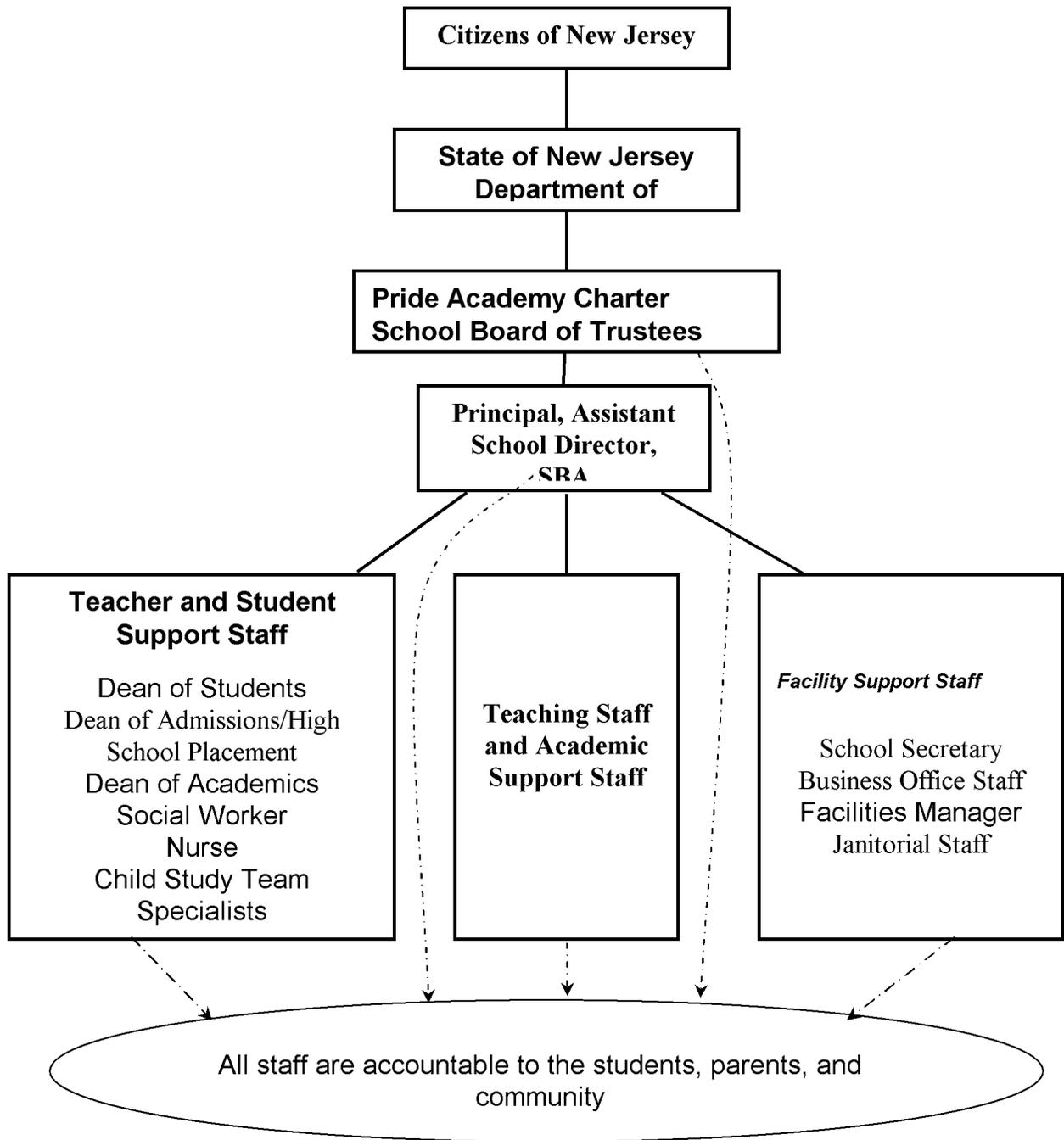
**9. ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Pride Academy Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development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

A handwritten signature in black ink, appearing to read "Fiona Thomas". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mrs. Fiona Thomas  
School Principal

**Organizational Chart**



## Board of Trustees

<b>Board of Trustees</b>				
<b>Name</b>	<b>Affiliation</b>	<b>Date of Appointment</b>	<b>Position</b>	<b>Status: Voting, Non-Voting</b>
Mr. Robert Mitchell	Morristown-Beard School, Admissions	April-08	President	Voting
Mr. Michael Moore	Genova Burns and Vernoia, Attorneys at Law	Dec-09	Vice-President	Voting
Mr. Jnanendra Ray	SBA	July -09	Board Secretary Treasurer	Non Voting
Ms Jane Albert	Retired Principal, Director of Development and Administrator of Finance and Development	June-08	Member	Voting
Mr. Bryan Tiggs	French & Casey, Attorneys at Law	June 08	Member	Voting
Ms Helen Spencer	Managing Partner of Egg Donor and Surrogacy Services	May-10	Member	Voting

**Table 1 –Board of Trustee members and their status as of October 1st, 2010**

**PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

***Audit Firm***

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

***Attorney***

Joan L. Butler, Esq.  
Schenck, Price, Smith & King, LLP  
10 Washington Street  
P.O. Box 905  
Morristown, New Jersey 07963-0905

***Official Depository***

Bank of America N.A.  
PO Box 25118  
Tampa, FL 33622

***FINANCIAL SECTION***

**BARRE & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

*2204 Morris Avenue, Suite 303*

*Union, New Jersey 07083*

*908.686.3484*

*FAX - 908.686.6055*

**Independent Auditor's Report**

Honorable President  
Members of the Board of Trustees  
Pride Academy Charter School  
County of Essex  
East Orange, New Jersey

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 Board of Trustees of the Pride Academy Charter School in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Pride Academy Charter School Board of Trustee's management. Our responsibility is to express an opinion 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 audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pride Academy Charter School Board of Trustees, in the County of Essex, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2010 on our consideration of the Pride Academy Charter School

*www.cpa-bc.com ♦ info@cpa-bc.com*

*5 Independence Way ♦ Suite 300 ♦ Princeton, NJ 08540 ♦ 609.275.4810*

*Metro Park Center ♦ 33 Wood Avenue So. ♦ Iselin, NJ 08830 ♦ 732.603.2100*

Board of Trustees' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Information starting on pages 22 and 67, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pride Academy Charter School Board of Trustees' basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, and statistical tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. 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 are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relations to the basic financial statements taken as a whole.



