

PRIDE ACADEMY CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2011

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, 2011***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
PRIDE ACADEMY CHARTER SCHOOL
EAST ORANGE, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**And
Barre & Company, CPAs**

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**PRIDE ACADEMY CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
INTRODUCTORY SECTION	1
Letter of Transmittal.....	2
Organizational Chart.....	18
Roster of Officials	19
Consultants and Advisors	20
FINANCIAL SECTION	21
Independent Auditor’s Report	22
REQUIRED SUPPLEMENTARY INFORMATION – PART I.....	24
Management’s Discussion and Analysis.....	25
BASIC FINANCIAL STATEMENTS.....	32
SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS.....	33
A-1 Statement of Net Assets.....	34
A-2 Statement of Activities.....	35
SECTION B – FUND FINANCIAL STATEMENTS	36
GOVERNMENTAL FUNDS.....	37
B-1 Combining Balance Sheet.....	38
B-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	39
B-3 Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	40
PROPRIETARY FUNDS	41
B-4 Statement of Fund Net Assets	42
B-5 Statement of Revenues, Expenses, and Changes in Net Assets.....	43
B-6 Statement of Cash Flows	44
FIDUCIARY FUNDS.....	45
B-7 Statement of Fiduciary Net Assets.....	46
B-8 Statement of Changes in Fiduciary Net Assets.....	N/A
NOTES TO BASIC FINANCIAL STATEMENTS	47

**PRIDE ACADEMY CHARTER SCHOOL
TABLE OF CONTENTS**

Page

FINANCIAL SECTION (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION – PART II.....	69
SECTION C – BUDGETARY COMPARISON SCHEDULES.....	70
C-1 Budgetary Comparison Schedule – General Fund	71
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	73
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.....	74
C-3 Budget-To-GAAP Reconciliation.....	75
OTHER SUPPLEMENTARY INFORMATION.....	76
SECTION D – ABBOTT SCHEDULES.....	N/A
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
SECTION E – SPECIAL REVENUE FUND.....	77
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis	78
SECTION F – CAPITAL PROJECTS FUND	N/A
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
SECTION G – PROPRIETARY FUND.....	79
ENTERPRISE FUND	N/A
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 80

H-1	Combining Statement of Fiduciary Net Assets.....	81
H-2	Combining Statement of Changes in Fiduciary Net Assets.....	N/A
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	82
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements.....	83

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)..... 84

INTRODUCTION TO THE STATISTICAL SECTION 85

FINANCIAL TRENDS 86

J-1	Net Assets by Component.....	87
J-2	Changes in Net Assets.....	88
J-3	Fund Balances – Governmental Funds.....	89
J-4	Changes in Fund Balances – Governmental Funds	90
J-5	General Fund Other Local Revenue by Source (NJ)	91

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 93

J-16	Full-Time Equivalent Charter School Employees by Function/Program.....	94
J-17	Operating Statistics.....	95
J-18	School Building Information.....	N/A
J-19	Schedule of Allowable Maintenance Expenditures by School Facility.....	N/A
J-20	Insurance Schedule.....	96

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

SINGLE AUDIT SECTION 98

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>	99
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.....	101
K-3	Schedule of Expenditures of Federal Awards – Schedule A.....	104
K-4	Schedule of Expenditures of State Financial Assistance – Schedule B.....	105
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance.....	106
K-6	Schedule of Findings and Questioned Costs.....	108
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs.....	111

INTRODUCTORY SECTION



October 19, 2011

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, 2011. 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**:

Pace **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 third 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 239 students, with one open 8th grade spots. There are three classes each of Grades 5, 6, 7, and 8.

Class Size. Class size is 20 students per class.

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 1st and ended June 21st for a total of 188 school days.

Planned Expansion. There is no planned expansion for the 2011-2012 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 Title I Teachers, 2 Teacher Aides, 1 Physical Education teacher, 1 Spanish teacher, 1 Computer teacher, 1 Art teacher, 1 Nurse, and 2 Social Workers. 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 that resulted in a successful audit with 0 findings for the fiscal year ending 2010;
- 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 second Board Retreat and strategic planning training to prepare the Board to create a five-year plan;
- Developed a partnership with NJ READS to address facility improvements and development by approving a construction and renovation budget;
- Conducted a rigorous Principal Evaluation process;
- Approved and guided the transition to a new employee health care plan.

During the 2010-2011 school year, the Board approved the following additional policies:

- Updated and approved new HIB policies based on the new legislation including the following: Harassment, Intimidation, and Bullying; Violence and Vandalism; Conduct and Discipline; Suspension and Expulsion;
- Updated and approved the following policies: Communicating with the Public; Orientation and Training of Board Members; Board of Education Meetings;
- Approved new Physical Education and Health policies covering Dating Violence for grades 7-12 and Sports Related Concussion and Head Injury;
- Approved the 2011-2012 Personnel Handbook;
- Approved the 2010-2011 Parent Involvement Policy;
- Approved an Addendum statement to our student dress code to accommodate religious and/or medical need dress requirements;
- Approved an Addendum statement to our student attendance procedures to accommodate NJ code procedures and laws addressing student absences.

Summary of Accomplishments: School Administration

During the 2010-2011 school year, the Administrative team continued to lead the growth and strengthening of our third year of operation. Some highlights in accomplishments include the following:

- The continued strong leadership of our School Business Administrator and combined efforts, skills, and capacity of our business office personnel have sustained an efficient and professional management of critical policies and procedures, savings in many areas, stabilization in enrollment, as well as detailed oversight and management of the school budget, grants, facility issues, and human resources;
- Facilitated the purchase of the school building to support our strategic plan to provide a safe, healthy, and optimum school program and learning environment;
- Developed and implemented a School Improvement Action Plan that addressed action plan steps that improved the quality of instruction, school operations, retention and expansion of quality staff including the creation of a second social worker position, and facility;
- Development and approval of State Mandated Plans including the Professional Development Plan, the Uniform State Memorandum of Agreement Between Education and Law Enforcement Officials, the Harassment, Intimidation and Bullying Plan, and Comprehensive Equity Plan;
- Engaged Achievement Network to assist, guide, and strengthen the design and implementation of our data driven assessment model of instruction;
- Provided embedded in-class professional development to support our co-teaching model, peer-coaching, and to develop our Professional Learning Community;

- Successfully nominated one of our teachers, Ms Aimee Dailey, for the 2011 Governor’s Teacher Recognition Award for “demonstration of excellence as a teacher by creating an environment that improved students’ academic opportunities, workforce preparedness, and overall quality of life.”
- Successfully nominated our Principal, Mrs. Fiona Thomas, as New Jersey Charter School Administrator of the Year;
- Developed the parent outreach component of PowerSchool and provided parents access to their students’ academic progress;
- 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 Astronomy, 4-H Club, Math Counts, Sankofa Club, chess, Drama, Art, Earth Club, Fantasy Football, Yearbook, cheerleading, basketball, soccer, yarning, Speed Stacks, Creative Writing, and book clubs;
- In partnership with the Cotchery Foundation, developed and implemented a mentoring program that involved all 7th grade students and a community service program that involved all 8th grade students;
- In partnership with Bloomfield College and a grant opportunity provided by Community Foundation of New Jersey, we established a Robotics Program at Pride and presented winning projects at the 2011 NY/NJ RoboCupJunior Regional Competition in Orange, NJ;
- Developed parent involvement opportunities and increased the number of parents who participated in a range of school activities throughout the course of the year in such events as: Family Learning Nights; participation in school leadership and planning meetings (School Safety Team; Special Education and NCLB meetings); Teacher-Parent Conference Nights; Art Exhibitions; Student Performance Exhibitions of Learning; Informational Health Booths; parent requested workshops on topics such as Gangs, Drugs, and Gun Violence; Cultural events such as our Kwanzaa Celebration and free weekly African Dance Classes; Family Fun Nights; Career Day; High School Fair Night; and fundraisers such as a Skate Night and a community Rummage Sale;
- Developed and delivered cultural and multicultural awareness building and competency training and learning opportunities for students, parents, and staff;
- Developed a non-profit fundraising organization, Shining Schools Inc. to raise funds to support and enhance the delivery of programs for our students;
- Engaged a professional grant writer to research and develop grant opportunities to further enhance our instructional program and resources.

Academic Results

This year, all of our students in grades 5-8 participated in the NJASK state testing.

