

**CAMDEN'S PRIDE
CHARTER SCHOOL, INC.
Camden, New Jersey**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**Camden's Pride Charter School, Inc.
Board of Trustees**

Camden, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

Camden's Pride Charter School Board of Trustees

Finance Department

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OF THE CAMDEN'S PRIDE CHARTER SCHOOL, INC.
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INTRODUCTORY SECTION

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
897 31st STREET
CAMDEN, NJ 08105

Dr. Joseph V. Conway
Chief School Administrator
856-365-1000 x 101

Richelle H. Baughn
Board Secretary
856-365-1000 x 103

October 8, 2012

Members of the Board of Trustees
Camden's Pride Charter School
County of Camden
Camden, New Jersey

Dear Board Members,

The comprehensive annual financial report of the Camden's Pride Charter School for the fourth fiscal year of operations ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. 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 final position and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The introductory section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials.
- The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon.
- The statistical section includes the first fiscal year of unaudited data.
- The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management Budget Circular A-133, "Audits of States, Local Governments and Non-profit Organizations", and the New Jersey OMB circular letter 04-04 OMB, "Single Audit Policy for recipients of Federal Grants, State Grants and State Aid payments". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Camden's Pride Charter School, Inc. is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No.14. All funds of the Charter school are included in this report. The Camden's Pride Charter School, Inc. Board of Trustees and its school constitute the Charter School's reporting entity.

The Charter School is responsible for providing a thorough and efficient educational system for students in grades taught at the one school maintained. The Charter School completed the 2011-2012 fiscal year with an enrollment of 210 elementary school students.

2. ECONOMIC CONDITION AND OUTLOOK:

The City of Camden area is a large urban community in Camden County and is presently considered to possess a stagnant economy.

Initiatives

The Charter School has developed a comprehensive strategic plan to support its mission and vision and serve as a blueprint for the achievement of its goals. The plan includes objectives such as pupil achievement, staff development and technology in the classroom.

3. INTERNAL ACCOUNTING CONTROLS:

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School management.

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

4. BUDGETARY CONTROLS:

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. 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, 2012.

5. ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

6. RISK MANAGEMENT:

The Board 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, and fidelity bonds.

7. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of the accounting firm of Nightlinger, Colavita and Volpa, PA, was selected by the Board's Audit Committee. 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 amendment of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

8. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Camden's Pride Charter School, Inc. Board of Trustees for their concern in providing fiscal accountability to the community and 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 financial and accounting staff.

Respectfully submitted,



Rebecca Brinkman
Lead Person



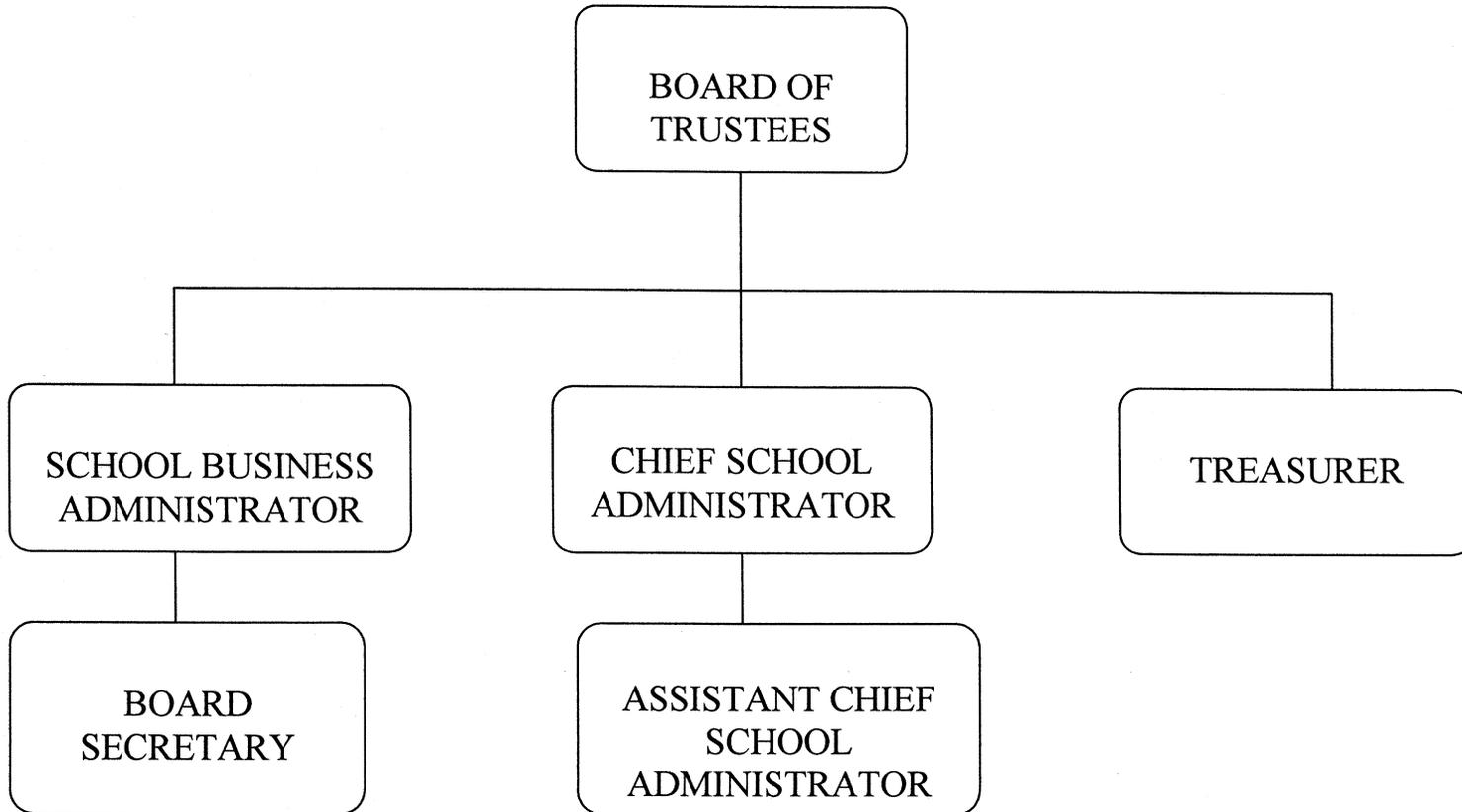
Richelle H. Baughn
Board Secretary

CAMDEN'S PRIDE CHARTER SCHOOL, INC

Camden, New Jersey

Camden County

(UNIT CONTROL)



CAMDEN'S PRIDE CHARTER SCHOOL, INC.
CAMDEN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Maria Maldonado, President	2014
Tamika Harris-Brown, Vice President	2013
Pedro DeCasanova	2014
Donavan McCargo	2014
Chanell Trader	2014

<u>OTHER OFFICIALS</u>	<u>AMOUNT OF BOND</u>
Rebecca Brinkman, Lead Person	
Richelle Baughn, Business Administrator/Board Secretary	\$ 50,000
Jeannie Scott, Treasurer of School Monies	475,000
Jane B. Capasso, Solicitor	

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, C.P.A., R.M.A.
Nightlinger, Colavita and Volpa, P.A.
Certified Public Accountants
991 S. Black Horse Pike
Post Office Box 799
Williamstown, NJ 08094

ATTORNEY

Ms. Jane B. Capasso
Attorney-at-Law
Lipman, Antonelli, Batt, Gibson, Malestein, Rothman & Capasso
110 North Sixth Street/ P. O. Box 729
Vineland, New Jersey 08362-0729

OFFICIAL DEPOSITORY

TD Bank
501 Mickle Blvd.
Camden, New Jersey 08103

INSURANCE AGENT

Conner Strong & Buckelew Companies, Inc.
123 Rosenhayn Avenue
P.O. Box 358
Bridgeton, NJ 08302

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 8, 2012

INDEPENDENT AUDITOR'S REPORT

To the Members of
the Board of Trustees
Camden's Pride Charter School, Inc.
County of Camden
Camden, New Jersey 08105