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

September 7, 2010

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

**PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

The discussion and analysis of Pride Academy Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2010. 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 (2009-2010) and the prior year (2008-2009) is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for 2010 are as follows:

- ❖ General revenues accounted for \$3,887,069 in revenue or 95% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$189,453 or 5% percent of total revenues of \$4,076,522.
- ❖ The Charter School had \$3,438,593 in expenses; only \$189,453 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$3,887,069 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$3,517,492 in revenues and \$2,966,430 in expenditures. The General Fund's fund balance increased \$551,062 from 2009. This increase was anticipated by the Board of Trustees.

**PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**UNAUDITED  
(CONTINUED)**

**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 Pride 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 Assets* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Pride Academy Charter School, the General Fund is by far the most significant fund.

**Reporting the Charter School as a Whole**

**Statement of Net Assets 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 2010?" The *Statement of Net Assets* 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 accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

**Statement of Net Assets and the Statement of Activities**

These two statements report the Charter School's net assets and changes in those assets. This change in net assets 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.

**PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(CONTINUED)**

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

In the *Statement of Net Assets* 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.

**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 Assets* and the *Statement of Activities*) and governmental funds are reconciled in the financial statements.

**PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(CONTINUED)**

**Enterprise Fund**

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

**Notes to the 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 44 of this report.

**The Charter School as a Whole**

Recall that the *Statement of Net Assets* provides the perspective of the Charter School as a whole. Net assets 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 assets were \$1,430,409 for 2010 and \$792,480 for 2009.

**Governmental Activities**

The Charter School's total revenues were \$3,982,074 for 2010 and \$3,277,021 for 2009, this includes \$104,942 for 2010 and \$41,776 for 2009 of state reimbursed TPAF social security contributions.

The total cost of all program and services was \$3,341,980 for 2010 and \$2,484,541 for 2009. Instruction comprises 51% for 2010 and 46% for 2009 of Charter School expenditures.

**PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
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 were less than expenses by \$2,165 in 2010 and were equal to expenses in 2009.
- ❖ Charges for services represent \$3,065 for 2010 and \$7,648 in 2009 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches were \$91,383 for 2010 and \$37,458 for 2009.

**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 school equipment purchased under 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 \$3,982,074 for 2010 and \$3,277,021 for 2009 and expenditures were \$3,431,012 for 2010 and \$2,484,541 for 2009. The net change in fund balance was most significant in the general fund, an increase of \$551,062 for 2010 and \$792,480 for 2009.

**PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
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, 2010.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2009	Percent of Increase/ (Decrease)
Local Sources	\$ 423,610	10.63%	\$ 48,221	12.85%
State Sources	3,093,882	77.70%	551,696	21.70%
Federal Sources	464,582	11.67%	105,136	29.25%
<b>Total</b>	<b>\$ 3,982,074</b>	<b>100.00%</b>	<b>\$ 705,053</b>	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2010 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2009	Percent of Increase/ (Decrease)
Instruction	\$ 1,455,078	42.41%	\$ 470,095	47.73%
Administration	1,232,349	35.92%	400,076	48.07%
Support Services	541,550	15.78%	(65,780)	-10.83%
Capital Outlay	202,036	5.89%	142,081	236.98%
<b>Total</b>	<b>\$ 3,431,013</b>	<b>100.00%</b>	<b>\$ 946,472</b>	

Changes in expenditures were the result of varying factors. Current expense increased due to salary increases, additional staff and students, and increased health benefits and utility costs.

**PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
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)**

The Charter School had \$89,032 invested in equipment at the end of the fiscal year 2010.

**For the Future**

The Pride 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 Pride 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 Mrs. Fiona Thomas, Principal at Pride Academy Charter School, 117 Elmwood Avenue, East Orange, New Jersey 07018.

***BASIC FINANCIAL STATEMENTS***

**SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS**

*The statement of net assets 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.*

**PRIDE ACADEMY CHARTER SCHOOL**  
Statement of Net Assets  
June 30, 2010

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,318,438	\$ 6,271	\$ 1,324,709
Interfund Receivables	113,679		113,679
Receivables	118,332	6,106	124,438
Capital Assets, Net	89,032		89,032
<b>Total Assets</b>	<b>1,639,481</b>	<b>12,377</b>	<b>1,651,858</b>
<b>LIABILITIES:</b>			
Interfund Payable	67,280	14,542	81,822
Payable to State Government	29,202		29,202
Payable to District	110,425		110,425
<b>Total Liabilities</b>	<b>206,907</b>	<b>14,542</b>	<b>221,449</b>
<b>NET ASSETS:</b>			
Invested in Capital Assets	89,032		89,032
Restricted:			
Capital Reserve	500,000		500,000
Unrestricted	843,542	(2,165)	841,377
<b>Total Net Assets</b>	<b>\$ 1,432,574</b>	<b>\$ (2,165)</b>	<b>\$ 1,430,409</b>

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

**PRIDE ACADEMY CHARTER SCHOOL**

Statement of Activities

For The Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 1,474,577	\$ 225,493	\$ -	\$ 95,005	\$ -	\$ (1,605,065)	\$ -	\$ (1,605,065)
Administration	859,245	147,611				(1,006,856)		(1,006,856)
Support Services	541,550					(541,550)		(541,550)
Capital Outlay	90,745					(90,745)		(90,745)
Unallocated Depreciation	2,759					(2,759)		(2,759)
<b>Total Governmental Activities</b>	<b>2,968,876</b>	<b>\$ 373,104</b>	<b>\$ -</b>	<b>95,005</b>	<b>\$ -</b>	<b>(3,246,975)</b>	<b>\$ -</b>	<b>(3,246,975)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	96,613		3,065	91,383		(2,165)		(2,165)
Total Business-Type Activities	96,613		3,065	91,383		(2,165)		(2,165)
Total Primary Government	\$ 3,065,489		\$ 3,065	\$ 186,388	\$ -	\$ (3,246,975)	\$ (2,165)	\$ (3,249,140)
<b>GENERAL REVENUES</b>								
General Purposes			\$ 400,626	\$ -	\$ -	\$ 400,626		400,626
Federal and State Aid Not Restricted			3,463,459			3,463,459		3,463,459
Investment Earnings			1,799			1,799		1,799
Miscellaneous Income			21,185			21,185		21,185
Total General Revenues			3,887,069			3,887,069		3,887,069
Change in Net Assets			640,094			(2,165)		637,929
Net Assets - Beginning			792,480			-		792,480
Net Assets - Ending			\$ 1,432,574			\$ (2,165)		\$ 1,430,409

**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***

**PRIDE ACADEMY CHARTER SCHOOL**  
 Governmental Funds  
 Combining Balance Sheet  
 June 30, 2010

	General Fund	Special Revenue Fund	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,318,438	\$ -	\$ 1,318,438
Interfund Receivables	113,679		113,679
Receivables From Other Governments	51,052	67,280	118,332
<b>Total Assets</b>	<b>\$ 1,483,169</b>	<b>\$ 67,280</b>	<b>\$ 1,550,449</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Interfund Payables	\$ -	\$ 67,280	\$ 67,280
Payable to State Government	29,202		29,202
Payable to District	110,425		110,425
<b>Total Liabilities</b>	<b>139,627</b>	<b>67,280</b>	<b>206,907</b>
Fund Balances:			
Reserved:			
Capital Reserve	500,000		500,000
Unreserved:			
General Fund	843,542		843,542
<b>Total Fund Balances</b>	<b>1,343,542</b>	<b>-</b>	<b>1,343,542</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,483,169</b>	<b>\$ 67,280</b>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) which 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 \$111,290 and the accumulated depreciation is \$22,258.