Grade	Subject	2008-2009		2009-2010		2010-2011	
		Proficient and above (%)	Advanced Proficient (%)	Proficient and above (%)	Advanced Proficient (%)	Proficient and above (%)	Advanced Proficient (%)
6-8	Literacy/LA	44.9	0.0	51.7	3.4	56.2	6.5
	Math	26.3	3.0	30.6	4.1	58.8	10.5
	Science	37.5	0.0	51.1	7.3	67.3	11.5

Table 1 - Percentage of all students with scores on the 2009-10 and 2010-11 NJASK assessments that are at or above the proficient or advanced proficient levels. All students who have been at Pride Academy Charter School for at least one year have been included.

The scores received from our first cycle (2008-2009), second cycle (2009-2010) and third cycle (2010-2011) of NJASK data (**Table 1**) continue to show appreciable growth. Across students in all grades who have been at Pride Academy for at least one year, the percentage of students attaining or exceeding the score required for proficiency increased from 51.7% to 56.2% in Language Arts, from 30.6% to 58.8% in Math, and from 51.1% to 67.3% in Science.

Due to the significant increase in these bundled 6-8th grade scores, Pride Academy succeeded in making Adequate Yearly Progress through the Safe Harbor calculation for math and language arts literacy.

Further insight can be obtained when the results are broken down by grade (**Table 2**).

NJASK Proficiency Rates by Grade							
Grade	Subject	2008-2009		2009-2010		2010-2011	
		Proficient and above (%)	Advanced Proficient (%)	Proficient and above (%)	Advanced Proficient (%)	Proficient and above (%)	Advanced Proficient (%)
5	Literacy/LA	38.3	0.0	30.5	1.7	35.0	0.0
	Math	26.7	5.0	25.4	1.7	58.3	13.3
6	Literacy/LA	38.3	0.0	50.0	1.7	40.8	2.0
	Math	31.7	1.7	38.3	1.7	59.2	10.2
7	Literacy/LA	50.8	0.0	48.3	5.0	55.8	5.8
	Math	23.7	3.4	25.0	3.3	57.7	5.8
8	Literacy/LA	45.8	0.0	63.6	1.8	71.2	11.5
	Math	23.0	4.2	27.3	5.5	59.6	15.4
	Science	37.5	0.0	49.1	7.3	67.3	11.5

Table 2 - Percentage of students with scores on the 2008-9, 2009-10 and 2010-11 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 6th, 7th and 8th Grade 2009-10 and 2010-11 NJASK scores.

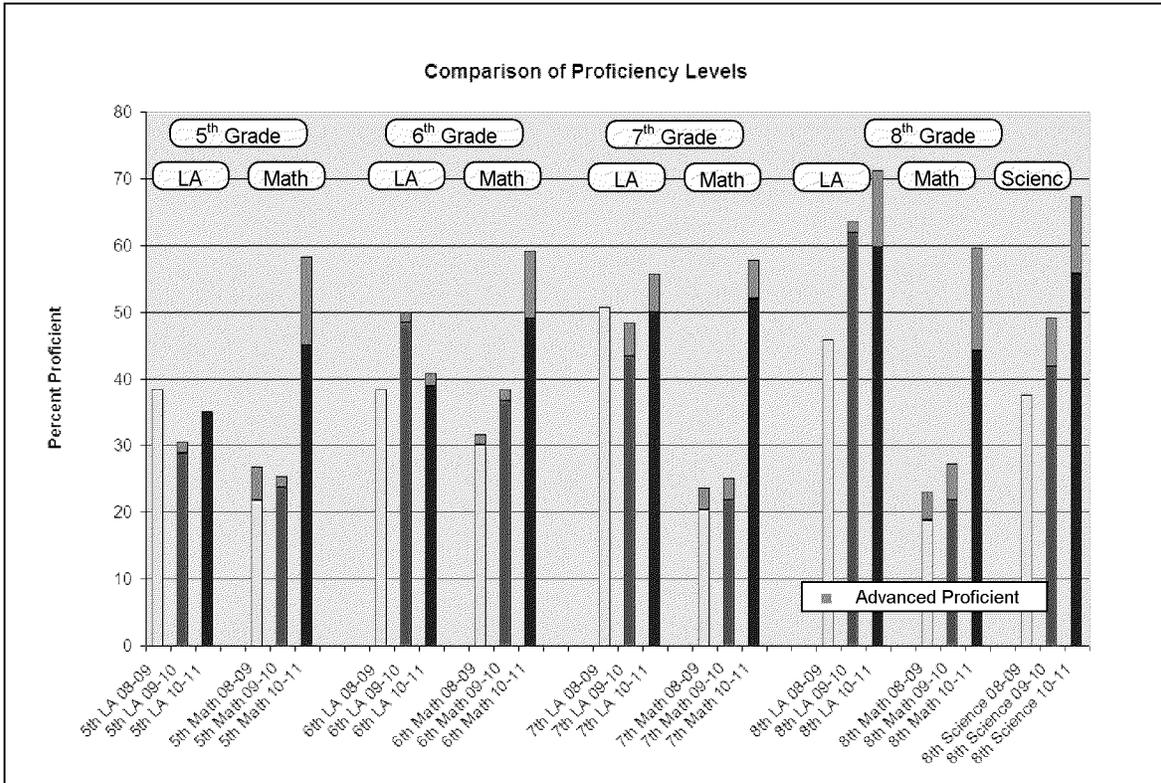


Figure 1 - Percentage of students with scores on the 2008-9, 2009-10 and 2010-11 NJASK assessments that are at or above the proficient or advanced proficient levels. The results are organized to compare each grade across the three years.

When comparing the percentage of students achieving proficient or above scores for each grade in 2010-11 with the same grade in 2009-10

Figure 1), the data indicates increases in all grades and subjects except 6th grade Language Arts. These increases include 7.6% in 8th grade Language Arts, 18.2% in 8th grade Science, 32.7% in grade 7 Math, and 32.9% in 5th grade Math.

At the same time, there have also been significant increases in the percentages of students achieving scores that are at or above the level required for Advanced Proficiency. In the school's first year of operation, there were only a few grade-subject combinations in which there were students who achieved Advanced Proficiency scores. However, in 2010-11 there were more than 5% of students achieving Advanced Proficiency in all except two grade-subject combinations and in eighth grade there were more than 10% of students achieving Advanced Proficiency in all subjects.