Dear Board Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the Camden's Pride Charter School in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2012, which collectively comprise the Camden's Pride Charter School's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Camden's Pride Charter School, Inc.'s Board of Trustees management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the 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, each major fund, and the aggregate remaining fund information of the Camden's Pride Charter School, Inc., Board of Trustees, in the County of Camden, State of New Jersey, as of June 30, 2012, 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 8, 2012 on our consideration of the Camden's Pride Charter School, Inc.'s Board of Trustees internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. This 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 Discussion and Analysis and Budgetary Comparison Information on pages 10 through 17 and 47 through 49 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. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Camden's Pride Charter School, Inc., Board of Trustees financial statements as a whole. The introductory section, combining fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of state assistance are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
CITY OF CAMDEN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

UNAUDITED

The discussion and analysis of Camden's Pride Charter School, Inc.'s financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2012, which is the fourth year of operations. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ❖ Total revenues of the school were \$3,452,757, of which general revenues accounted for \$2,872,331 or 83.2% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$580,426 or 16.8% percent of all revenues.
- ❖ Total net assets of governmental activities decreased by \$49,694 comprised of changes in cash and receivables.
- ❖ The Charter School had \$3,493,336 in total expenses. Only \$580,426 of these expenses was offset by program specific charges for services, grants or contributions. General Revenues, primarily State and Federal Aid of \$2,872,331, were adequate to provide for these programs.
- ❖ The General Fund had \$3,031,055 in revenues, \$3,076,520 in expenditures. The General Fund's balance decreased \$45,465. This decrease was anticipated by the Board of Trustees.

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 Camden's Pride Charter School, Inc. 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 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. In the case of Camden's Pride Charter School, Inc., the General Fund is by far the most significant fund.

Reporting the 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 School to provide programs and activities, the view of the School as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities helps 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 companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School's Most Significant Funds

Fund Financial Statements

The analysis of the School's major (all) funds begins on page 21. Fund financial reports provide detailed information about the School's major funds. The School uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School's most significant funds. The School's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The 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 School's general government operations and the basic services it provides. Governmental fund information helps you 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 is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School as a Whole

Recall that the Statement of Net Assets provides the perspective of the School as a whole.

Table 1 provides a comparative summary of the School's net assets for the years ended 2012 and 2011.

Table 1
Net Assets

	<u>2012</u>	<u>2011</u>
Assets		
Current and Other Assets	\$ 334,982	\$ 600,060
Capital Assets, Net	388,079	178,642
Total Assets	<u>723,061</u>	<u>778,702</u>
Liabilities		
Other Liabilities	62,347	77,409
Long-term Liabilities		
Total Liabilities	<u>62,347</u>	<u>77,409</u>
Net Assets		
Invested in Capital Assets, Net of Debt	174,413	178,642
Restricted	310,000	410,000
Unrestricted	176,301	112,651
Total Net Assets	<u>\$ 660,714</u>	<u>\$ 701,293</u>

Table 2 shows the changes in net assets for the fiscal year's 2012 and 2011.

Table 2
Changes in Net Assets

	2012	2011
Revenues		
Programs Revenues		
Charges for Services	\$ 5,539	\$ 6,138
Operating Grants and Contributions	574,887	427,127
General Revenues		
Property Taxes	155,199	114,459
Grants and Entitlements	2,711,356	2,202,756
Other	5,776	1,826
Total Revenues	3,452,757	2,752,306
Program Expenses		
Instruction	1,344,950	1,142,210
Support Services		
Administration	747,962	627,547
School Administration	353,901	214,241
Rental of Land & Building	735,000	805,827
Transportation		
Employee Benefits	158,724	70,524
Unallocated Depreciation and Amortization	20,910	8,787
Food Service	131,889	101,105
Total Expenses	3,493,336	2,970,241
Increase in Net Assets	\$ (40,579)	\$ (217,935)

Governmental Activities

The School's total revenue for the fiscal year ended June 30, 2012 was \$3,452,757, of which governmental revenues were \$2,872,331. As a Charter School, voter approval for the School operations is not required in New Jersey. Property taxes made up 4.5% percent of revenues for governmental activities for the Camden's Pride Charter School, for fiscal year 2012. Federal, state and local grants accounted for another 95.2% and miscellaneous revenue accounted for .3%. The school's total cost of all program and services was \$3,493,336. Instruction costs of \$1,344,950 comprised 38.5% of the Charter School Governmental Activity expenses.

Business-Type Activities

Revenues for the School’s business-type activities (Food Service Program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$9,115.
- ❖ Charges for services represent \$5,539 of revenue. This represents amount paid by patrons for daily food services, which amounts to 4% of \$141,004 in total revenue.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$135,465.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the School’s resident district taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>
Instruction	\$ 1,344,950	\$ 1,159,331	\$ 1,142,210	\$ 891,684
Support Services				
Administrative Services	747,962	652,883	627,547	547,772
School Administrative Services	353,901	353,901	214,241	214,241
Rental of Land & Building	735,000	735,000	805,827	805,824
Employee Benefits	158,724	-	70,524	70,524
Other	20,910	20,910	8,787	8,787
Total Expenses	<u>\$ 3,361,447</u>	<u>\$ 2,922,025</u>	<u>\$ 2,869,136</u>	<u>\$ 2,538,832</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the School.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to liabilities of the School.

Other includes unallocated depreciation and amortization.

The School's Funds

Information about the School's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All Governmental Funds (i.e., General and Special Revenue funds presented in the fund-based statements) had total revenues of \$3,311,753 and expenditures of \$3,357,218. The net negative/change in fund balance for the year was in the General Fund, a decrease of \$45,465. This result shows that the School is able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 160,975	5%	\$ 44,530	53%
State Sources	2,870,080	87%	722,324	45%
Federal Sources	280,698	8%	(104,603)	-40%
Total	<u>\$ 3,311,753</u>	<u>100%</u>	<u>\$ 662,251</u>	<u>34%</u>

The amount of Local Sources is attributed to increases in the local tax levy of \$40,740 and miscellaneous income of \$3,790.

The amount of State Sources is attributed to increases in categorical state aid of \$722,324.

The amount of Federal Sources is attributed to decreases in various grant awards.

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2012.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 1,344,950	40%	\$ 202,740	18%
Undistributed Expenditures	1,995,587	59%	277,448	16%
Capital Outlay	16,681	0%	(170,748)	-91%
Total	<u>\$ 3,357,218</u>	<u>100%</u>	<u>\$ 309,440</u>	<u>10%</u>

The increase in Instruction is attributed to increased costs in various instructional line items of \$202,740.

The increase in Undistributed Expenditures is attributed to unallocated benefits of \$88,200 and administrative expenses of \$260,075, offset by a decrease in rental of land and buildings of \$70,827.

The decrease in capital outlay resulted from the reduction in spending for equipment and leasehold improvements.

General Fund Budgeting Highlights

The School's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2012, the School amended its General Fund budget as needed. The School uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the School's final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a deficiency of \$45,465 in revenues over expenditures.

- ❖ Actual revenues were \$114,500 more than expected due to differences in various revenue line items per C-1.
- ❖ The actual expenditures were \$65,838 lower than expected, primarily in the areas of employee benefits, instruction and various other expenditure line items, however excess revenues over expenses resulted in a favorable variance per Exhibit C-1.

Capital Assets

This is the second year of the School holding fixed assets. \$204,110 was invested in leasehold improvements and equipment during 2011-2012.

Capital Assets (Net of Depreciation) at June 30

	2012	2011
Leasehold Improvements	\$ 64,770	\$ 68,271
Machinery and Equipment	109,643	110,371
Totals	\$ 174,413	\$ 178,642

Overall Capital Assets decreased \$4,229 from the fiscal year 2011 to fiscal year 2012. The decrease was attributed to fixed asset acquisitions of \$16,681, offset by depreciation of \$20,910.

Operating Leases

The School currently leases space for classrooms, administration and the food service operations.

For the Future

The Camden's Pride Charter School, Inc. is presently in good financial condition. Continued optimum enrollment in the School will provide future financial stability. However, future finances are not without challenges as the school makes yearly lease payments.