Net Assets of Governmental Activities

89,032

**\$ 1,432,574**

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

**PRIDE ACADEMY CHARTER SCHOOL**  
 Governmental Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Fiscal Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Total
<b>REVENUES:</b>			
Local Sources:			
Local Tax Levy	\$ 400,626	\$ -	\$ 400,626
Interest on Investments	1,799		1,799
Miscellaneous	21,185		21,185
Total Local Sources	423,610	-	423,610
State Sources	3,093,882		3,093,882
Federal Sources		464,582	464,582
Total Revenues	3,517,492	464,582	3,982,074
<b>EXPENDITURES:</b>			
Instruction	1,158,290	296,788	1,455,078
Administration	1,232,349		1,232,349
Support Services	396,364	145,186	541,550
Capital Outlay	179,427	22,608	202,035
Total Expenditures	2,966,430	464,582	3,431,012
NET CHANGE IN FUND BALANCES	551,062	-	551,062
FUND BALANCE, JULY 1	792,480	-	792,480
FUND BALANCE, JUNE 30	<u>\$ 1,343,542</u>	<u>\$ -</u>	<u>\$ 1,343,542</u>

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

**PRIDE 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, 2010

Total net change in fund balances - governmental fund (from B-2) \$ 551,062

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

Capital outlays are reported in governmental funds as expenditures.  
 However, on the statement of activities, the cost of those assets which are  
 capitalized are allocated over their estimated useful lives as depreciation  
 expense in the current fiscal year.

Capital Outlay	\$ 111,290	
Depreciation Expense	<u>(22,258)</u>	<u>89,032</u>

Change in net assets of governmental activities \$ 640,094

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

***PROPRIETARY FUNDS***

**PRIDE ACADEMY CHARTER SCHOOL**  
 Proprietary Fund  
 Statement of Fund Net Assets  
 June 30, 2010

	Business-Type Activities
	Food Service
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 6,271
Intergovernmental Accounts Receivables:	
Federal	5,839
State	267
Total Assets	\$ 12,377
<b>LIABILITIES AND NET ASSETS:</b>	
Liabilities:	
Interfund Accounts Payable	\$ 14,542
Total Liabilities	14,542
Net Assets:	
Unrestricted	(2,165)
Total Net Assets	(2,165)
Total Liabilities and Net Assets	\$ 12,377

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

**PRIDE ACADEMY CHARTER SCHOOL**  
 Proprietary Fund  
 Statement of Revenues, Expenses, and Changes in Net Assets  
 For the Fiscal Year Ended June 30, 2010

	Business-Type Activities
	Food Service
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales Non-reimbursable Program	\$ 3,065
Total Operating Revenues	3,065
<b>OPERATING EXPENSES:</b>	
Cost of Sales	96,613
Total Operating Expenses	96,613
<b>OPERATING LOSS</b>	<b>(93,548)</b>
<b>NONOPERATING REVENUES:</b>	
State Source:	
State School Breakfast and Lunch Programs	4,084
Federal Source:	
National School Breakfast and Lunch Programs	87,299
Total Nonoperating Revenues	91,383
<b>CHANGE IN NET ASSETS</b>	<b>(2,165)</b>
<b>TOTAL NET ASSETS, JULY 1</b>	<b>-</b>
<b>TOTAL NET ASSETS, JUNE 30</b>	<b>\$ (2,165)</b>

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

**PRIDE ACADEMY CHARTER SCHOOL**  
 Proprietary Fund  
 Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2010

	Business-Type Activities
	Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	\$ 3,004
Cash Payments to Suppliers and Employees	(88,116)
Net Cash Used In Operating Activities	(85,112)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash Received From State And Federal Reimbursements	91,383
Net Cash Provided By Noncapital Financing Activities	91,383
Net Increase In Cash And Cash Equivalents	6,271
Cash And Cash Equivalents, Beginning Of Year	-
Cash And Cash Equivalents, End Of Year	\$ 6,271
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>	
Operating Loss Used in Operating Activities	\$ (93,548)
Change In Assets And Liabilities:	
Decrease In Due From Other Funds	1,748
Increase In Receivables From Other Governments	(1,809)
Increase In Interfund Payable	14,542
Decrease In Accounts Payable	(6,045)
Net Cash Used In Operating Activities	\$ (85,112)

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

***FIDUCIARY FUNDS***

**PRIDE ACADEMY CHARTER SCHOOL**  
 Fiduciary Funds  
 Statement of Fiduciary Net Assets  
 June 30, 2010

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ <u>123,089</u>
<b>Total Assets</b>	<b>\$ <u><u>123,089</u></u></b>
<b>LIABILITIES:</b>	
Interfund Payable	\$ 31,857
Accrued Salaries and Benefits	87,712
Due to Student Groups	<u>3,520</u>
<b>Total Liabilities</b>	<b>\$ <u><u>123,089</u></u></b>

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

***NOTES TO BASIC FINANCIAL STATEMENTS***

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

The financial statements of the Pride 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 was implemented for the fiscal year ending June 30, 2004. 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*.

**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 Pride 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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**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 assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Basis of Presentation**

*Charter school-wide Statements:* The statement of net assets 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 assets 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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**Basis of Presentation, Basis of Accounting (Continued)**

*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.

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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**Basis of Presentation, Basis of Accounting (Continued)**

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

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

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.

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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**Basis of Presentation, Basis of Accounting (Continued)**

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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**Budgets/Budgetary Control (Continued)**

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

Total Revenues & Expenditures (Budgetary Basis)	\$ 464,582
Adjustments:	
Less Encumbrances at June 30, 2010	-
Plus Encumbrances at June 30, 2009	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 464,582</u>

**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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**Assets, Liabilities, and Equity (Continued)**

Interfund Transactions:(Continued)

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.