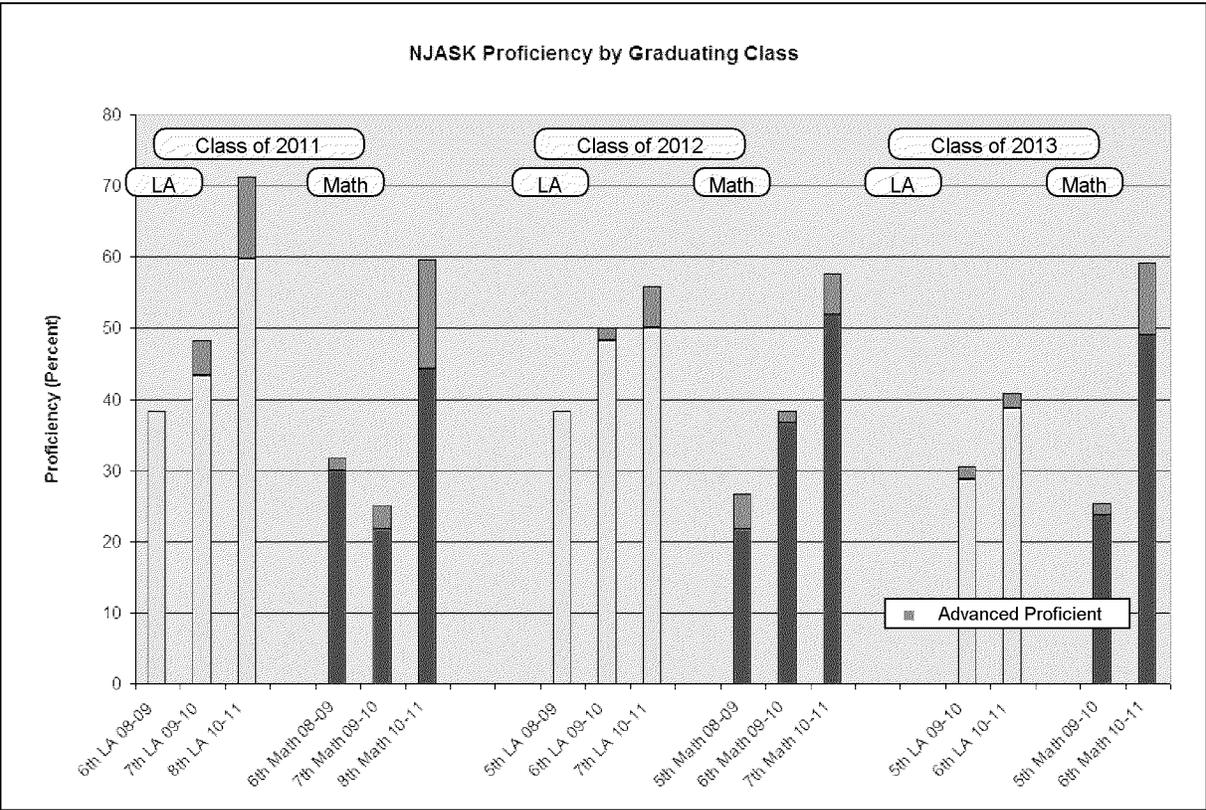


Figure 2 - Percentage of students with scores on the 2008-9, 2009-10 and 2010-11 NJASK assessments that are at or above the proficient or advanced proficient levels. The results are organized to track the growth of each graduating class of students across the three years.

The growth in student achievement is even more striking when comparing results for each grade-subject combinations of students in 2010-11 with the results for the same grade-subject combinations in 2009-10 when they were in the previous grade

(

Figure 2). Here it can be seen that there was growth in all grades and subjects over the year. The percentage of students with proficient or above Language Arts scores increased by 10.3% in sixth grade, 5.8% in seventh grade and 11.5% in eighth grade. In Math, the percentage of students with proficient or above scores, increased by 33.8% in sixth grade, 19.4% in seventh grade and 34.6% in eighth grade.

NJAS 2010-2011 Comparison with District Factor Group							
Grade	Subject	Percent Proficient and Above					
		Total Students		African American		Economically Disadvantaged	
		School (%)	DFG (%)	School (%)	DFG (%)	School (%)	DFG (%)
5	Literacy/LA	35.0	43.7	36.2	38.4	32.7	38.6
	Math	58.3	70.6	58.6	65.5	56.4	68.9
6	Literacy/LA	40.8	52.6	39.6	45.9	36.6	47.1
	Math	59.2	66.2	58.3	60.0	53.7	62.4
7	Literacy/LA	55.8	47.7	54.0	41.5	53.3	43.1
	Math	57.7	53.0	56.0	44.5	55.6	49.9
8	Literacy/LA	71.2	74.3	70.6	69.8	70.8	70.6
	Math	59.6	60.0	58.8	55.0	58.3	56.9
	Science	67.3	72.7	66.7	68.7	66.7	68.8

Table 3 - Percentage of students with scores on the 2010-11 NJASK assessments that are at or above the proficient level compared to results for the District Factor Group. Only students who have been at Pride Academy Charter School for at least one year have been included Pride Academy scores.

A comparison between the most recent NJASK results for the school and for the District Factor Group (DFG) is presented in **Table 3**. These results show that new students entering the school in 5th grade have proficiency rates in both Math and Language Arts that are almost 10% below those for the DFG. This deficit is present for both the school population as a whole and when the results for the two major subgroups in the school are compared to those for the corresponding groups in the DFG. Students in 6th grade are still performing below the average for the DFG as a whole; however the gap for African American students has decreased to 6% in Language Arts and only 2% for Math.

In 7th grade, the gap in performance on the NJASK is reversed with Pride Academy students outperforming the DFG in all areas. When compared to the DFG total student population, Pride Academy students have an average proficiency rate that is 8% higher in Language Arts and 4% higher in Math. When comparing the Economically Disadvantage subgroup, the school has a 10% higher proficiency rate than the DFG in Language Arts and 5% higher in Math. For the African American subgroup, the school has a greater than 10% higher proficiency rate than students in the DFG for both subjects. In 8th grade, when compared to the DFG total student population, Pride Academy students have slightly lower proficiency rates; however, the gap is smaller than with 5th and 6th grade students and the results for both subgroups are either higher or within 2% of the averages for the DFG.

These results indicate that students are entering Pride Academy in 5th grade with significantly lower scores than in the DFG but that the gap is eliminated or greatly reduced for students in 7th and 8th grade who have generally been at Pride Academy for more than two years.

The following action plan steps will be implemented this coming year in order to continue 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 once again be provided by Achievement Network which will help to maintain the level of rigor and accountability, standardize assessments, and give teachers the opportunity to focus more on the analysis of the assessment data rather than the task of inputting the data and preparing it for analysis;
- A Skills Enrichment Program will be designed and offered to strengthen core skills in math and LAL on Saturday Mornings;
- 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;
- A schedule has been designed to create opportunities for 90 minute block periods in all core subjects and some co-curricular periods;
- An additional period of Math and LAL called Fundamental Math and LAL has been added to the schedule for each student in order to provide extra skill enrichment and extension.

Staffing:

- Increased time and resources will provide an embedded, standards-based professional development program aligned to teacher goals, the implementation of our ANet interim assessment initiative, utilization of technology, and our co-teaching model;
- The school has hired additional staff so that we can ensure that all math and LAL classes have two certified teachers co-teaching students for all their math and LAL periods;
- Teachers engaged in a 3 week summer orientation program to plan and prepare for their students and participated in professional development focused on cooperative learning, co-teaching, and teaching effective reading strategies.

Climate:

- The *Student Code of Conduct* was revised and will be reinforced with consistency and rigor to ensure a structured, safe, and positive learning environment and strict compliance with the new Harassment, Bullying and Intimidation regulations.
- Procedures for *In School Suspension* have been adopted and added to our list of behavior interventions.

- New Facility Improvements have been accomplished including:
 - a) Larger classrooms in the lower level
 - b) Ventilation system to improve air quality and learning conditions in the lower level
 - c) New student restrooms in the lower level
 - d) Restrooms and a water fountain in the Common Room
 - e) Four spacious new modular classrooms
 - f) New Main Office
 - g) More spacious offices on the lower level

Parent Involvement:

- Parent Workshops and Family Math and LAL Nights will continue to be developed and offered to parents;
- Parents will be invited to participate in school wide leadership committees in the areas of NCLB School Improvement, Special Education, and Affirmative Action;
- Priority goals aimed to increase parent involvement and support of academic-related events and activities have been incorporated in the School Wide Unified Plan.

2) 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.

3. 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, 2011.

4. 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.

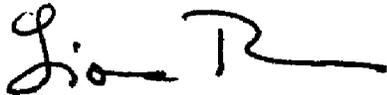
5. RISK MANAGEMENT: The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive collision, hazard and theft insurance on property and contents.

6. 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.