As a charter school, it is a concern of the Board of Trustees of the School as to how future budgets would be financed. The administrator will also closely monitor instructional as well as support and administrative costs of the School.

In conclusion, the Camden's Pride Charter School, Inc. is committed to sound financial planning, budgeting, and internal financial controls in order to meet the challenges of the future.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers and oversight entities with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information please contact Ms. Rebecca Brinkmann, Lead Person at Camden's Pride Charter School, Inc. Camden, N.J.

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL - WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the School. These statements include the financial activities of the overall 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 School.

CAMDEN'S PRIDE CHARTER SCHOOL INC.
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 321,198	\$ 13,784	\$ 334,982
Receivables, Net	199,172	14,494	213,666
Capital Assets, Net (Note 5):	174,413		174,413
Total Assets	<u>694,783</u>	<u>28,278</u>	<u>723,061</u>
LIABILITIES			
Accounts Payable	42,701		42,701
Due to Other Funds	160		160
Deferred Revenue	952		952
Due to Other Governments	1,230	17,304	18,534
Total Liabilities	<u>45,043</u>	<u>17,304</u>	<u>62,347</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	174,413		174,413
Restricted for:			
Capital Reserve	410,000		410,000
Unrestricted	65,327	10,974	76,301
Total Net Assets	<u>\$ 649,740</u>	<u>\$ 10,974</u>	<u>\$ 660,714</u>

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

**CAMDEN'S PRIDE CHARTER SCHOOL INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental Activities:			194,411			
Instruction:						
Regular	\$ 1,344,950	\$ -	\$ 185,619	\$ (1,159,331)	\$ -	\$ (1,159,331)
Support Services:						
Administrative Services	747,962		95,079	(652,883)		(652,883)
School Administrative Services	353,901			(353,901)		(353,901)
Rental of Land and Buildings	735,000			(735,000)		(735,000)
Unallocated Benefits	158,724		158,724			
Unallocated Depreciation and Amortization	20,910			(20,910)		(20,910)
Total Governmental Activities	3,361,447		439,422	(2,922,025)		(2,922,025)
Business-type Activities:						
Food Service	131,889	5,539	135,465		9,115	9,115
Total Business-type Activities	131,889	5,539	135,465		9,115	9,115
Total Primary Government	\$ 3,493,336	\$ 5,539	\$ 574,887	\$ (2,922,025)	\$ 9,115	\$ (2,912,910)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 155,199	\$ -	\$ 155,199
Federal and State Aid not Restricted				2,711,356		2,711,356
Miscellaneous Income				5,776		5,776
Total General Revenues, Special Items, Extraordinary Items and Transfers				2,872,331		2,872,331
Change in Net Assets				(49,694)	9,115	(40,579)
Net Assets—Beginning				699,434	1,859	701,293
Net Assets—Ending				\$ 649,740	\$ 10,974	\$ 660,714

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

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.

GOVERNMENTAL FUNDS

CAMDEN'S PRIDE CHARTER SCHOOL INC.
BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 321,198		\$ 321,198
Interfund Receivable	127,205		127,205
Receivables from Local Governments	23,883		23,883
Federal Awards Receivable		\$ 142,356	142,356
Due from State of New Jersey	28,172		28,172
Total Assets	\$ 500,458	\$ 142,356	\$ 642,814
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to State of New Jersey	\$ 1,130	\$ 100	\$ 1,230
Accounts Payable	23,841	18,860	42,701
Interfund Payable	160	122,444	122,604
Deferred Revenue		952	952
Total Liabilities	25,131	142,356	167,487
Fund Balances:			
Restricted For:			
Capital Reserve	410,000		410,000
Unassigned, Reported in:			
General Fund	65,327		65,327
Total Fund Balances	475,327		475,327
Total Liabilities and Fund Balances	\$ 500,458	\$ 142,356	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

The cost associated with the issuance of the lease obligation are expensed in the governmental funds in the year the lease obligation is issued, but are capitalized in the Statement of Net Assets. There are no balances in lease obligation costs at June 30, 2012.

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The costs of the fixed assets is \$204,110 and the accumulated depreciation is \$29,697

174,413

Net Assets of Governmental Activities

\$ 649,740

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

CAMDEN'S PRIDE CHARTER SCHOOL INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Local Tax Levy	\$ 155,199	\$ -	\$ 155,199
Miscellaneous	5,776		5,776
Total - Local Sources	160,975		160,975
State Sources	2,870,080		2,870,080
Federal Sources		280,698	280,698
Total Revenues	3,031,055	280,698	3,311,753
EXPENDITURES			
Current:			
Regular Instruction	1,159,331	185,619	1,344,950
Support Services:			
Administrative Services	652,883	95,079	747,962
School Administrative Services	353,901		353,901
Rental of Land and Buildings	735,000		735,000
Unallocated Benefits	158,724		158,724
Capital Outlay	16,681		16,681
Total Expenditures	3,076,520	280,698	3,357,218
Excess (Deficiency) of Revenues over Expenditures	(45,465)		(45,465)
OTHER FINANCING SOURCES (USES)			
Total Other Financing Sources and Uses			
Net Change in Fund Balances	(45,465)		(45,465)
Fund Balance—July 1	520,792		520,792
Fund Balance—June 30	\$ 475,327	\$ -	\$ 475,327

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

PROPRIETARY FUNDS

CAMDEN'S PRIDE CHARTER SCHOOL INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds (from B-2) \$ (45,465)

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

In the statement of activities, certain operating expenses, including compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid) .

Compensated Absences Adjusted

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (20,910)	
Capital outlays	16,681	
	<hr/>	(4,229)
Change in net assets of governmental activities (A-2)		<u><u>\$ (49,694)</u></u>

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

CAMDEN'S PRIDE CHARTER SCHOOL INC.
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 13,784	\$ 13,784
Intergovernmental Receivable	13,426	13,426
Other Accounts Receivable	1,068	
Total Current Assets	<u>28,278</u>	<u>27,210</u>
Fixed Assets:		
Equipment		
Accumulated Depreciation		
Total Fixed Assets		
Total Assets	<u>\$ 28,278</u>	<u>\$ 27,210</u>
LIABILITIES AND FUND EQUITY:		
Current Liabilities:		
Intergovernmental Payable	\$ 17,304	\$ 17,304
Total Current Liabilities	<u>17,304</u>	<u>17,304</u>
Net Assets		
Unrestricted	10,974	10,974
Total Net Assets	<u>10,974</u>	<u>10,974</u>
Total Liabilities and Net Assets	<u>\$ 28,278</u>	<u>\$ 28,278</u>

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

CAMDEN'S PRIDE CHARTER SCHOOL INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities	
	Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs:	\$ 5,539	\$ 5,539
Total Operating Revenue:	5,539	5,539
Operating Expenses:		
Other Cost	-	-
Cost of Sales	131,889	131,889
Total Operating Expenses	131,889	131,889
Operating Income (Loss)	(126,350)	(126,350)
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,790	1,790
Federal Sources:		
National School Breakfast Program	46,662	46,662
National School Lunch Program	87,002	87,002
Interest Income	11	11
Total Non-Operating Revenues (Expenses)	135,465	135,465
Income (Loss) before Contributions & Transfers	9,115	9,115
Transfers		
Change in Net Assets	9,115	9,115
Total Net Assets—Beginning	1,859	1,859
Total Net Assets—Ending	\$ 10,974	\$ 10,974