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:

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**Assets, Liabilities, and Equity (Continued)**

<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.

**Net Assets:**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through restrictions 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 assets are available.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**Assets, Liabilities, and Equity (Continued)**

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. A fund balance reserve has been established for encumbrances.

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: property taxes available as an advance, interest, and tuition.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**Assets, Liabilities, and Equity (Continued)**

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.

**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".

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**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.

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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of June 30, 2010, cash and cash equivalents and investments of the Charter School consisted of the following:

	General Fund	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 1,318,439	\$ 6,271	123,089	\$ 1,447,799

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, 2010 was \$1,447,799 and the bank balance was \$1,549,836. 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.

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

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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Risk Category (Continued)**

As of June 30, 2010, 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, 2010, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2010 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	\$ 51,052	\$ 51,319
Federal Aid	67,280	73,119
Other	-	-
Gross Receivables	<u>118,332</u>	<u>124,438</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 118,332</u></u>	<u><u>\$ 124,438</u></u>

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**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, 2010:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 113,679	\$ -
Special Revenue Fund		67,280
Proprietary Fund		14,542
Fiduciary Fund		31,857
Total	<u>\$ 113,679</u>	<u>\$ 113,679</u>

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Equipment	\$ -	\$ 111,290	\$ -	\$ 111,290
Totals at Historical Cost	-	111,290	-	111,290
<i>Less Accumulated Depreciation For:</i>				
Equipment	-	22,258	-	22,258
Total Accumulated Depreciation	-	22,258	-	22,258
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	-	89,032	-	89,032
Government Activity Capital Assets, Net	<u>\$ -</u>	<u>\$ 89,032</u>	<u>\$ -</u>	<u>\$ 89,032</u>

In 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.

Depreciation expense of \$22,258 was charged to functions as follows:

Instruction	\$ 19,499
Unallocated	<u>2,759</u>
	<u>\$ 22,258</u>

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 6: RENTAL LEASE**

The school leases space at 117 Elmwood Ave, East Orange, New Jersey under a lease agreement for four (4) years commencing July 1, 2008 and ending June 30, 2012. The lease requires annual rental payments of \$260,745 for the first year and \$285,110 for the second and third years and \$305,475 for the fourth year. The School also leased additional space in the building for a monthly rental of \$475 effective July 1, 2009 and office space of at 115 Elmwood Avenue for a monthly rental of \$2,362 effective April 1, 2010. The lease for the office space will expire on June 30, 2011 and has a new option to extend the lease for one (1) year. Total rental payments amounted to \$302,917 for 2010 and \$260,507 for 2009.

**NOTE 7: OBLIGATIONS UNDER EQUIPMENT LEASE**

In December, 2009, the Charter School leased two copier machines for 48 months with monthly payments in the amount of \$577.00. The following is a schedule of the future minimum lease payments under the capital leases at June 30, 2010:

<u>Year</u>	<u>Amount</u>
2010	\$ 6,924
2011	6,924
2012	6,924
2013	<u>3,462</u>
Total minimum lease payments	<u><u>\$ 24,234</u></u>

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 8: PENSION PLANS**

**Description of Plans**

All required employees of the school are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

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

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New

Jersey on behalf of the School and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:1 5A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for two percent of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation**

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of one percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Schools' normal contributions to the Fund may be reduced based on the revaluation of assets.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Contribution Requirements**

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of five percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the School is a noncontributing employer of TPAF.

**Three-Year Trend Information for PERS**

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/10	None	100%	None
06/30/09	None	100%	None
06/30/08	N/A	100%	N/A

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/10	None	100%	None
06/30/09	None	100%	None
06/30/08	N/A	100%	N/A

**NOTE 9: POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 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-

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)**

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, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. 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 premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, 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 \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

**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**

Of the \$1,343,542 General Fund fund balance in the fund financial statements at June 30, 2010, \$500,000 is reserved for capital reserve and \$843,542 is unreserved and undesignated.

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

***SECTION C – BUDGETARY COMPARISON SCHEDULES***

**PRIDE ACADEMY CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
"Local Levy" Local Share-Charter School Aid	\$ 2,877,805	\$ (2,477,179)	\$ 400,626	\$ 400,626	\$ -
<b>Total Local Sources</b>	<b>2,877,805</b>	<b>(2,477,179)</b>	<b>400,626</b>	<b>400,626</b>	<b>-</b>
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	413,077	2,378,219	2,791,296	2,791,296	-
Special Education	101,677	(6,672)	95,005	95,005	-
Security Aid	107,432	(4,793)	102,639	102,639	-
<b>Total Categorical Aid</b>	<b>622,186</b>	<b>2,366,754</b>	<b>2,988,940</b>	<b>2,988,940</b>	<b>-</b>
Other Sources:					
Interest Income	-	-	-	1,799	1,799
Donations and Contributions	-	21,027	21,027	21,185	158
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	104,942	104,942
<b>Total Other Sources</b>	<b>-</b>	<b>21,027</b>	<b>21,027</b>	<b>127,926</b>	<b>106,899</b>
<b>Total Revenues</b>	<b>3,499,991</b>	<b>(89,398)</b>	<b>3,410,593</b>	<b>3,517,492</b>	<b>106,899</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	1,024,705	(27,000)	997,705	864,695	133,010
Other Salaries for Instruction	213,650	-	213,650	174,583	39,067
Purchased Prof/Tech Services	79,000	-	79,000	15,429	63,571
General Supplies	52,000	13,000	65,000	50,132	14,868
Textbooks	40,328	(10,000)	30,328	23,969	6,359
Miscellaneous	65,000	(2,999)	62,001	29,482	32,519
<b>Total Instruction</b>	<b>1,474,683</b>	<b>(26,999)</b>	<b>1,447,684</b>	<b>1,158,290</b>	<b>289,394</b>
Administration:					
Salaries - General Administration	638,850	49,000	687,850	654,403	33,447
Salaries of Secretarial/Clerical Assistants	23,690	3,000	26,690	25,923	767
Total Benefits Cost	435,417	-	435,417	268,162	167,255
Other Purchased Professional Services	115,600	(15,000)	100,600	69,586	31,014
Other Purchased Services	90,000	-	90,000	87,853	2,147
Communications/Telephone	40,000	(25,000)	15,000	6,606	8,394
Supplies and Materials	6,900	-	6,900	6,184	716
Miscellaneous Expenses	15,000	(1,479)	13,521	8,690	4,831
<b>Total Administration</b>	<b>1,365,457</b>	<b>10,521</b>	<b>1,375,978</b>	<b>1,127,407</b>	<b>248,571</b>