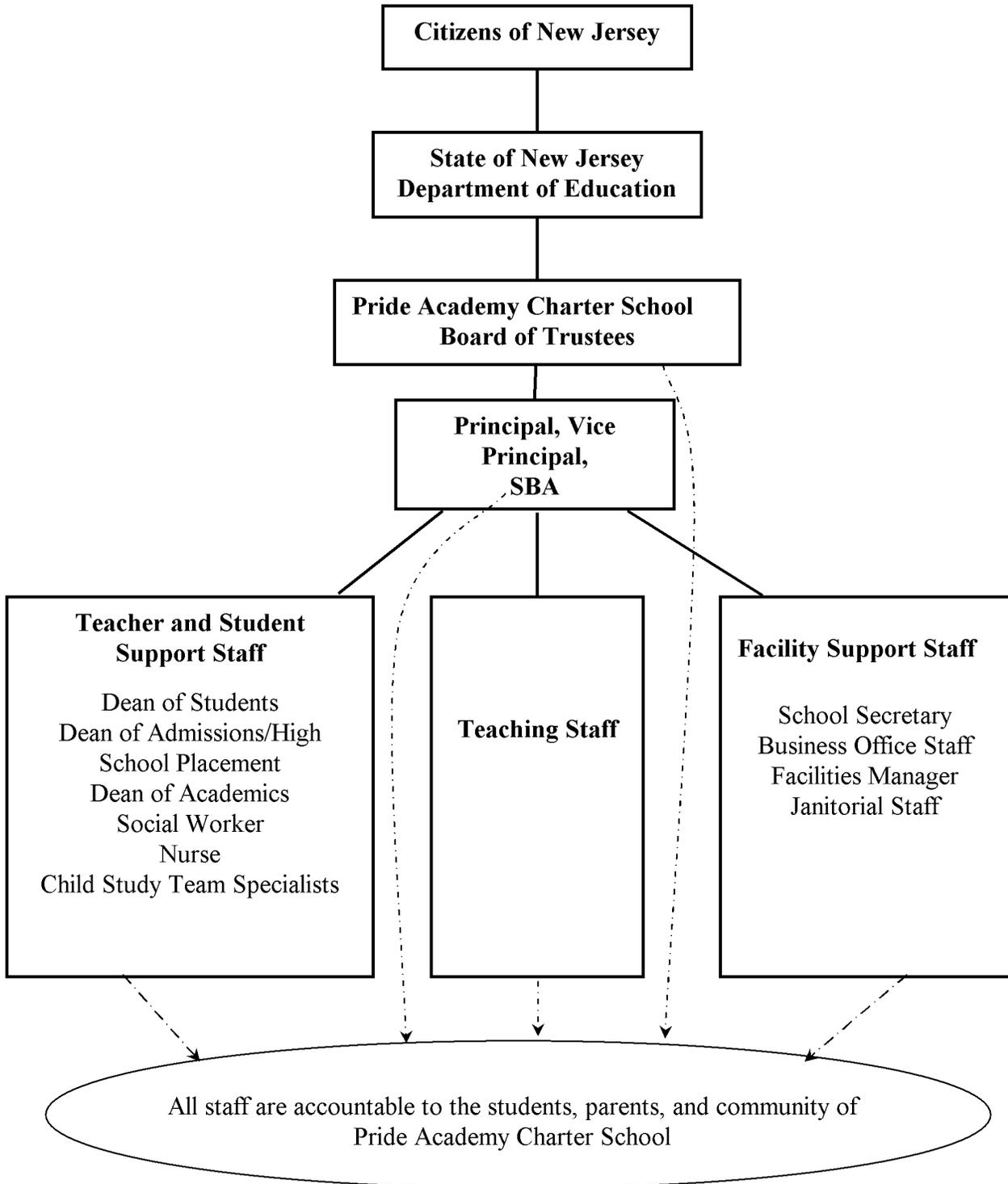
7. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Pride Academy Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development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

Board of Trustees				
Name	Affiliation	Date of Appointment	Position	Status: Voting, Non-Voting
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 Yanette Salazar	Associate Director New Jersey SEEDS	Dec -10	Member	Voting
Mr. James Felton III	Parent	Dec-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

Joseph M. Wenzel, Esq.
432 Clifton Avenue
Clifton, New Jersey 07011

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 206

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 Pride Academy Charter School (Charter School, in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2011, 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 Charter School'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 and Regulatory Compliance, 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 (Charter School), in the County of Essex, State of New Jersey, as of June 30, 2011, 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 October 19, 2011 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 25 and 70, 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 Charter School's basic financial statements. The accompanying introductory section, combining and individual non-major 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 non-major 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

October 19, 2011

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, 2011
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, 2011. 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 (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2011 are as follows:

- ❖ General revenues accounted for \$3,836,524 in revenue or 94% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$236,564 or 6% percent of total revenues of \$4,073,088.
- ❖ The Charter School had \$3,729,847 in expenses; only \$236,564 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$3,836,524 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$3,680,386 in revenues and \$3,365,251 in expenditures. The General Fund's fund balance increased \$315,135 from 2010. 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, 2011**

**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 2011?" 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, 2011
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, 2011
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 47 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 \$1,773,650 for 2011 and \$1,430,409 for 2009.

Governmental Activities

The Charter School's total revenues were \$3,963,350 for 2011 and \$3,982,074 for 2010 , this includes \$132,894 for 2011 and \$104,942 for 2010 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was \$3,631,874 for 2011 and \$3,341,980 for 2010. Instruction comprises 51% for 2011 and 51% for 2010 of Charter School expenditures.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
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 more than expenses by \$11,765 in 2011 and were less than expenses by \$2,165 in 2010.
- ❖ Charges for services represent \$5,118 for 2011 and \$3,065 in 2010 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 \$104,620 for 2011 and \$91,383 for 2010.

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 \$3,963,350 for 2011 and \$3,982,074 for 2010 and expenditures were \$3,648,215 for 2011 and \$3,431,012 for 2010. The net change in fund balance was most significant in the general fund, an increase of \$315,135 for 2011 and \$551,062 for 2010.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
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, 2011.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2010	Percent of Increase/ (Decrease)
Local Sources	\$ 437,886	11.05%	\$ 14,276	3.37%
State Sources	3,242,500	81.81%	148,618	4.80%
Federal Sources	282,964	7.14%	(181,618)	-39.09%
Total	\$ 3,963,350	100.00%	\$ (18,724)	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2011 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2010	Percent of Increase/ (Decrease)
Instruction	\$ 1,530,297	41.95%	\$ 75,219	5.17%
Administration	1,596,731	43.77%	364,382	29.57%
Support Services	478,781	13.12%	(62,769)	-11.59%
Capital Outlay	42,406	1.16%	(159,629)	-79.01%
Total	\$ 3,648,215	100.00%	\$ 217,203	

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, 2011
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 \$105,373 invested in equipment at the end of the fiscal year 2011.

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, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,509,108	\$ 24,476	\$ 1,533,584
Interfund Receivables	266,080		266,080
Receivables	145,094	6,785	151,879
Prepaid Expenses	54,000		54,000
Capital Assets, Net	105,373		105,373
Total Assets	2,079,655	31,261	2,110,916
LIABILITIES:			
Interfund Payable	208,870	15,130	224,000
Payable to State Government	43,664		43,664
Payable to District	55,966		55,966
Accounts Payable	7,105	6,531	13,636
Total Liabilities	315,605	21,661	337,266
NET ASSETS:			
Invested in Capital Assets	105,373		105,373
Restricted:			
Capital Reserve	500,000		500,000
Unrestricted	1,158,677	9,600	1,168,277
Total Net Assets	\$ 1,764,050	\$ 9,600	\$ 1,773,650

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, 2011

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
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 1,551,672	\$ 301,711	\$ -	\$ 126,826	\$ -	\$ (1,726,557)	\$ -	\$ (1,726,557)
Administration	1,088,547	206,473				(1,295,020)		(1,295,020)
Support Services	478,781					(478,781)		(478,781)
Capital Outlay	1,775					(1,775)		(1,775)
Unallocated Depreciation	2,915					(2,915)		(2,915)
Total Governmental Activities	3,123,690	\$ 508,184	\$ -	126,826	\$ -	(3,505,048)	\$ -	(3,505,048)
BUSINESS-TYPE ACTIVITIES:								
Food Service	97,973		5,118	104,620			11,765	11,765
Total Business-Type Activities	97,973		5,118	104,620			11,765	11,765
Total Primary Government	\$ 3,221,663		\$ 5,118	\$ 231,446	\$ -	\$ (3,505,048)	\$ 11,765	\$ (3,493,283)
GENERAL REVENUES								
General Purposes			\$	394,189	\$		\$	394,189
Federal and State Aid Not Restricted				3,398,638				3,398,638
Investment Earnings				2,497				2,497
Miscellaneous Income				41,200				41,200
Total General Revenues				3,836,524				3,836,524
Change in Net Assets				331,476			11,765	343,241
Net Assets - Beginning				1,432,574			(2,165)	1,430,409
Net Assets - Ending				1,764,050			9,600	1,773,650

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

PRIDE ACADEMY CHARTER SCHOOL
 Governmental Funds
 Combining Balance Sheet
 June 30, 2011

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 1,326,109	\$ 182,999	\$ 1,509,108
Interfund Receivables	266,080		266,080
Receivables From Other Governments	117,171	25,871	143,042
Other Receivables	2,052		2,052
Other Assets	54,000		54,000
Total Assets	\$ 1,765,412	\$ 208,870	\$ 1,974,282
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	\$ -	\$ 208,870	\$ 208,870
Payable to State Government	43,664		43,664
Payable to District	55,966		55,966
Accounts Payable	7,105		7,105
Total Liabilities	106,735	208,870	315,605
Fund Balances:			
Reserved:			
Capital Reserve	500,000		500,000
Unreserved:			
General Fund	1,158,677		1,158,677
Total Fund Balances	1,658,677	-	1,658,677
Total Liabilities and Fund Balances	\$ 1,765,412	\$ 208,870	

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 \$151,921 and the accumulated depreciation is \$46,548.