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

CAMDEN'S PRIDE CHARTER SCHOOL INC.
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities	
	Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 5,539	\$ 5,539
Payments to Suppliers	(136,522)	(136,522)
Net Cash Provided by (used for) Operating Activities	(130,983)	(130,983)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	1,790	1,790
Federal Sources	133,664	133,664
Intergovernmental Sources		
Net Cash Provided by (used for) Non-capital Financing Activities	135,454	135,454
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets		
Net Cash Provided by (used for) Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	11	11
Net Cash Provided by (used for) Investing Activities	11	11
Net Increase (Decrease) in Cash and Cash Equivalents	4,482	4,482
Balances—Beginning of Year	9,302	9,302
Balances—End of Year	\$ 13,784	\$ 13,784
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$ (126,350)	\$ (126,350)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities		
(Increase) Decrease in Accounts Receivable	(6,530)	
(Increase) Decrease in Intergovernmental Receivable, Net	(1,068)	(1,068)
(Decrease) Increase in Intergovernmental Accounts Payable	2,965	2,965
Total Adjustments	(4,633)	1,897
Net Cash Provided by (used for) Operating Activities	\$ (130,983)	\$ (124,453)

Noncash Noncapital Financing Activities:

During the year, the district received zero dollars of food commodities from the U. S. Department of Agriculture

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

FIDUCIARY FUNDS

CAMDEN'S PRIDE CHARTER SCHOOL INC.
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 6,432	\$ 18,996
Due from Payroll Agency Account	1,740	
Due from General Fund		160
Total Assets	<u>8,172</u>	<u>19,156</u>
LIABILITIES		
Accounts Payable	2,499	
Payable to General Fund		4,761
Due to Student Groups		1,472
Payroll Deductions and Withholdings		12,923
Total Liabilities	<u>2,499</u>	<u>\$ 19,156</u>
NET ASSETS		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 5,673</u>	

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

CAMDEN'S PRIDE CHARTER SCHOOL INC.
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Deposits	\$ 15,525
Interest	5
	<hr/>
Total Additions	15,530
	<hr/>
DEDUCTIONS	
Unemployment Claims	13,949
	<hr/>
Total Deductions	13,949
	<hr/>
Change in Net Assets	1,581
Net Assets—Beginning of the Year	4,092
	<hr/>
Net Assets—End of the Year	\$ 5,673
	<hr/> <hr/>

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

CNOTE 1. DESCRIPTION OF THE SCHOOL CHARTER SCHOOL AND REPORTING ENTITY

The Camden's Pride Charter School, Inc is located in the County of Camden, State of New Jersey and was incorporated on May 9, 2008 and began its first year of education operations in September of 2008. It was created through the approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a Charter School, the Camden's Pride Charter School, Inc. functions independently as an educational institution through a Board of Trustees (the "Board"). In accordance with the By-Laws of the Charter School, the Board is to consist of not less than 3 and not more than 14 individuals. At all times, constituency of the voting members of the Board of Trustees shall consist of 2 members nominated and elected by the Board selected from the Parent Council and two members nominated and elected by the Board of Trustees representing community leaders at large (which may include representatives from the Neighborhood Center, Inc.) The school administrator and a teacher elected by the teachers from the school are ex-officio members of the Board of Trustees without vote, and limited to the number of terms they may serve consecutively.

A. Reporting Entity:

The purpose of the Charter School is to educate kindergarten and 1st grade students. The school was operated for the initial year of 2008-09, with an enrollment of 84 students. The charter provided for the enrollment of an additional 84 students in the 2010-11 school year and another 42 students in the 2011-12 school year, resulting in a maximum number of students approved in the charter of 210 students as of June 30, 2012. A subsequent amendment was made to the charter adding another 30 students in the 2012-13 school-year. A school business administrator and a board secretary were appointed by the Board and are responsible for the administrative control of the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Charter School holds the corporate powers of the organization
- the Charter School appoints a voting majority of the organization's board
- the Charter School is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Charter School
- there is a fiscal dependency by the organization on the Charter School

There were no additional entities required to be included in the reporting entity, under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Camden's Pride Charter School, Inc. have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Charter School's accounting policies are described below.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

A. Basis of Presentation:

The Charter School 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.

Charter School-wide Statements: The statement of net assets and the statements of activities display information about 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Charter School at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different 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. Indirect expenses are the expenses of the Charter School related to the administration and support of the Charter School's programs, such as personnel and accounting, and are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting:

The accounts of the Charter School are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds are grouped in the financial statements in this report:

GOVERNMENTAL FUND TYPE

General Fund - The general fund is the general operating fund of the 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 instructional and non-instructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Camden's Pride Charter School, Inc. includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmentalities, 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 the "local levy" local share charter school aid, "local levy" state share charter school aid, categorical aid, revenues from other sources and appropriated fund balance. Expenditures are those in excess of \$2,000, which result in the acquisition of or additions to capital 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.

The Demonstrably Effective Program Aid is included in the General Fund.

Special Revenue Fund - The Charter School accounts for the proceeds of specific revenue sources from the state and federal government (other than expendable trusts, major capital projects or enterprise funds) and local appropriations that is legally restricted to expenditures for specified purposes in the special revenue fund.

Capital Projects Fund - The Charter School currently has no capital projects, and, therefore, the accounting system of the Charter School does not include a capital projects fund.

Debt Service Fund - The accounting system of the Charter School does not include a debt service fund in accordance with state statute.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting: (continued)

PROPRIETARY FUND TYPE

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector. The following is a description of the Proprietary Funds of the Charter School:

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

The School's Enterprise Fund is comprised of a Food Service Fund managed by an outside food service management company. For expediency, the financial records are maintained within the food service fund of the Camden's Promise Charter School. Federal and state subsidy reimbursements as well as a food service operating costs were allocated on a pro-rata basis. Inventory and commodity amounts were considered as owned by the Camden's Promise Charter School.

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

Internal Service Fund - The Camden's Pride Charter School does not maintain an Internal Service whereby services would be provided on a cost-reimbursement basis.

FIDUCIARY FUND TYPE

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the Charter School:

Trust and Agency Funds - The trust and agency funds are used to account for assets held by the Charter School in a Trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting: (continued)

FIDUCIARY FUND TYPE (continued)

Nonexpendable Trust Fund - A nonexpendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligation to maintain the trust principal. The accounting system of the Charter School does not include a nonexpendable trust fund.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Funds consists of an Unemployment Compensation Insurance Fund

Agency Funds (Payroll, Health Benefits and Student Activities Fund) - Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. The accounting system of the Charter School includes a payroll fund and a student activities fund.

C. Basis of Accounting and Measurement Focus:

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 Charter School-wide 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. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school Charter School the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The Charter School records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

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 in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus: (continued)

In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Charter School budgets are prepared annually and are submitted to the Department of Education for review. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are mandated by the Department of Education and are detailed in the Charter School Budget Summary form that is part of the New Jersey Charter School Application and are defined as the lowest (most specific) level of detail referenced in NJAC 6:20-2A (m) 1. Transfers of appropriations may be made by Board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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 to be maintained to allow for the presentation of GAAP basis financial reports.

Exhibit C-3 provides a reconciliation of the general and special revenue funds from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Encumbrance 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 revenue 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. The budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any. Open encumbrances in the special revenue fund for which the Charter School has received advances (if any) 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.

The Charter School had no reserved fund balance for encumbrances at June 30, 2012.

F. Tuition:

The Charter School Program Act of 1995 specifically prohibits a charter school from charging tuition to students who reside in the Charter School of residence of the charter school or are non-resident students.

G. Assets, Liabilities and Equity:

Transactions

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

Inventories

On Charter School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012. Inventory in the Food Service Fund at June 30, 2012, including commodities, were considered owned by the Camden's Promise Charter School. Therefore, ending inventory is not recorded in the Food Service Fund of the Camden's Pride Charter School, Inc.

Capital Assets

General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the Statement of Net Assets. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity: (continued)

Capital assets are depreciated in the Charter School-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	30-50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

H. Compensated Absences:

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the Statement of Net Assets. In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

I. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned (see Note 2(B) regarding the special revenue fund).

J. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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.