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

**PRIDE ACADEMY CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Rental of Land and Buildings	\$ 292,000	\$ 15,000	\$ 307,000	\$ 302,917	\$ 4,083
Insurance for Property, Liability and Fidelity	35,000	1,478	36,478	34,746	1,732
Supplies and Materials	36,000	-	36,000	25,879	10,121
Energy Costs (Heat and Electricity)	40,000	-	40,000	32,822	7,178
<b>Total Support Services</b>	<b>403,000</b>	<b>16,478</b>	<b>419,478</b>	<b>396,364</b>	<b>23,114</b>
Capital Outlay:					
Instructional Equipment	97,500	10,000	107,500	92,713	14,787
Non-Instructional Equipment	10,000	60,000	70,000	58,424	11,576
Purchase of Land/Improvements	180,000	(70,000)	110,000	28,290	81,710
<b>Total Capital Outlay</b>	<b>287,500</b>	<b>-</b>	<b>287,500</b>	<b>179,427</b>	<b>108,073</b>
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				104,942	(104,942)
<b>Total Expenditures</b>	<b>3,530,640</b>	<b>-</b>	<b>3,530,640</b>	<b>2,966,430</b>	<b>564,210</b>
Excess (Deficiency ) of Revenues Over (Under) Expenditures	(30,649)	(89,398)	(120,047)	551,062	671,109
<b>FUND BALANCE, JULY 1</b>	<b>792,480</b>	<b>-</b>	<b>792,480</b>	<b>792,480</b>	<b>-</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 761,831</b>	<b>\$ (89,398)</b>	<b>\$ 672,433</b>	<b>\$ 1,343,542</b>	<b>\$ 671,109</b>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Budgeted Fund Balance	\$ 761,831	\$ (89,398)	\$ 672,433	\$ 1,343,542	\$ 671,109
<b>Total</b>	<b>\$ 761,831</b>	<b>\$ (89,398)</b>	<b>\$ 672,433</b>	<b>\$ 1,343,542</b>	<b>\$ 671,109</b>

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

**PRIDE ACADEMY CHARTER SCHOOL**  
Special Revenue Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE SOURCES:</b>					
Federal	\$ 498,516	\$ (33,934)	\$ 464,582	\$ 464,582	\$ -
<b>Total Revenues</b>	<u>498,516</u>	<u>(33,934)</u>	<u>464,582</u>	<u>464,582</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	226,170	(28,103)	198,067	198,067	-
Purchased Prof/Tech Services	20,651	(9,754)	10,897	10,897	-
Other Purchased Services	11,566	(64)	11,502	11,502	-
General Supplies	65,436	(2,489)	62,947	62,947	-
Other Objects	13,375		13,375	13,375	-
<b>Total Instruction</b>	<u>337,198</u>	<u>(40,410)</u>	<u>296,788</u>	<u>296,788</u>	<u>-</u>
Support Services:					
Personal Services - Employee Benefits	39,798	5,161	44,959	44,959	-
Purchased Technical Services	40,504	(3,574)	36,930	36,930	-
Other Purchased Services	24,395		24,395	24,395	-
Supplies and Materials	35,384	3,518	38,902	38,902	-
<b>Total Support Services</b>	<u>140,081</u>	<u>5,105</u>	<u>145,186</u>	<u>145,186</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	21,237	1,371	22,608	22,608	-
<b>Total Facilities Acquisition and Construction Services</b>	<u>21,237</u>	<u>1,371</u>	<u>22,608</u>	<u>22,608</u>	<u>-</u>
<b>Total Expenditures</b>	<u>498,516</u>	<u>(33,934)</u>	<u>464,582</u>	<u>464,582</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**PRIDE ACADEMY CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 Fiscal Year Ended June 30, 2010

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 3,517,492		[C-2] \$ 464,582
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>3,517,492</u>		[B-2] \$ <u>464,582</u>
<b>Uses/Outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 2,966,430		[C-2] \$ 464,582
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>2,966,430</u>		[B-2] \$ <u>464,582</u>

***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.*

**PRIDE ACADEMY CHARTER SCHOOL**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2010

	NCLB Title I	I.D.E.A. Part B	NCLB Title II Part A	NCLB Title II Part D	NCLB Title IV	CADRE 2	CADRE 3	ARRA Title I Part A	ARRA I.D.E.A. Basic	Grand Total
<b>REVENUE SOURCES:</b>										
Federal	\$ 173,026	\$ 48,568	\$ 2,604	\$ 1,184	\$ 1,710	\$ 21,880	\$ 126,615	\$ 34,708	\$ 54,287	\$ 464,582
<b>Total Revenues</b>	<b>173,026</b>	<b>48,568</b>	<b>2,604</b>	<b>1,184</b>	<b>1,710</b>	<b>21,880</b>	<b>126,615</b>	<b>34,708</b>	<b>54,287</b>	<b>464,582</b>
<b>EXPENDITURES:</b>										
Instruction:										
Salaries	114,142	26,650						21,775	35,500	198,067
Purchased Prof/Tech Services	8,651							2,246		10,897
Other Purchased Services	2,000		2,604	917	5,981					11,502
General Supplies	4,855			267			47,161	8,161	2,503	62,947
Other Objects	13,375									13,375
<b>Total Instruction</b>	<b>143,023</b>	<b>26,650</b>	<b>2,604</b>	<b>1,184</b>	<b>-</b>	<b>5,981</b>	<b>47,161</b>	<b>32,182</b>	<b>38,003</b>	<b>296,788</b>
Support Services:										
Personal Services - Employee Benefits	30,003	5,330			1,158			2,526	7,100	44,959
Other Purchased Prof/Tech Services		16,588					10,000		9,184	36,930
Other Purchased Services					552		24,395			24,395
Supplies and Materials							34,629			38,902
<b>Total Support Services</b>	<b>30,003</b>	<b>21,918</b>	<b>-</b>	<b>-</b>	<b>1,710</b>	<b>3,721</b>	<b>69,024</b>	<b>2,526</b>	<b>16,284</b>	<b>145,186</b>
Facilities Acquisition and Construction Services:										
Non-Instructional Equipment						12,178	10,430			22,608
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,178</b>	<b>10,430</b>	<b>-</b>	<b>-</b>	<b>22,608</b>
<b>Total Expenditures</b>	<b>173,026</b>	<b>48,568</b>	<b>2,604</b>	<b>1,184</b>	<b>1,710</b>	<b>21,880</b>	<b>126,615</b>	<b>34,708</b>	<b>54,287</b>	<b>464,582</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SECTION G – PROPRIETARY FUND  
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.***