Net Assets of Governmental Activities

105,373

\$ 1,764,050

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, 2011

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 394,189	\$ -	\$ 394,189
Interest on Investments	2,497		2,497
Miscellaneous	41,200		41,200
Total Local Sources	437,886	-	437,886
State Sources	3,242,500		3,242,500
Federal Sources		282,964	282,964
Total Revenues	3,680,386	282,964	3,963,350
EXPENDITURES:			
Instruction	1,285,917	244,380	1,530,297
Administration	1,596,731		1,596,731
Support Services	440,197	38,584	478,781
Capital Outlay	42,406		42,406
Total Expenditures	3,365,251	282,964	3,648,215
NET CHANGE IN FUND BALANCES	315,135	-	315,135
FUND BALANCE, JULY 1	1,343,542	-	1,343,542
FUND BALANCE, JUNE 30	\$ 1,658,677	\$ -	\$ 1,658,677

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, 2011

Total net change in fund balances - governmental fund (from B-2) \$ 315,135

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	\$ 40,631	
Depreciation Expense	<u>(24,290)</u>	<u>16,341</u>

Change in net assets of governmental activities \$ 331,476

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, 2011

	Business-Type Activities
	Food Service
ASSETS:	
Cash and Cash Equivalents	\$ 24,476
Intergovernmental Accounts Receivables:	
Federal	6,657
State	128
Total Assets	\$ 31,261
LIABILITIES AND NET ASSETS:	
Liabilities:	
Current Liabilities:	
Interfund Accounts Payable	\$ 15,130
Accounts Payable	\$ 6,531
Total Current Liabilities	21,661
Total Liabilities	21,661
Net Assets:	
Unrestricted	9,600
Total Net Assets	9,600
Total Liabilities and Net Assets	\$ 31,261

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, 2011

	Business-Type Activities
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Non-reimbursable Program	\$ 5,118
Total Operating Revenues	5,118
OPERATING EXPENSES:	
Supplies and Materials	1,305
Cost of Sales	96,668
Total Operating Expenses	97,973
OPERATING LOSS	(92,855)
NONOPERATING REVENUES:	
State Source:	
State School Breakfast and Lunch Programs	1,804
Federal Source:	
National School Breakfast and Lunch Programs	102,816
Total Nonoperating Revenues	104,620
CHANGE IN NET ASSETS	11,765
TOTAL NET ASSETS, JULY 1	(2,165)
TOTAL NET ASSETS, JUNE 30	\$ 9,600

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, 2011

	Business-Type Activities
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 4,439
Cash Payments to Suppliers and Employees	(90,854)
	(86,415)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	104,620
	104,620
Net Cash Provided By Noncapital Financing Activities	18,205
Net Increase In Cash And Cash Equivalents	6,271
Cash And Cash Equivalents, Beginning Of Year	24,476
Cash And Cash Equivalents, End Of Year	\$ 24,476
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss Used in Operating Activities	\$ (92,855)
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	(679)
Increase In Interfund Payable	588
Increase In Accounts Payable	6,531
	(86,415)
Net Cash Used In Operating Activities	\$ (86,415)

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, 2011

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	\$ 186,803
Interfund Accounts Receivable	3,128
Total Assets	\$ 189,931
LIABILITIES:	
Cash Overdraft	\$ 3,128
Interfund Payable	45,208
Payroll Deductions and Withholdings	137,222
Due to Student Groups	4,373
Total Liabilities	\$ 189,931

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, 2011**

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, 2011**

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, 2011**

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, 2011**

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, 2011**

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, 2011**

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, 2011**

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)		\$ 282,964
Adjustments:		
Less Encumbrances at June 30, 2011		-
Plus Encumbrances at June 30, 2010		-
Total Revenues and Expenditures (GAAP Basis)		\$ 282,964

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, 2011**

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, 2011**

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, 2011**

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, 2011**

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, 2011**

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, 2011**

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, 2011**

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

Investments (Continued)

As of June 30, 2011, cash and cash equivalents and investments of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating					
Account	<u>\$ 1,326,109</u>	<u>\$ 182,999</u>	<u>\$ 24,476</u>	<u>183,675</u>	<u>\$ 1,717,259</u>

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, 2011 was \$1,717,259 and the bank balance was \$1,782,046. 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, 2011**

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

Risk Category (Continued)

As of June 30, 2011, 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, 2011, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2011 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	\$ 117,171	\$ 117,299
Federal Aid	175	6,832
Other	27,748	27,748
Gross Receivables	145,094	151,879
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 145,094</u>	<u>\$ 151,879</u>

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 266,080	\$ -
Special Revenue Fund		208,870
Proprietary Fund		15,130
Fiduciary Fund	3,128	45,208
Total	\$ 269,208	\$ 269,208

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	-	40,631	-	40,631
Equipment	\$ 111,290	\$ -	\$ -	\$ 111,290
Totals at Historical Cost	111,290	40,631	-	151,921
Less Accumulated Depreciation For:				
Equipment	22,258	22,258	-	44,516
Total Accumulated Depreciation	22,258	24,290	-	46,548
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	89,032	16,341	-	105,373
Government Activity Capital Assets, Net	\$ 89,032	\$ 16,341	\$ -	\$ 105,373

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 \$24,290 was charged to functions as follows:

Instruction	\$ 21,375
Unallocated	2,915
	\$ 24,290

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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. The building was sold in April, 2011. On April 21, 2011 a new lease was entered with Shining Schools Inc. for one (1) year and shall automatically renew for additionally periods of five (5) years each after the expiration of the initial term. The Base Rent for the initial year is \$324,000 per annum payable in equal monthly installments. Each year thereafter, the Base Rent shall be increased by 1% of the prior year's Base Rent paid. The School also leased additional space in the building for a monthly rental of \$475 effective July 1, 2009 and office space at 115 Elmwood Avenue for a monthly rental of \$2,362 effective April 1, 2010. The lease for the office space expired on June 30, 2011 and has been extended for one (1) year. Total rental payments amounted to \$322,694 for 2011 and \$302,917 for 2010.

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, 2011:

<u>Year</u>	<u>Amount</u>
2012	6,924
2013	3,462
Total minimum lease payments	<u>\$ 10,386</u>

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011**

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, 2011**

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/11	\$8,853	100%	\$8,853
06/30/10	None	100%	None
06/30/09	N/A	100%	N/A

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/11	None	100%	None
06/30/10	None	100%	None
06/30/09	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, 2011**

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, 2010, there were 87,288 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

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 \$1,658,677 General Fund fund balance in the fund financial statements at June 30, 2011, \$500,000 is reserved for capital reserve and \$1,158,677 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, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
"Local Levy" Local Share-Charter School Aid	\$ 3,213,471	\$ (2,819,282)	\$ 394,189	\$ 394,189	\$ -
Total Local Sources	3,213,471	(2,819,282)	394,189	394,189	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid		2,772,133	2,772,133	2,772,133	-
Non-Public Aid - State Share	118,732	3	118,735	118,735	-
Special Education	133,054	(6,228)	126,826	126,826	-
Security Aid	94,501	(2,589)	91,912	91,912	-
Total Categorical Aid	346,287	2,763,319	3,109,606	3,109,606	-
Other Sources:					
Interest Income	-	-	-	2,497	2,497
Donations and Contributions	-	-	-	41,200	41,200
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	7,659	7,659
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	125,235	125,235
Total Other Sources	-	-	-	176,591	176,591
Total Revenues	3,559,758	(55,963)	3,503,795	3,680,386	176,591
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,361,428	(95,580)	1,265,848	1,097,052	168,796
Other Salaries for Instruction	76,221	45,005	121,226	109,781	11,445
Purchased Prof/Tech Services	63,000	(5,724)	57,276	22,557	34,719
Other Purchased Services	2,000		2,000	1,644	356
General Supplies	50,000	(825)	49,175	37,379	11,796
Textbooks	30,000	(22,000)	8,000	7,417	583
Miscellaneous	35,000	(22,175)	12,825	10,087	2,738
Total Instruction	1,617,649	(101,299)	1,516,350	1,285,917	230,433
Administration:					
Salaries - General Administration	742,056	55,682	797,738	785,910	11,828
Salaries of Secretarial/Clerical Assistants	26,252	2,000	28,252	27,234	1,018
Total Benefits Cost	474,000	(57,676)	416,324	401,676	14,648
Other Purchased Professional Services	101,000	20,724	121,724	114,908	6,816
Other Purchased Services	94,000	9,857	103,857	103,857	-
Communications/Telephone	20,000	(1,324)	18,676	10,807	7,869
Supplies and Materials	10,000	-	10,000	7,844	2,156
Miscellaneous Expenses	10,000	2,000	12,000	11,601	399
Total Administration	1,477,308	31,263	1,508,571	1,463,837	44,734