L. Charter School Funding:

The Charter School is largely funded on its enrollment through the local levy and categorical aid, which follows a particular student. Funding flows from the State to the District Board of Education and then to the Charter School. In accordance with N.J.S.A. 18A:36A-12 "the school district of residence shall pay directly to the Charter School for each student enrolled in the Charter School who resides in the district a presumptive amount equal to 90% of the local tax levy budget per pupil for the specific grade level in the district. At the discretion of the commissioner and at the time the Charter is granted, the commissioner may require the School District of residence to pay directly to the Charter School for each student enrolled in the Charter School an amount equal to less than 90%, or an amount, which shall not exceed 100% of the local levy budget per pupil for the specific grade in the district of residence. The per pupil amount paid to the Charter School shall not exceed the local levy budget per pupil for the specific grade level in the District in which the Charter School is located. The District of residence shall also pay directly to the Charter School any categorical aid attributable to the student, provided the student is receiving appropriate categorical services and any federal funds attributable to the student."

During the school year, a charter school shall conduct an enrollment count on October 15, and the last day of the school year. A charter school shall submit each count through a summary school register for the purposes of determining average daily enrollment. Based on these counts, a charter school's revenue is adjusted accordingly.

M. 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 the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Revenues – Exchange and Non-exchange 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. Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is 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 for 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 both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

O. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Charter School's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. 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.

Q. 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.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On Charter School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

S. Short -Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

T. Management Estimates:

In order for the preparation of basic financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the School-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets.

V. 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.

W. Unamortized Lease Acquisition Costs:

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be amortized over the life of such a lease. There were no such leases for the year ended June 30, 2012.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

Deposits:

New Jersey statutes require that school districts 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. School districts 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 5% 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 no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

As of June 30, 2012, cash and cash equivalents in the fund financial statements of the Charter School consisted of the following:

		<u>Cash and Cash Equivalents</u>
Checking Accounts	\$	360,410
N.J. Cash Management Fund		-
Total	\$	<u>360,410</u>

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. As of June 30, 2012, the School Districts bank balance of \$375,568, was insured or collateralized as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		125,568
	\$	<u>375,568</u>

New Jersey Cash Management Fund – During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2012, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 4. COMPENSATED ABSENCES

In accordance with Statement No. 16 of the (GASB) entitled "Accounting for Compensated Absences", Part time employees are not entitled to compensated absences. Benefits paid in any future period will be calculated in accordance with formulas outlined in the Charter School agreements with any collective bargaining units and included in the budget of the current year of payment. There currently is no formal policy concerning payment of accumulated absences.

No liability existed for compensated absences of the governmental fund types at June 30, 2012.

As of June 30, 2012, no liability existed for compensated absences in the Food Service Fund because there are no employees paid out of this fund. The Food Service employees are provided and paid by an outside management company, Sodexo Food Management, Inc.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not being Depreciated:				
Land				
Construction in Progress				
Total Capital Assets not being Depreciated				
Building Improvements	70,022			\$ 70,022
Machinery and Equipment	117,407	16,681		134,088
Total Historical Cost	187,429	16,681		204,110
Less Accumulated Depreciation for:				
Building Improvements	(1,751)	(3,501)		(5,252)
Machinery and Equipment	(7,036)	(17,409)		(24,445)
Total Accumulated Depreciation	(8,787)	(20,910)		(29,697)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	178,642	(4,229)		174,413
Governmental Activities Capital Assets, Net	\$ 178,642	\$ (4,229)		\$ 174,413

Depreciation expense was charged to governmental functions as follows:

Unallocated	\$ 20,910
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NOTE 6. PENSION PLANS

Description of Plans - All required employees of the Charter 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, PO Box 295, Trenton, New Jersey, 08625.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 6. PENSION PLANS (CONTINUED)

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 Charter School and the system's other related non-contributing 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 - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability

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:6 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service, or under the disability provisions of the System. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 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 2% 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.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 6. PENSION PLANS (CONTINUED)

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for a 12 month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

Significant Legislation - P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the SPRS and PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for the new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the States Defined Contribution Retirement Program.

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 5.5% 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 Charter School is a non-contributing employer of the TPAF.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 6. PENSION PLANS (CONTINUED)

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$ 6,959	100 %	\$ 6,959
6/30/11	N/A	N/A	N/A
6/30/10	N/A	N/A	N/A

Trend Information for TPAF (Paid on-behalf of the Charter School)

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$ 61,525	100 %	\$ 0
6/30/11	8,289	100	0
6/30/10	0	0	0

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$20,438 to the TPAF for non-contributory insurance, \$41,087 to the TPAF for normal and post-retirement benefits and nothing for normal costs on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School \$97,199 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

Legislation enacted during 1991 and 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1992 and 1994 fiscal years. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Charter School assumed the increased cost for the early retirement as it was affected.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 7. POST-RETIREMENT BENEFITS (CONTINUED)

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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

NOTE 8. DEFERRED COMPENSATION

The Board currently offers its employees the Equivest deferred compensation plan created in accordance with Internal Revenue Code Section 403(b).

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 127,205	\$ 160
Special Revenue		122,444
Student Activity Fund	160	
Payroll Fund		4,761
Total	<u>\$ 127,365</u>	<u>\$ 127,365</u>

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

New Jersey Unemployment Compensation Insurance - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the Reserve method. Under this plan, the Charter School is required to contribute a percentage of wages to the New Jersey Unemployment Trust Fund on a quarterly basis. The following is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Charter School's expendable trust fund for the current year:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance June 30,</u>
2011-2012	\$	\$ 15,530	\$ 13,949	\$ 5,673
2010-2011		8,930	6,544	4,092

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 11. FUND BALANCE

General Fund - Of the \$475,327 in General Fund balance at June 30, 2012, \$410,000 has been restricted in the Capital Reserve Account the remaining balance is Unassigned Fund Balance of \$65,327.

NOTE 12. LITIGATION

In the opinion of the administration and legal counsel, the Charter School is not involved as a defendant in any legal proceedings of which the potential losses, if any, would not be material to the financial statements.

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established on June 27, 2011 by the Camden's Pride Charter School, Inc. Board of Trustee's by inclusion of \$410,000 by Board acclamation, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Balance, June 30, 2011	\$410,000
Deposit	<u>0</u>
Ending Balance, June 30, 2012	<u>\$410,000</u>

NOTE 14. OPERATING LEASES

Lease of Building Space

The Camden's Pride Charter School has leased a portion of a building consisting of 32,000 square feet, the use of 879 Beideman Ave., use of the Promise Academy Center located at 820 Lois Ave. and the use of the parking lot annexed hereto, for a term of one (1) year commencing on July 1, 2010 and ending June 30, 2011 and continuing through June 30, 2012. The rent shall be \$735,000 per annum, payable in equally monthly installments of \$61,250 in advance, on the first day of each and every month.

NOTE 15. GUARANTOR OF QUALITY SCHOOL CONSTRUCTION BONDS

In July of 2012, The Camden's Pride Charter School, Inc. became a Guarantor of Quality School Construction Bonds through the New Jersey Economic Development Authority in the amount of \$2,467,080, regarding improvements to a school operated by Camden Academy Charter High School, Inc.

NOTE 14. SUBSEQUENT EVENTS

There were no events subsequent to June 30, 2012 that require disclosure except for the planned addition of thirty student enrollments in accordance with the amended Charter.