**PRIDE ACADEMY CHARTER SCHOOL**  
Trust and Agency Funds  
Combining Statement of Fiduciary Net Assets  
June 30, 2010

	<u>Payroll Agency</u>	<u>Net Payroll</u>	<u>Student Activities</u>	<u>Total Agency Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 31,391	\$ 88,178	\$ 3,520	\$ 123,089
<b>Total Assets</b>	<b><u>\$ 31,391</u></b>	<b><u>\$ 88,178</u></b>	<b><u>\$ 3,520</u></b>	<b><u>\$ 123,089</u></b>
<b>LIABILITIES:</b>				
Interfund Payable	\$ 31,391	\$ 466	\$ -	\$ 31,857
Accrued Salaries and Benefits		87,712		87,712
Due to Student Groups			3,520	3,520
<b>Total Liabilities</b>	<b><u>\$ 31,391</u></b>	<b><u>\$ 88,178</u></b>	<b><u>\$ 3,520</u></b>	<b><u>\$ 123,089</u></b>

**PRIDE ACADEMY CHARTER SCHOOL**  
 Fiduciary Funds  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2010</u>
Student Groups	\$ 4,667	\$ 8,270	\$ 9,417	\$ 3,520
Total	<u>\$ 4,667</u>	<u>\$ 8,270</u>	<u>\$ 9,417</u>	<u>\$ 3,520</u>

**PRIDE ACADEMY CHARTER SCHOOL**  
 Fiduciary Funds  
 Payroll and Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Cash Receipts	Cash Disbursements	Balance June 30, 2010
<b>LIABILITIES:</b>				
Interfund Payable	\$ 1,607	\$ 2,092,132	\$ 2,061,882	\$ 31,857
Accrued Salaries and Benefits	38,064	98,493	48,845	87,712
<b>Total Liabilities</b>	<u>\$ 39,671</u>	<u>\$ 2,190,625</u>	<u>\$ 2,110,727</u>	<u>\$ 119,569</u>

**STATISTICAL SECTION**

**(UNAUDITED)**

***Pride Academy Charter School has been in operation for two (2) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for two (2) years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.***

## 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, 2009; schedules presenting charter school-wide information include information beginning in that year.*

***FINANCIAL TRENDS***

**PRIDE ACADEMY CHARTER SCHOOL**  
 Net Assets by Component  
 Last Two Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,	
	2010	2009
<b>Governmental Activities</b>		
Invested in capital assets	\$ 89,032	\$ -
Restricted	500,000	-
Unrestricted	843,542	792,480
<b>Total Governmental Activities Net Assets</b>	<b>\$ 1,432,574</b>	<b>\$ 792,480</b>
<b>Business-Type Activities</b>		
Invested in capital assets, net of related debt	\$ -	\$ -
Restricted	-	-
Unrestricted	(2,165)	-
<b>Total Business-Type Activities Net Assets</b>	<b>\$ (2,165)</b>	<b>\$ -</b>
<b>Charter School-wide</b>		
Invested in capital assets, net of related debt	\$ 89,032	\$ -
Restricted	500,000	-
Unrestricted	841,377	792,480
<b>Total Charter School-wide Net Assets</b>	<b>\$ 1,430,409</b>	<b>\$ 792,480</b>

**PRIDE ACADEMY CHARTER SCHOOL**  
 Changes in Net Assets  
 Last Two Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,	
	2010	2009
<b>Expenses</b>		
Governmental Activities:		
Instruction	\$ 1,700,070	\$ 1,137,418
Administration	1,006,856	679,838
Support Services	541,550	607,330
Capital Outlay	90,745	59,955
Unallocated Depreciation	2,759	-
Total Governmental Activities Expenses	<u>3,341,980</u>	<u>2,484,541</u>
Business-Type Activities:		
Food Service	96,613	67,842
Total Business-Type Activities Expenses	<u>96,613</u>	<u>67,842</u>
Total Charter School Expenses	<u>\$ 3,438,593</u>	<u>\$ 2,552,383</u>
<b>Program Revenues</b>		
Governmental Activities:		
Charges for Services	\$ -	\$ -
Operating Grants and Contributions	95,005	80,436
Capital Grants and Contributions	-	-
Total Governmental Activities Expenses	<u>95,005</u>	<u>80,436</u>
Business-Type Activities:		
Charges for Services	3,065	7,648
Operating Grants and Contributions	91,383	37,458
Capital Grants and Contributions	-	-
Total Business-Type Activities Expenses	<u>94,448</u>	<u>45,106</u>
Total Charter School Program Revenues	<u>\$ 189,453</u>	<u>\$ 125,542</u>
<b>Net (Expense)/Revenue</b>		
Governmental Activities	\$ (3,246,975)	\$ (2,404,105)
Business-Type Activities	(2,165)	(22,736)
Total Charter School-wide Net Expense	<u>\$ (3,249,140)</u>	<u>\$ (2,426,841)</u>
<b>General Revenues and Other Changes in Net Assets</b>		
Governmental Activities:		
General Purposes	\$ 400,626	\$ 303,905
Federal and State Aid Not Restricted	3,463,459	2,821,196
Investment Earnings	1,799	-
Miscellaneous Income	21,184	71,484
Total Governmental Activities	<u>3,887,068</u>	<u>3,196,585</u>
Business-Type Activities:		
Miscellaneous Income	-	22,736
Total Business-Type Activities	<u>-</u>	<u>22,736</u>
Total Charter School-wide	<u>\$ 3,887,068</u>	<u>\$ 3,219,321</u>
<b>Change in Net Assets</b>		
Governmental Activities	\$ 640,093	\$ 792,480
Business-Type Activities	(2,165)	-
Total Charter School	<u>\$ 637,928</u>	<u>\$ 792,480</u>

**PRIDE ACADEMY CHARTER SCHOOL**  
Fund Balances - Governmental Funds  
Last Two Fiscal Years  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,	
	2010	2009
General Fund		
Reserved	\$ 500,000	\$ -
Unreserved	843,542	792,480
<b>Total General Fund</b>	<b>\$ 1,343,542</b>	<b>\$ 792,480</b>
All Other Governmental Funds		
Reserved	\$ -	\$ -
Unreserved:		
Special Revenue Fund	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ -</b>	<b>\$ -</b>