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, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Rental of Land and Buildings	\$ 270,000	\$ 54,000	\$ 324,000	\$ 322,694	\$ 1,306
Insurance for Property, Liability and Fidelity	40,000	33,000	73,000	66,382	6,618
Supplies and Materials	25,000	(12,000)	13,000	10,773	2,227
Energy Costs (Heat and Electricity)	35,000	5,348	40,348	40,348	-
Total Support Services	370,000	80,348	450,348	440,197	10,151
Capital Outlay:					
Instructional Equipment	12,000		12,000	1,775	10,225
Non-Instructional Equipment	10,000		10,000		10,000
Purchase of Land/Improvements	50,000		50,000	40,631	9,369
Total Capital Outlay	72,000	-	72,000	42,406	29,594
On-Behalf TPAF Pension Contributions (Non-Budgeted)				7,659	(7,659)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				125,235	(125,235)
Total Expenditures	3,536,957	10,312	3,547,269	3,365,251	182,018
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,801	(66,275)	(43,474)	315,135	358,609
FUND BALANCE, JULY 1	1,343,542	-	1,343,542	1,343,542	-
FUND BALANCE, JUNE 30	\$ 1,366,343	\$ (66,275)	\$ 1,300,068	\$ 1,658,677	\$ 358,609
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures: Budgeted Fund Balance	\$ 1,366,343	\$ (66,275)	\$ 1,300,068	\$ 1,658,677	\$ 358,609
Total	\$ 1,366,343	\$ (66,275)	\$ 1,300,068	\$ 1,658,677	\$ 358,609

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, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 245,338	\$ 37,626	\$ 282,964	\$ 282,964	\$ -
Total Revenues	<u>245,338</u>	<u>37,626</u>	<u>282,964</u>	<u>282,964</u>	<u>-</u>
EXPENDITURES:					
Instruction:					
Salaries	170,702	22,245	192,947	192,947	-
Purchased Prof/Tech Services	15,000	7,041	22,041	22,041	-
Other Purchased Services	6,223		6,223	6,223	-
General Supplies	13,508	3,997	17,505	17,505	-
Other Objects	5,664		5,664	5,664	-
Total Instruction	<u>211,097</u>	<u>33,283</u>	<u>244,380</u>	<u>244,380</u>	<u>-</u>
Support Services:					
Personal Services - Employee Benefits	34,140	842	34,982	34,982	-
Purchased Technical Services	73	3,501	3,574	3,574	-
Supplies and Materials	28		28	28	-
Total Support Services	<u>34,241</u>	<u>4,343</u>	<u>38,584</u>	<u>38,584</u>	<u>-</u>
Total Expenditures	<u>245,338</u>	<u>37,626</u>	<u>282,964</u>	<u>282,964</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<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, 2011

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 3,680,386	[C-2] \$ 282,964
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] \$ 3,680,386	[B-2] \$ 282,964
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,365,251	[C-2] \$ 282,964
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] \$ 3,365,251	[B-2] \$ 282,964

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, 2011

	NCLB Title I	I.D.E.A. Part B	NCLB Title II Part A	NCLB Title II Part D	NCLB Title IV	ARRA Title I Part A	ARRA I.D.E.A. Basic	Grand Total
REVENUE SOURCES:								
Federal	\$ 184,706	\$ 56,298	\$ 3,741	\$ 492	\$ 101	\$ 30,128	\$ 7,498	\$ 282,964
Total Revenues	184,706	56,298	3,741	492	101	30,128	7,498	282,964
EXPENDITURES:								
Instruction:								
Salaries	126,702	44,000				22,245		192,947
Purchased Prof/Tech Services	15,000					7,041		22,041
Other Purchased Services	2,000		3,741	482				6,223
General Supplies	10,000	3,498		10			3,997	17,505
Other Objects	5,664							5,664
Total Instruction	159,366	47,498	3,741	492	-	29,286	3,997	244,380
Support Services:								
Personal Services - Employee Benefits	25,340	8,800				842		34,982
Other Purchased Prof/Tech Services					73		3,501	3,574
Supplies and Materials					28			28
Total Support Services	25,340	8,800	-	-	101	842	3,501	38,584
Total Expenditures	184,706	56,298	3,741	492	101	30,128	7,498	282,964
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2011

	Payroll Agency	Net Payroll	Student Activities	Total Agency Funds
ASSETS:				
Cash and Cash Equivalents	\$ 182,430	\$ -	\$ 4,373	\$ 186,803
Interfund Accounts Receivable		3,128		3,128
Total Assets	\$ 182,430	\$ 3,128	\$ 4,373	\$ 189,931
LIABILITIES:				
Cash Overdraft	\$ -	\$ 3,128	\$ -	\$ 3,128
Interfund Payable	45,208			45,208
Payroll Deductions and Withholdings Due to Student Groups	137,222		4,373	137,222 4,373
Total Liabilities	\$ 182,430	\$ 3,128	\$ 4,373	\$ 189,931

PRIDE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
Student Groups	\$ 3,520	\$ 11,517	\$ 10,664	\$ 4,373
Total	<u>\$ 3,520</u>	<u>\$ 11,517</u>	<u>\$ 10,664</u>	<u>\$ 4,373</u>

PRIDE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Payroll and Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
ASSETS:				
Cash and Cash Equivalents	\$ 31,938	\$ 2,391,568	\$ 2,244,204	\$ 179,302
Total Assets	\$ 31,938	\$ 2,391,568	\$ 2,244,204	\$ 179,302
LIABILITIES:				
Interfund Payable	\$ 31,856	\$ 1,481,318	\$ 1,471,094	\$ 42,080
Accrued Salaries and Benefits	82	-	82	-
Payroll Deductions and Withholdings	-	910,250	773,028	137,222
Total Liabilities	\$ 31,938	\$ 2,391,568	\$ 2,244,204	\$ 179,302

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 three (3) 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 Three Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,		
	2011	2010	2009
Governmental Activities			
Invested in capital assets	\$ 105,373	\$ 89,032	\$ -
Restricted	500,000	500,000	-
Unrestricted	1,158,677	843,542	792,480
Total Governmental Activities Net Assets	<u>\$ 1,764,050</u>	<u>\$ 1,432,574</u>	<u>\$ 792,480</u>
Business-Type Activities			
Invested in capital assets	\$ -	\$ -	\$ -
Restricted	-	-	-
Unrestricted	9,600	(2,165)	-
Total Business-Type Activities Net Assets	<u>\$ 9,600</u>	<u>\$ (2,165)</u>	<u>\$ -</u>
Charter School-wide			
Invested in capital assets	\$ 105,373	\$ 89,032	\$ -
Restricted	500,000	500,000	-
Unrestricted	1,168,277	841,377	792,480
Total Charter School-wide Net Assets	<u>\$ 1,773,650</u>	<u>\$ 1,430,409</u>	<u>\$ 792,480</u>