BUDGETARY COMPARISON SCHEDULES

**CAMDEN'S PRIDE CHARTER SCHOOL INC.
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Revenue/ Expenditures</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
"Local Tax Levy"- Local Share - Charter School Aid:					
City of Camden	\$ 143,386	\$ 11,813	\$ 155,199	\$ 82,768	\$ (72,431)
Township of Pennsauken				49,754	49,754
Bellmawr				6,855	6,855
Woodlynne				5,172	5,172
Washington Township				10,650	10,650
Total - Local Share Tax Levy	143,386	11,813	155,199	155,199	
"Local Tax Levy"- State Share - Charter School Aid:					
Equalization Aid	2,566,238	15,706	2,581,944	2,581,944	
Total - Local Levy Budget	2,709,624	27,519	2,737,143	2,737,143	
Categorical State Aids					
Special Education Aid	36,444		36,444	36,444	
Security Aid	93,381	(413)	92,968	92,968	
Total Categorical Aids	129,825	(413)	129,412	129,412	
Other State Aid:					
On-Behalf TPAF Non-Contrib Ins. Cont.				20,438	20,438
On-behalf TPAF Post Retirement Medical Contrib				41,087	41,087
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				97,199	97,199
Total Other State Aid				158,724	158,724
Total State Aid	129,825	(413)	129,412	288,136	158,724
Revenue from Other Sources					
Miscellaneous	50,000		50,000	5,776	(44,224)
Total Revenue from Other Sources	50,000		50,000	5,776	(44,224)
TOTAL REVENUES	\$ 2,889,449	\$ 27,106	\$ 2,916,555	\$ 3,031,055	\$ 114,500
EXPENDITURES:					
CURRENT EXPENSES:					
Instruction:					
Salaries of Teachers - Kindergarten	\$ 149,000	\$ (4,750)	\$ 144,250	\$ 144,250	\$
Salaries of Teachers - Grades 1-4	771,400	119,267	890,667	890,667	
Other Salaries for Instruction	10,000	(10,000)			
Purchased Professional - Technical Services	30,000	(3,958)	26,042	25,809	233
Other Purchased Services	15,000	(853)	14,147	12,249	1,898
General Supplies	70,000	9,228	79,228	65,643	13,585
Textbooks	20,000	(3,392)	16,608	11,168	5,440
Miscellaneous Expenditures	5,000	4,545	9,545	9,545	
Total Instruction Expenses	1,070,400	110,087	1,180,487	1,159,331	21,156
UNDISTRIBUTED EXPENDITURES:					
Administration:					
Salaries - Administration	138,000	98,612	236,612	236,612	
Salaries of Secretarial and Clerical Assistants	68,500	(68,500)			
Other Retirement Contributions - Regular		37,131	37,131	22,578	14,553
Health Benefits	246,380	110,495	356,875	326,756	30,119
Other Purchased Professional Services	85,000	(59,692)	25,308	25,308	
Other Purchased Services	20,000	(9,508)	10,492	10,492	
General Supplies & Materials	40,000	(9,863)	30,137	30,137	
Miscellaneous Expenditures	5,000	(4,000)	1,000	1,000	
Total Administration Expenses	602,880	94,675	697,555	652,883	44,672

CAMDEN'S PRIDE CHARTER SCHOOL INC.
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Expenditures</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable/</u> <u>(Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Support Services/School Administration:					
Salaries of Secretarial and Clerical Assistants	\$ 121,400	\$ 45,988	\$ 167,388	\$ 167,388	
Purchased Professional/Technical Services	71,876	(528)	71,348	71,297	51
Other Purchased Services	8,000	(6,519)	1,481	1,481	
Rental of Land and Buildings	735,000	142,768	877,768	735,000	142,768
Insurance for Property, Liability, and Fidelity	17,387	2,601	19,988	19,988	
Supplies & Materials	30,000	(18,715)	11,285	11,285	
Transportation- Other then to/from School	2,500	(2,500)			
Energy Costs	118,500	(33,926)	84,574	79,111	5,463
Miscellaneous Expenditures	5,000	(3,294)	1,706	1,706	
Total Support Services/School Administration:	1,109,663	125,875	1,235,538	1,087,256	148,282
Student Transportation Services:					
Contracted Services (Home/School) Vendors		1,645	1,645	1,645	
Total Student Transportation Services		1,645	1,645	1,645	
On-behalf TPAF Non-Contrib Ins.				20,438	(20,438)
On-behalf TPAF Post Retirement Medical Contrib				41,087	(41,087)
Reimbursed TPAF Social Security Contrib. (Non-budgeted)				97,199	(97,199)
TOTAL EXPENDITURES - CURRENT EXPENSE	2,782,943	332,282	3,115,225	3,059,839	55,386
Capital Outlay					
Increase in Capital Reserve					
Instruction - Equipment	25,430	1,703	27,133	16,681	10,452
Non-Instructional Equip.	25,000	(25,000)			
Total Equipment	50,430	(23,297)	27,133	16,681	10,452
Facilities Acquisition & Construction Services					
Total Facilities Acquisition & Construction Services					
Total Capital Outlay Expenditures	50,430	(23,297)	27,133	16,681	10,452
TOTAL EXPENDITURES	2,833,373	308,985	3,142,358	3,076,520	65,838
Excess (Deficiency) of Revenues Over (Under) Expenditures	56,076	(281,879)	(225,803)	(45,465)	180,338

CAMDEN'S PRIDE CHARTER SCHOOL INC.
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original</u>	<u>Budget</u>	<u>Final</u>		<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Final to Actual</u>
					<u>Favorable/</u>
					<u>(Unfavorable)</u>
Other Financing Sources (Uses):					
Transfer to Cover Student Activity Deficit	\$	\$	\$	\$	\$
Excess (Deficiency) of Revenues and Other Financing					
Sources Over (Under) Expenditures					
and Other Financing Uses	56,076	(281,879)	(225,803)	(45,465)	180,338
Fund Balances, July 1	520,792		520,792	520,792	
Fund Balances, June 30	\$ 576,868	\$ (281,879)	\$ 294,989	\$ 475,327	\$ 180,338

RECAPITULATION :

Restricted Fund Balance:

 Capital Reserve

\$ 410,000

Committed Fund Balance:

 Year-end Encumbrances

65,327

Unassigned Fund Balance

TOTAL

\$ 475,327

CAMDEN'S PRIDE CHARTER SCHOOL INC.
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
AS OF JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$	\$	\$	\$	\$
Federal Sources	34,377	252,306	286,683	280,698	(5,985)
Total Revenues	<u>34,377</u>	<u>252,306</u>	<u>286,683</u>	<u>280,698</u>	<u>(5,985)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers		109,650	109,650	109,650	
Purchase Professional & Technical Services	3,559		3,559	3,559	
General Supplies		72,410	72,410	72,410	
Total Instruction	<u>3,559</u>	<u>182,060</u>	<u>185,619</u>	<u>185,619</u>	
Support Services					
Personal Services - Employee Benefits		24,988	24,988	19,804	5,184
Purchased Professional & Technical Services - Other	4,738	44,505	49,243	48,448	795
Other Purchased Services	26,080		26,080	26,074	6
Supplies and Materials		753	753	753	
Total Support Services	<u>30,818</u>	<u>70,246</u>	<u>101,064</u>	<u>95,079</u>	<u>5,985</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>34,377</u>	<u>252,306</u>	<u>286,683</u>	<u>280,698</u>	<u>5,985</u>
Other Financing Sources (Uses)					
Total Outflows	<u>34,377</u>	<u>252,306</u>	<u>286,683</u>	<u>280,698</u>	<u>5,985</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CAMDEN'S PRIDE CHARTER SCHOOL INC.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 basis) "revenue"		
from the budgetary comparison schedule	[C-1] \$ 3,031,055	[C-2] \$ 280,698
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
 Total revenues as reported on the statement of revenues, expenditures		
and changes in fund balances - governmental funds.	[B-2] \$ 3,031,055	[B-2] \$ 280,698
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,076,520	[C-2] \$ 280,698
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund		
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 3,076,520	[B-2] \$ 280,698

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

CAMDEN'S PRIDE CHARTER SCHOOL INC.
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2011)

	<u>NCLB Title I</u>		<u>Title II</u>	<u>IDEA</u>	<u>Title IIA</u>	<u>ARRA</u>	<u>IDEA</u>	<u>Title IID</u>	<u>Totals</u>	
	<u>(Chapter I, Part A)</u>	<u>Prior Yr.</u>	<u>Part A</u>	<u>Preschool</u>	<u>Prior</u>				<u>Title I</u>	<u>Part B</u>
	<u>2011-12</u>			<u>Education</u>	<u>Year</u>					
REVENUES:										
Federal Sources	\$ 168,477	\$ 35,050	\$ 753	\$ 893	\$ 7,795	\$ 25,478	\$ 40,392	\$ 1,860	\$ 280,698	\$ 385,301
State Sources										
Total Revenues	\$ 168,477	\$ 35,050	753	\$ 893	7,795	\$ 25,478	\$ 40,392	1,860	\$ 280,698	\$ 385,301
EXPENDITURES:										
Instruction:										
Salaries of Teachers	\$ 104,000						\$ 5,650		\$ 109,650	\$ 96,635
Purchased Prof. & Technical Services		2,000				1,559			3,559	2,905
Supplies and Materials	52,341					20,069			72,410	150,986
Total Instruction	156,341	2,000				21,628	5,650		185,619	250,526
Support Services:										
Salaries										925
Personal Services-Employee Benefits	2,931	15,743					1,130		19,804	11,599
Purchased Prof. & Technical Services	9,205	4,738		893			33,612		48,448	27,395
Other Purchased Services		12,569			7,795	3,850		1,860	26,074	14,429
Supplies and Materials			753						753	25,427
Total Support Services	12,136	33,050	753	893	7,795	3,850	34,742	1,860	95,079	79,775
Facilities Acquisitions & Const Serv:										
Instructional Equipment										55,000
Total Facilities Acquisition & Construction Services										55,000
Total Expenditures	\$ 168,477	\$ 35,050	\$ 753	\$ 893	\$ 7,795	\$ 25,478	\$ 40,392	\$ 1,860	\$ 280,698	\$ 385,301

PROPRIETARY FUND

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 district'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.