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

Fiscal Year Ending June 30,	2010	2009
<b>Revenues:</b>		
Local Sources:		
Local Tax Levy	\$ 400,626	\$ 303,905
Interest In Investments	1,799	-
Miscellaneous	21,185	71,484
State Sources	3,093,882	2,542,186
Federal Sources	464,582	359,446
Total Revenues	<u>3,982,074</u>	<u>3,277,021</u>
<b>Expenditures:</b>		
Instruction	1,455,078	984,983
Administration	1,232,349	832,273
Support Services	541,550	607,330
Capital Outlay	202,035	59,955
Total Expenditures	<u>3,431,012</u>	<u>2,484,541</u>
Net Change in Fund Balance	<u>\$ 551,062</u>	<u>\$ 792,480</u>

**Source: Charter School records**

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

Fiscal Year Ending June 30,	Donations	Miscellaneous Revenue	Annual Total
2010	\$ 21,185	\$ -	\$ 21,185
2009	71,484	-	71,484

Source: Charter School records

***DEMOGRAPHIC AND ECONOMIC INFORMATION***

***OPERATING INFORMATION***

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

Function	2010	2009
Instruction	24	24
Administrative	3	1
Support Services	8	6
Food Service	-	-
Total	<u>35</u>	<u>31</u>

**Source:** Charter School Personnel Records

**PRIDE ACADEMY CHARTER SCHOOL**  
 Operating Statistics  
 Last Two Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary/Middle	School				
2010	234	\$ 3,228,977	\$ 13,799	30.90%	24	10:1	233.1	219.0	5.02%	93.95%	
2009	230	2,424,586	10,542	0.00%	24	15:1	221.4	216.4	100.00%	97.74%	

**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).

**PRIDE ACADEMY CHARTER SCHOOL**  
Insurance Schedule  
June 30, 2010

<b>PACKAGE POLICY DECLARATION</b>	Coverage	Deductible
Hartford Insurance Co- \$771.00		
<b>Article I - Property</b>		
Personal Property	\$129,000	\$1,000 per occurrence
Blanket Extra Expense	12 months actual loss sustained	
Blanket Valuable Papers and Records	\$25,000	\$250 per occurrence
<b>Article II - Electronic Data Processing (premium included in above)</b>		
Blanket Hardware/Software	\$10,000 per occurrence	
Blanket Extra Expense	Included	
<b>Article III - Equipment Breakdown (premium included in above)</b>		
Combined Single Limit per Accident for Property Damage and Business Income	\$129,000	\$1,000 per accident for property damage 72 hours per accident for business interruption/extra expense
Sublimits: Property Damage	Included	
Business Income	Included	
Expediting Expenses	\$50,000	
Hazardous Substances	\$50,000	
Terrorism	Included	
<b>Article IV - Crime (premium included in above)</b>		
Public Employee Dishonesty with Faithful Performance	\$10,000	\$250
Theft, Disappearance and Destruction		
- Loss of Money & Securities On or Off Premises	\$10,000/\$5,000	\$250
Forgery or Alteration	\$10,000	\$250
Computer Fraud	\$5,000	
Public Officials Bond: Board Secretary/Business Administrator	\$500,000	
Board Treasurer	\$250,000	
<b>Article V - Comprehensive General Liability</b>		
Market Insurance- \$6,706.00		
Bodily Injury and Property Damage	\$1,000,000 Combined Single Limit for Bodily Injury & Property Damage	
Bodily Injury from Products and Completed Operations	\$1,000,000 annual aggregate	
Sexual Abuse	\$1,000,000 per occurrence	
Personal Injury and Advertising Injury	\$1,000,000 annual pool aggregate	
	\$1,000,000 per occurrence/ \$2,000,000 annual aggregate	
Premises Medical Payments	\$10,000 each accident	
<b>Miscellaneous Professional Liability- premium incl in liability</b>		
<b>Coverage A</b>		
Limit of Liability- each wrongful act	\$1,000,000 each wrongful act	
	\$2,000,000 aggregate	
<b>Directors &amp; Officers Liability included EPL</b>		
Limit of Liability: D & O Liability- \$1,000,000	\$1,000 each claim	
EPL limit of liability \$1,000,000	\$5,000 each policy period	
<b>WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY DECLARATIONS</b>		
Hartford Sentinel Insurance Co- \$12,040.00		
Bodily Injury by Accident	\$1,000,000 each accident	
Bodily Injury by Disease	\$1,000,000 each employee	
Bodily Injury by Disease	\$1,000,000 aggregate limit	

***SINGLE AUDIT SECTION***

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K-1  
Page 1

**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  
Pride Academy Charter School  
County of Essex  
East Orange, New Jersey

We have audited the financial statements of the Board of Trustees of Pride Academy Charter School in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Pride Academy Charter School Board of Trustees' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pride Academy Charter School Board of Trustees' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pride Academy Charter School Board of Trustees' internal control over financial reporting.

*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 combination of control deficiencies, in internal control,

such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of management, the audit committee, Pride Academy Charter School Board of Trustees, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



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

September 7, 2010

**BARRE & COMPANY**  
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K-2  
Page 1

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB  
CIRCULAR 04-04**

Honorable President and  
Members of the Board of Trustees  
Pride Academy Charter School  
County of Essex  
East Orange, New Jersey

**Compliance**

We have audited the compliance of the Board of Trustees of Pride Academy Charter School, in the County of Essex, State of New Jersey, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. Pride Academy Charter School Board of Trustees' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Pride Academy Charter School's Board of Trustees' management. Our responsibility is to express an opinion on Pride Academy Charter School Board of Trustees' compliance based on our audit.

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 Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local governments, and Non-Profit Organization*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. This standard, OMB Circular A-133 and New Jersey OMB's Circular 04-04, requires that we plan and perform the audit to obtain reasonable assurance about whether

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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 Pride Academy Charter School Board of Trustees' 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. Our audit does not provide a legal determination of Pride Academy Charter School Board of Trustees' compliance with those requirements.

In our opinion, the Board of Trustees of Pride Academy Charter School, in the County of Essex, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010.

### **Internal Control over Compliance**

Management of Pride Academy Charter School Board of Trustees is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Pride Academy Charter School Board of Trustees' internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with 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 Pride Academy Charter School Board of Trustees' internal control over compliance.