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

	Fiscal Year Ending June 30,		
	2011	2010	2009
Expenses			
Governmental Activities:			
Instruction	\$ 1,853,383	\$ 1,700,070	\$ 1,137,418
Administration	1,295,020	1,006,856	679,838
Support Services	478,781	541,550	607,330
Capital Outlay	1,775	90,745	59,955
Unallocated Depreciation	2,915	2,759	-
Total Governmental Activities Expenses	<u>3,631,874</u>	<u>3,341,980</u>	<u>2,484,541</u>
Business-Type Activities:			
Food Service	97,973	96,613	67,842
Total Business-Type Activities Expenses	<u>97,973</u>	<u>96,613</u>	<u>67,842</u>
Total Charter School Expenses	<u>\$ 3,729,847</u>	<u>\$ 3,438,593</u>	<u>\$ 2,552,383</u>
Program Revenues			
Governmental Activities:			
Charges for Services	\$ -	\$ -	\$ -
Operating Grants and Contributions	126,826	95,005	80,436
Capital Grants and Contributions	-	-	-
Total Governmental Activities Expenses	<u>126,826</u>	<u>95,005</u>	<u>80,436</u>
Business-Type Activities:			
Charges for Services	5,118	3,065	7,648
Operating Grants and Contributions	104,620	91,383	37,458
Capital Grants and Contributions	-	-	-
Total Business-Type Activities Expenses	<u>109,738</u>	<u>94,448</u>	<u>45,106</u>
Total Charter School Program Revenues	<u>\$ 236,564</u>	<u>\$ 189,453</u>	<u>\$ 125,542</u>
Net (Expense)/Revenue			
Governmental Activities	\$ (3,505,048)	\$ (3,246,975)	\$ (2,404,105)
Business-Type Activities	11,765	(2,165)	(22,736)
Total Charter School-wide Net Expense	<u>\$ (3,493,283)</u>	<u>\$ (3,249,140)</u>	<u>\$ (2,426,841)</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
General Purposes	\$ 394,189	\$ 400,626	\$ 303,905
Federal and State Aid Not Restricted	3,398,638	3,463,459	2,821,196
Investment Earnings	2,497	1,799	-
Miscellaneous Income	41,200	21,184	71,484
Total Governmental Activities	<u>3,836,524</u>	<u>3,887,068</u>	<u>3,196,585</u>
Business-Type Activities:			
Miscellaneous Income	-	-	22,736
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>22,736</u>
Total Charter School-wide	<u>\$ 3,836,524</u>	<u>\$ 3,887,068</u>	<u>\$ 3,219,321</u>
Change in Net Assets			
Governmental Activities	\$ 331,476	\$ 640,093	\$ 792,480
Business-Type Activities	11,765	(2,165)	-
Total Charter School	<u>\$ 343,241</u>	<u>\$ 637,928</u>	<u>\$ 792,480</u>

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

	Fiscal Year Ending June 30,		
	2011	2010	2009
General Fund			
Reserved	\$ 500,000	\$ 500,000	\$ -
Unreserved	1,158,677	843,542	792,480
Total General Fund	<u>\$ 1,658,677</u>	<u>\$ 1,343,542</u>	<u>\$ 792,480</u>

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

Fiscal Year Ending June 30,	2011	2010	2009
Revenues:			
Local Sources:			
Local Tax Levy	\$ 394,189	\$ 400,626	\$ 303,905
Interest In Investments	2,497	1,799	-
Miscellaneous	41,200	21,185	71,484
State Sources	3,242,500	3,093,882	2,542,186
Federal Sources	282,964	464,582	359,446
Total Revenues	<u>3,963,350</u>	<u>3,982,074</u>	<u>3,277,021</u>
Expenditures:			
Instruction	1,530,297	1,455,078	984,983
Administration	1,596,731	1,232,349	832,273
Support Services	478,781	541,550	607,330
Capital Outlay	42,406	202,035	59,955
Total Expenditures	<u>3,648,215</u>	<u>3,431,012</u>	<u>2,484,541</u>
Net Change in Fund Balance	<u>\$ 315,135</u>	<u>\$ 551,062</u>	<u>\$ 792,480</u>

Source: Charter School records

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

Fiscal Year Ending June 30,	Donations	Miscellaneous Revenue	Annual Total
2011	\$ 41,200	\$ -	\$ 41,200
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 Three Fiscal Years

Function	2011	2010	2009
Instruction	26	24	24
Administrative	3	3	1
Support Services	9	8	6
Food Service	-	-	-
Total	<u>38</u>	<u>35</u>	<u>31</u>

Source: Charter School Personnel Records

PRIDE ACADEMY CHARTER SCHOOL

Operating Statistics
Last Three Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary/Middle	School				
2011	239	\$ 3,605,809	\$ 15,087	9.33%	26	10:1	233.1	219.0	0.00%	93.95%	
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, 2011

PACKAGE POLICY DECLARATION NJSBAIG - \$11,183	Coverage	Deductible
Article I - Property		
Blanket Real & Personal Property	500,000,000 per occurrence	
Blanket Extra Expense	\$50,000,000	
Blanket Valuable Papers and Records	\$10,000,000	
Demolition and Increased Cost of Construction	10,000,000 per occurrence	
Loss of Rents	Not Covered	
Loss of Business Income/Tuition	Not Covered	
Builder's Risk	Not Covered	
Fire Department Service Charge	\$10,000	
Arson Reward	\$10,000	
Pollutant Cleanup and Removal	\$250,000	
Fine Arts	Not Covered	
Sublimits: Flood Zones (SFHA)	10,000,000 per occurrence 10,000,000 NJSBAIG aggregate	
Accounts Receivable	250,000 per occurrence	
All Other Flood Zones	50,000,000 per occurrence/NJSBAIG annual aggregate	
Earthquake	50,000,000 per occurrence/NJSBAIG annual aggregate	
Terrorism	1,000,000 per occurrence 1,000,000 per NJSBAIG annual aggregate	
Deductibles: Real and Personal		\$1,000 per occurrence
Extra Expense		\$1,000 per occurrence
Valuable Papers		\$1,000 per occurrence
Flood Deductibles: Zones Prefix A & V		\$500,000 per building \$500,000 per building contents
All Other Flood Zones		\$10,000 per member/per occurrence subject to a maximum retained deductible of \$1,000,000 to NJSBAIG
Article II - Electronic Data Processing (premium included in above)		
Blanket Hardware/Software	\$100,000 per occurrence	\$1,000 per occurrence
Blanket Extra Expense	Included	
Transit	\$25,000	
Coverage Extensions: Transit	Included?	
Loss of Income	\$ per occurrence	
Terrorism		\$ per building contents \$ per member/per occurrence
Flood		
Loss of Income	10,000	
Terrorism	Included in Property	
Flood	1,000,000 per occurrence	
Flood Deductibles	Zone A & V All other Flood Zones	500,000 per building content 10,000 per member/per occurrence subject to a maximum retained deductible of \$1,000,000 to NJSBAIG
Article III - Equipment Breakdown (premium included in above)		
Combined Single Limit per Accident for Property Damage and Business Income		
Combined Single Limit per Accident for Property Damage and Business Income	\$100,000,000	
Sublimits: Property Damage	Included	
Off Premises Property Damage	\$100,000	
Business Income	Included	
Extra Expense	\$10,000,000	
Service Interruption	\$10,000,000	
Perishable Goods	\$500,000	
Data Restoration	\$100,000	
Contingent Business Income	\$100,000	
Demolition	\$1,000,000	
Ordinance or Law	\$1,000,000	
Expediting Expenses	\$500,000	
Hazardous Substances	\$500,000	
Newly Acquired Locations (60 days notice)	\$250,000	
Terrorism	Included	
Interruption of Service Waiting Period - 24 hours		
Deductibles:		Not covered per Accident for Property Damage 12 hours per accident for vbusiness interruption/extra expense Newly acquired locations waiting period 60 days
Article IV - Crime (premium included in above)		
Public Employee Dishonesty with Faithful Performance	\$100,000	\$500
Theft, Disappearance and Destruction	\$50,000	\$500
- Loss of Money & Securities On or Off Premises		
Theft, Disappearance and Destruction	\$50,000	\$500
- Money Orders & Counterfeit Paper Currency		
Forgery or Alteration	\$50,000	\$500
Computer Fraud	\$100,000	\$500
Public Officials Bond: Board Secretary/Business Administrator	\$500,000	
Board Treasurer	\$250,000	
Article V - Comprehensive General Liability		
Article V - Comprehensive General Liability (premium included above)	\$ per occurrence/annual aggregate	\$ each claim
Bodily Injury and Property Damage	\$6,000,000 Combined Single Limit for Bodily Injury & Property Damage	
Bodily Injury from Products and Completed Operations	\$6,000,000 annual aggregate	
Sexual Abuse	\$6,000,000 per occurrence \$17,000,000 annual pool aggregate	
Personal Injury and Advertising Injury	\$6,000,000 per occurrence \$6,000,000 annual aggregate	
Employee Benefits Liability	\$6,000,000 per occurrence/annual aggregate	
Employee Benefits Deductible		\$1,000 each claim
Premises Medical Payments	\$10,000 per accident \$5,000 limit per person	
Terrorism	\$1,000,000 per occurrence/annual NJSBAIG aggregate	
Article VI - Automobile Liability		
Symbol 8&9 Hired/Non-owned		
Combined Single Limit for Bodily Injury & Property Damage	\$6,000,000 per accident	
Terrorism	\$1,000,000 per occurrence/annual NJSBAIG aggregate	
Deductible		N/A