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

CAMDEN'S PRIDE CHARTER SCHOOL INC.
FOOD SERVICES ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	<u>2012</u>	<u>2011</u>
ASSETS:		
Current Assets:		
Cash	\$ 13,784	\$ 9,302
Accounts Receivable:		
State	102	94
Federal	13,324	6,802
Other	1,068	
Total Current Assets	<u>\$ 28,278</u>	<u>\$ 16,198</u>
LIABILITIES AND FUND EQUITY:		
Current Liabilities:		
Intergovernmental Payable	\$ 17,304	\$ 14,339
Total Current Liabilities	<u>17,304</u>	<u>14,339</u>
Fund Equity:		
Unreserved Retained Earnings	10,974	1,859
Total Fund Equity	<u>10,974</u>	<u>1,859</u>
Total Liabilities and Fund Equity	<u>\$ 28,278</u>	<u>\$ 16,198</u>

CAMDEN'S PRIDE CHARTER SCHOOL INC.
FOOD SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Local Sources:		
Daily Sales - Reimbursable Programs:	\$ 5,539	\$ 6,138
Total Operating Revenue	<u>5,539</u>	<u>6,138</u>
OPERATING EXPENSES:		
Other Cost		88
Satellite Food Service Operation Cost	131,889	101,017
Total Operating Expenses	<u>131,889</u>	<u>101,105</u>
Operating Loss	<u>(126,350)</u>	<u>(94,967)</u>
Non-Operating Revenues:		
State Sources:		
School Breakfast Program		
State School Lunch Program	1,790	1,259
Federal Sources:		
National School Lunch Program	87,002	62,423
School Breakfast Program	46,662	33,139
Interest	11	5
Total Non-Operating Revenues	<u>135,465</u>	<u>96,826</u>
Net Income (Loss) before Operating Transfers	<u>9,115</u>	<u>1,859</u>
Net Income (Loss)	<u>9,115</u>	<u>1,859</u>
Net Assets - July 1	<u>1,859</u>	
Net Assets - June 30	<u>\$ 10,974</u>	<u>\$ 1,859</u>

CAMDEN'S PRIDE CHARTER SCHOOL INC.
FOOD SERVICES ENTERPRISE FUND
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ (126,350)	\$ (94,967)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:		
Change in Assets and Liabilities:		
Decrease/(Increase) in Accounts Receivable	(6,530)	(7)
Decrease/(Increase) in Intergovernmental Accounts Receivable	(1,068)	
(Decrease)/Increase in Intergovernmental Accounts Payable	2,965	4,204
Net Cash Used by Operating Activities	<u>(130,983)</u>	<u>(90,770)</u>
Cash Flows from Non-capital Financing Activities		
Cash Received from General Fund Reimbursements		
Cash Received from State and Federal Reimbursements	135,454	96,821
Net Cash Provided by Non-capital Financing Activities	<u>135,454</u>	<u>96,821</u>
Net Cash Provided by Investment Interest Activities	<u>11</u>	<u>5</u>
Net Increase in Cash	4,482	6,056
Cash and Cash Equivalents, July 1	<u>9,302</u>	<u>3,246</u>
Cash and Cash Equivalents, June 30	<u>\$ 13,784</u>	<u>\$ 9,302</u>

FIDUCIARY FUNDS

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

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

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

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

CAMDEN'S PRIDE CHARTER SCHOOL INC.
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

		<u>Expendable</u>		<u>Agency</u>		<u>Total</u>	
		<u>Trust</u>		<u>Student</u>	<u>Payroll</u>	<u>2012</u>	<u>2011</u>
				<u>Activity</u>			
ASSETS:							
Cash and Cash Equivalents	\$	6,432	\$	1,312	\$	17,684	\$
Due from Payroll Agency		1,740				1,740	11,065
Due from General Fund				160		160	160
Total Assets	\$	8,172	\$	1,472	\$	17,684	\$
						27,328	11,065
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts Payable	\$	2,499	\$		\$	2,499	\$
Due to General Fund					4,761	4,761	795
Due to Unemployment Account					1,740	1,740	
Due to Student Groups				1,472		1,472	
Payroll Deductions and Withholdings					11,183	11,183	6,338
Total Liabilities		2,499		1,472	17,684	21,655	7,133
Fund Balances:							
Unreserved for Unemployment Claims		5,673				5,673	4,092
Total Liabilities and Fund Balances	\$	8,172	\$	1,472	\$	17,684	\$
						27,328	11,225

CAMDEN'S PRIDE CHARTER SCHOOL INC.
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	<u>2012</u>	<u>2011</u>
REVENUES:		
Local Sources:		
Deposits	\$ 15,525	\$ 8,924
Interest	5	6
Total Revenue	<u>15,530</u>	<u>8,930</u>
EXPENDITURES:		
Current Expense:		
Undistributed Expenditures - Unemployment Benefits	<u>13,949</u>	<u>6,544</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,581	2,386
Fund Balance, July 1	<u>4,092</u>	<u>1,706</u>
Fund Balance, June 30	<u>\$ 5,673</u>	<u>\$ 4,092</u>

CAMDEN'S PRIDE CHARTER SCHOOL INC.
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1,</u> <u>2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2012</u>	<u>Due From</u> <u>General</u> <u>Fund</u>	<u>Balance</u> <u>June 30,</u> <u>2012</u>
Student Activity Fund	\$	\$ 22,067	\$ 20,595	\$	\$	\$ 1,472

CAMDEN'S PRIDE CHARTER SCHOOL INC.
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS:				
Cash and Cash Equivalents	\$ 6,338	\$ 1,681,491	\$ 1,670,145	\$ 17,684
Total Assets	<u>\$ 6,338</u>	<u>\$ 1,681,491</u>	<u>\$ 1,670,145</u>	<u>\$ 17,684</u>
LIABILITIES AND RESERVES:				
Due to Current Fund	\$	\$ 4,761	\$	\$ 4,761
Payroll Deductions and Withholdings	6,338	1,676,730	1,670,145	12,923
Total Liabilities	<u>6,338</u>	<u>1,681,491</u>	<u>1,670,145</u>	<u>17,684</u>
Total Liabilities and Reserves	<u>\$ 6,338</u>	<u>\$ 1,681,491</u>	<u>\$ 1,670,145</u>	<u>\$ 17,684</u>

STATISTICAL SECTION

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$	\$	\$ 178,642	\$ 174,413
Capital Reserve			410,000	410,000
Unrestricted	404,960	919,228	110,792	65,327
Total Governmental Activities Net Assets	\$ 404,960	\$ 919,228	\$ 699,434	\$ 649,740
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	\$	\$	\$	\$
Unrestricted	120		1,859	10,974
Total Business-Type Activities Net Assets	\$ 120	\$ -	\$ 1,859	\$ 10,974
District-Wide				
Invested in Capital Assets, Net of Related Debt	\$	\$	\$ 178,642	\$ 174,413
Capital Reserve			410,000	410,000
Unrestricted	405,080	919,228	112,651	76,301
Total District-Wide Net Assets	\$ 405,080	\$ 919,228	\$ 701,293	\$ 660,714