*A deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirement of a federal and 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 and state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. The Pride Academy Charter School Board of Trustees' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Pride Academy Charter School Board of Trustees' responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the audit committee, the Pride Academy Charter School Board of Trustees, the New Jersey State Department of Education, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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

September 7, 2010

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June, 30, 2010

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2010		
				From	To						Balance at June 30, 2009	Accounts Receivable	Deferred Revenue
<b>U.S. Department of Education</b>													
<b>Passed-through State Department of Education</b>													
Special Revenue Fund:													
Title I Part A	84.010	NCLB 2010	\$ 173,026	9/1/09	8/31/10	\$ -	\$ 118,920	\$ (173,026)	\$ -	\$ -	\$ (54,106)	\$ -	\$ -
Title I Part A Carryover	84.010	NCLB 2009	76,360	9/1/08	8/31/09	(18,189)	18,189	(2,604)	-	-	(2,604)	-	-
Title II Part A	84.367	NCLB 2010	2,604	9/1/09	8/31/10	(2,000)	2,000	(1,184)	-	-	(1,184)	-	-
Title II Part A Carryover	84.367	NCLB 2009	5,457	9/1/08	8/31/09	(2,000)	2,000	(1,710)	-	-	(1,710)	-	-
Title II Part D	84.318	NCLB 2010	1,257	9/1/09	8/31/10	1,811	40,892	(48,568)	-	-	(7,676)	-	-
Title IV	84.186	NCLB 2010	1,811	9/1/09	8/31/10	1,811	7,038	(21,880)	-	-	(1,184)	-	-
I.D.E.A. Part B Basic	84.027	IDEA 2010	48,568	9/1/09	8/31/10	(7,038)	10,815	(126,615)	-	-	(1,710)	-	-
I.D.E.A. Part B Basic Carryover	84.027	IDEA 2009	14,995	9/1/08	8/31/09	21,880	34,708	(34,708)	-	-	(7,676)	-	-
CADRE 2 Grant Carryover	84.281	ARRA 2010	182,360	9/1/08	8/31/09	115,800	54,287	(54,287)	-	-	-	-	-
CADRE 3 Grant Carryover	84.281	ARRA 2010	157,600	9/1/08	8/31/09	115,800	286,849	(464,582)	-	-	(67,280)	-	-
ARRA - Title I Part A	84.389	ARRA 2010	64,836	7/1/09	8/31/11	-	-	-	-	-	-	-	-
ARRA - IDEA Basic	84.391	ARRA 2010	61,785	7/1/09	8/31/11	-	-	-	-	-	-	-	-
Total Special Revenue Fund						110,453	286,849	(464,582)	-	-	(67,280)	-	-
<b>U.S. Department of Agriculture</b>													
<b>Passed-through State Department of Education</b>													
Enterprise Fund:													
School Breakfast Program	10.553	N/A	10,614	7/1/09	6/30/10	-	10,019	(10,614)	-	-	(595)	-	-
National School Lunch Program	10.555	N/A	76,685	7/1/09	6/30/10	(4,113)	71,441	(76,685)	-	-	(5,244)	-	-
National School Lunch Program	10.555	N/A	34,072	7/1/08	6/30/09	-	4,113	-	-	-	-	-	-
Total Enterprise Fund						(4,113)	85,573	(87,299)	-	-	(5,839)	-	-
Total Federal Financial Awards						\$ 106,340	\$ 372,422	\$ (551,881)	\$ -	\$ -	\$ (73,119)	\$ -	\$ -

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

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June, 30, 2010

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period		Balance at June 30, 2009		Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2010		MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Deferred Revenue/ Interfund Payable		Due to Grantor
<b>State Department of Education:</b>													
General Fund:													
"Local Levy" State Share - Charter School Ak	10-495-034-5120-071	\$2,791,296	7/1/09	6/30/10	\$ -	\$ -	\$2,850,669	\$ (2,791,296)	\$ -	\$ (51,052)	\$ -	\$ -	\$ 2,791,296
Special Education Aid	10-495-034-5120-089	95,005	7/1/09	6/30/10	-	-	95,005	(95,005)	-	-	-	-	95,005
Security Aid	10-495-034-5120-084	102,639	7/1/09	6/30/10	-	-	102,639	(102,639)	-	-	-	-	102,639
Reimbursed TPAF - Social Security	10-495-034-5095-002	104,942	7/1/09	6/30/10	-	-	104,942	(104,942)	-	-	-	-	104,942
Reimbursed TPAF - Social Security	09-495-034-5095-002	41,776	7/1/08	6/30/09	(41,776)	-	41,776	-	-	-	-	-	-
Total General Fund					(41,776)	-	3,195,031	(3,093,882)	-	(51,052)	-	110,425	3,093,882
<b>State Department of Agriculture</b>													
Enterprise Fund:													
State School Breakfast Program	10-100-010-3350-021	949	7/1/09	6/30/10	-	-	897	(949)	-	(92)	-	-	949
National School Lunch Program (State Share)	10-100-010-3350-023	3,141	7/1/09	6/30/10	-	-	2,920	(3,135)	-	(215)	-	-	4,084
National School Lunch Program (State Share)	09-100-010-3350-023	1,386	7/1/08	6/30/09	(184)	-	184	-	-	-	-	-	4,090
Total Enterprise Fund					(184)	-	4,001	(4,084)	-	(267)	-	-	8,174
Total State Financial Assistance					\$ (41,960)	\$ -	\$3,195,032	\$ (3,097,966)	\$ -	\$ (51,319)	\$ -	\$110,425	\$ 3,097,966

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

**PRIDE ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures  
Of Awards and Financial Assistance  
June 30, 2010

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**NOTE 1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Trustees, Pride 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 using 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

**PRIDE ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures  
Of Awards and Financial Assistance  
June 30, 2010

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

The net adjustment to reconcile from the budgetary basis to GAAP basis is none for the general fund and none for the special revenue fund. See *Note 1* (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 3,093,882	\$ 3,093,882
Special Revenue Fund	464,582	-	464,582
Food Service Fund	87,299	4,084	91,383
Total Awards & Financial Assistance	<u>\$ 551,881</u>	<u>\$ 3,097,966</u>	<u>\$ 3,649,847</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING**

Pride Academy Charter School has no loan balances outstanding at June 30, 2010.

**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, 2010. 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, 2010.

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2010

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

**Financial Statements**

Type of auditors’ report issued on financial statements Unqualified

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 that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None Reported

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

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 programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.281	CADRE 3
_____	_____
_____	_____

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

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

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2010

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

**State Awards**

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

Auditee qualified as low-risk auditee?  Yes  No

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

Internal control over major programs:

1) Material weakness(es) identified?  Yes  No

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?  Yes  No

Identification of major state programs:

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
10-495-034-5120-071	Local Levy – State Share

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2010

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

**Finding**

There were no matters reported.

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2010

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***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**

**Finding**

There were no matters reported.

**STATE AWARDS**

**Finding**

There were no matters reported.

**PRIDE ACADEMY CHARTER SCHOOL**  
Summary Schedule of Prior Year Audit Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2010

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**STATUS OF PRIOR YEAR FINDINGS**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 (.325(a)(b)) and NJOMB's Circular 04-04.

**Findings**

There were no matters reported.