PRIDE ACADEMY CHARTER SCHOOL
Insurance Schedule
June 30, 2011

	Coverage	Deductible
School Leaders Errors & Omissions Liability Policy Declarations		
<i>NJSBAIG - \$4,268</i>		
Coverage A		
Limit of Liability	\$6,000,000 each policy period	
Deductible	\$5,000 each claim	
Coverage B		
Limit of Liability	\$100,000 each claim \$300,000 each policy period	
Deductible	\$5,000 each claim	
WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY DECLARATIONS		
<i>NJSBAIG - \$7,756</i>		
Bodily Injury by Accident	\$2,000,000 each accident	
Bodily Injury by Disease	\$2,000,000 each employee	
Bodily Injury by Disease	\$2,000,000 aggregate limit	
Supplemental Indemnity		
<i>NJSBAIG - \$500</i>		
Maximum Benefit Period	52 Weeks	
Maximum Weekly Benefit	\$1,750	
Waiting Period: 7 days		
Student Accident		
<i>NJSBAIG/McCloskey - \$1,332</i>		
Full Excess	\$1,000,000	

SINGLE AUDIT SECTION

BARRE & COMPANY
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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 (Charter School), in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 19, 2011. 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 and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control over Financial Reporting

Management of the school is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Charter School's 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 the Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter School's 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 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, the audit committee, the 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 these specified parties.



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

October 19, 2011

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K-2
Page 1

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON 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 Pride Academy Charter School (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 could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2011. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 Charter School's management. Our responsibility is to express an opinion on the Charter School's 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 and Regulatory Compliance, 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*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit obtain reasonable assurance about whether noncompliance with types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred.

An audit includes examining, on a test basis, evidence about Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination of Charter School's compliance with those requirements.

In our opinion, Pride Academy Charter School, in the County of Essex, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control over Compliance

Management of the Charter School 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 Charter School's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance 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 Charter School's 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of a deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 Charter School's responses to the findings identified in our audit as described in the accompanying schedule of findings and questioned costs. We did not audit the Charter School's responses and, accordingly, we express no opinion on the responses



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

October 19, 2011

PRIDE ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June, 30, 2011

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2010	Cash Received	Budgetary Expenditures	Accounts Receivable	Balance at June 30, 2011
U.S. Department of Education									
Passed-through State Department of Education									
Special Revenue Fund:									
Title I Part A	84.010	NCLB 2011	\$ 184,706	9/1/10 8/31/11	\$ -	\$ 159,010	\$ (184,706)	\$ (25,696)	
Title I Part A Carryover	84.010	NCLB 2010	173,026	9/1/09 8/31/10	(54,106)	54,106	(3,741)		
Title II Part A	84.367	NCLB 2011	3,741	9/1/10 8/31/11		3,741			
Title II Part A Carryover	84.367	NCLB 2010	2,604	9/1/09 8/31/10	(2,604)	2,604	(492)	(74)	
Title II Part D	84.318	NCLB 2011	492	9/1/10 8/31/11		418			
Title II Part D Carryover	84.318	NCLB 2010	1,257	9/1/09 8/31/10	(1,184)	1,184	(101)	(101)	
Title IV	84.186	NCLB 2011	101	9/1/10 8/31/11		-			
Title IV Carryover	84.186	NCLB 2010	1,710	9/1/09 8/31/10	(1,710)	1,710	(56,298)		
I.D.E.A. Part B Basic	84.027	IDEA 2011	56,298	9/1/10 8/31/11		56,298			
I.D.E.A. Part B Basic Carryover	84.027	IDEA 2010	48,568	9/1/09 8/31/10	(7,676)	7,676	(30,128)		
ARRA - Title I Part A	84.389	ARRA 2010	30,128	7/1/09 8/31/11		30,128	(7,498)		
ARRA - IDEA Basic	84.391	ARRA 2010	7,498	7/1/09 8/31/11		7,498			
Total Special Revenue Fund					(67,280)	324,373	(282,964)	(25,871)	
U.S. Department of Agriculture									
Passed-through State Department of Education									
Enterprise Fund:									
School Breakfast Program	10.553	N/A	13,711	7/1/10 6/30/11		12,820	(13,711)	(891)	
School Breakfast Program	10.553	N/A	10,614	7/1/09 6/30/10	(595)	595			
National School Lunch Program	10.555	N/A	76,685	7/1/10 6/30/11		83,339	(89,105)	(5,766)	
National School Lunch Program	10.555	N/A	34,072	7/1/09 6/30/10	(5,244)	5,244			
Total Enterprise Fund					(5,839)	101,998	(102,816)	(6,657)	
Total Federal Financial Awards					\$ (73,119)	\$ 426,371	\$ (385,780)	\$ (32,528)	

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, 2011

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period		Cash Received	Budgetary Expenditures	(Accounts Receivable)	Due to Grantor	MEMO
			From	To					
State Department of Education:									
General Fund:									
"Local Levy" State Share - Charter School Aid	11-495-034-5120-071	\$ 2,772,133	7/1/10	6/30/11	\$ 2,717,203	\$ (2,772,133)	\$ (105,982)	\$ -	\$ 2,772,133
Non Public Aid	11-100-034-5120-064	118,735	7/1/10	6/30/11	118,735	(118,735)			118,735
Special Education Aid	11-495-034-5120-089	126,826	7/1/10	6/30/11	126,826	(126,826)			126,826
Security Aid	11-495-034-5120-084	91,912	7/1/10	6/30/11	91,912	(91,912)			91,912
On Behalf TPAF Pension Contributions	11-495-034-5095-006	7,659	7/1/10	6/30/11	7,659	(7,659)			7,659
Reimbursed TPAF - Social Security	11-495-034-5095-002	125,235	7/1/10	6/30/11	114,046	(125,235)	(11,189)		125,235
Reimbursed TPAF - Social Security	10-495-034-5095-002	-	7/1/09	6/30/10					
Total General Fund					3,176,381	(3,242,500)	(117,171)	-	3,242,500
State Department of Agriculture									
Enterprise Fund:									
State School Breakfast Program	10-100-010-3350-021	-	7/1/09	6/30/10	52				
National School Lunch Program (State Share)	11-100-010-3350-023	1,804	7/1/10	6/30/11	1,676	(1,804)	(128)		1,804
National School Lunch Program (State Share)	10-100-010-3350-023	-	7/1/09	6/30/10	215				
Total Enterprise Fund					1,943	(1,804)	(128)	-	1,804
Total State Financial Assistance					\$ 3,178,324	\$ (3,244,304)	\$ (117,299)	\$ -	\$ 3,244,304

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, 2011

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, 2011

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	\$ -	\$ 3,242,500	\$ 3,242,500
Special Revenue Fund	282,964	-	282,964
Food Service Fund	102,816	1,804	104,620
Total Awards & Financial Assistance	<u>\$ 385,780</u>	<u>\$ 3,244,304</u>	<u>\$ 3,630,084</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, 2011.

NOTE 6. OTHER

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, 2011. 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, 2011.

PRIDE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unqualified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes <u> X </u> No	
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None Reported	
Noncompliance material to basic financial statements noted?	_____ Yes <u> X </u> No	

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes _____ No	
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes <u> X </u> No	
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None Reported	
Type of auditors’ report issued on compliance for major programs		<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?	_____ Yes <u> X </u> No	

Identification of major state programs:

GMIS Number(s)	Name of State Program
_____ 11-495-034-5120-071 _____	_____ Local Levy – State Share _____
_____	_____
_____	_____

PRIDE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit. See paragraphs 13. 15 and 13, 35.

Finding

There were no matters reported.

PRIDE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

***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 As Prepared by Management
For the Fiscal Year Ended June 30, 2011

STATUS OF PRIOR YEAR FINDINGS

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

Findings

There were no matters reported.