Source: CAFR Schedule A-1

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,			
	2009	2010	2011	2012
Expenses				
Governmental Activities				
Instruction				
Regular	\$ 422,838	\$ 623,416	\$ 1,142,210	\$ 1,344,950
Support Services				
Administrative Services	402,343	267,700	627,547	747,962
School Administrative Services	168,542	119,242	214,241	353,901
Rental of Land and Buildings		249,763	805,827	735,000
Transportation		4,562		
Employee Benefits		190,194	70,524	158,724
Unallocated Depreciation and Amortization			8,787	20,910
Total Governmental Activities Expenses	993,723	1,454,877	2,869,136	3,361,447
Business-Type Activities				
Food Service	49,745	76,981	101,105	131,889
Total Business-Type Activities Expense	49,745	76,981	101,105	131,889
Total District Expenses	\$ 1,043,468	\$ 1,531,858	\$ 2,970,241	\$ 3,493,336
Program Revenues				
Governmental Activities				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	338,469	262,637	330,301	439,422
Total Governmental Activities Program Revenues	338,469	262,637	330,301	439,422
Business-Type Activities				
Charges for Services				
Food Service	1,598	2,054	6,138	5,539
Operating Grants and Contributions	48,266	74,807	96,826	135,465
Total Business-Type Activities Program Revenues	49,864	76,861	102,964	141,004
Total District Program Revenues	\$ 388,333	\$ 339,498	\$ 433,265	\$ 580,426
Net (Expense)/Revenue				
Governmental Activities	\$ (655,254)	\$ (1,192,240)	\$ (2,538,835)	\$ (2,922,025)
Business-Type Activities	119	(120)	1,859	9,115
Total District-Wide Net Expense	\$ (655,135)	\$ (1,192,360)	\$ (2,536,976)	\$ (2,912,910)
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Property Taxes Levied for General Purposes, net	\$ 55,667	\$ 82,200	\$ 114,459	\$ 155,199
Unrestricted Grants and Contributions	1,002,999	1,584,357	2,202,756	2,711,356
Investment Earnings				
Miscellaneous Income	1,548	39,951	1,986	5,776
Transfers			(160)	
Total Governmental Activities	1,060,214	1,706,508	2,319,041	2,872,331
Business-Type Activities				
Investment Earnings	1			
Total Business-Type Activities	1			
Total District-Wide	\$ 1,060,215	\$ 1,706,508	\$ 2,319,041	\$ 2,872,331
Change in Net Assets				
Governmental Activities	\$ 404,960	\$ 514,268	\$ (219,794)	\$ (49,694)
Business-Type Activities	120	(120)	1,859	9,115
Total District-Wide	\$ 405,080	\$ 514,148	\$ (217,935)	\$ (40,579)

Source: CAFR Schedule A-2

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
FUND BALANCES-GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,			
	2009	2010	2011	2012
General Fund				
Capital Reserve	\$	\$	\$ 410,000	\$ 410,000
Unreserved	404,960	919,228	110,792	65,327
Total General Fund	<u>\$ 404,960</u>	<u>\$ 919,228</u>	<u>\$ 520,792</u>	<u>\$ 475,327</u>
All Other Governmental Funds				
Reserved	\$	\$	\$	\$
Unreserved, Reported in:				
Special Revenue Fund				
Capital Projects Fund				
Total All Other Governmental Funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Source: CAFR Schedule B-1

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues				
Tax Levy	\$ 55,667	\$ 82,200	\$ 114,459	\$ 155,199
Miscellaneous	1,548	39,951	1,986	5,776
State Sources	1,002,999	1,584,357	2,147,756	2,870,080
Federal Sources	338,469	262,637	385,301	280,698
Total Revenues	<u>1,398,683</u>	<u>1,969,145</u>	<u>2,649,502</u>	<u>3,311,753</u>
Expenditures				
Instruction				
Regular Instruction	422,838	623,416	1,142,210	1,344,950
Support Services				
Administrative Services	402,343	267,700	627,547	747,962
School Administrative Services	168,542	119,242	214,241	353,901
Rental of Land and Buildings		249,763	805,827	735,000
Transportation		4,562	70,524	158,724
Unallocated Employee Benefits		190,194	187,429	16,681
Capital Outlay				
Facilities Acquisition and Construction				
Total Expenditures	<u>993,723</u>	<u>1,454,877</u>	<u>3,047,778</u>	<u>3,357,218</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	404,960	514,268	(398,276)	(45,465)
Other Financing Sources (Uses)				
Transfers			(160)	
Total Other Financing Sources (Uses)			<u>(160)</u>	
Net Change in Fund Balances	<u>\$ 404,960</u>	<u>\$ 514,268</u>	<u>\$ (398,436)</u>	<u>\$ (45,465)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

Source: CAFR Schedule B-2

EXHIBIT J-5

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST FOUR FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Insurance</u> <u>Refund</u>	<u>Teacher</u> <u>Mentoring</u>	<u>Prior Year</u> <u>Tuition</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditure</u>	<u>Prior</u> <u>Year P.O.</u> <u>Adjustment</u>	<u>Misc.</u>	<u>Total</u>
2012	\$	\$	\$	\$	\$	\$	\$	\$
2011							5,776	\$ 5,776
2010							1,986	1,986
2009							2,207	2,207
							1,548	1,548

Source: District Records

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
DEMOGRAPHIC AND ECONOMIC STATISTICS**
LAST FOUR FISCAL YEARS

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (Thousands of Dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d	
2012	*	77,278 \$	3,365,272,264 \$	43,548	19.8%
2011	*	77,283	3,315,753,696	42,904	19.6%
2010		77,335	3,268,950,450	42,270	18.6%
2009		79,790	3,303,784,740	41,406	17.8%

* Estimate

** The above demographics reflect the entire City of Camden population.

Source:

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

^b Personal income

^c Per Capita (County information vs. municipality information)

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

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST FOUR FISCAL YEARS

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction				
Regular	6	23	19	23
Special Education	1	3	3	4
Other Special Education				
Vocational				
Other Instruction				
Support Services:				
Student & Instruction Related Services				
General Administrative Services	1	1	1	1
School Administrative Services	1	1	1	1
Business Administrative Services		1	1	1
Plant Operations and Maintenance			1	1
Pupil Transportation			1	1
Food Service			1	1
Total	<u>9</u>	<u>29</u>	<u>28</u>	<u>33</u>

Source: District Personnel Records

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
OPERATING STATISTICS
LAST FOUR FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) ^c</u>	<u>Average Daily Attendance (ADA) ^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2012	210	14 : 1	210	203	51.07%	96.67%
2011	168	14 : 1	167.1	162	48.93%	96.95%
2010	126	14 : 1	126	122	50.00%	96.83%
2009	84	14 : 1	84	81.5	N/A	97.02%

Sources: District records, ASSA and Schedule J-14

Note: Enrollment based on annual October district count.

- a) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b) Teaching staff includes only full-time equivalents of certificated staff.
- c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
SCHOOL BUILDING INFORMATION
LAST FOUR FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>				
<u>Elementary</u>				
Square Feet	85,000	85,000	85,000	85,000
Capacity (students)	84	126	168	168
Enrollment	84	126	168	210
<u>Middle</u>	N/A			
Square Feet				
Capacity (students)				
Enrollment				
<u>High</u>	N/A			
Camden Academy Charter High School, Inc.				
Square Feet				
Capacity (students)				
Enrollment				
<u>Other</u>	N/A			
Administration Building				
Square Feet				
Transportation				
Square Feet				
Maintenance Offices				
Square Feet				
Number of Schools at June 30, 2012				
Elementary =	1			
Middle School =				
High School =				
Other =				

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions.
Enrollment is based on the annual October district count.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
	July 1, 2011 - July 1, 2012:		
NJSBAIG	Commercial Policy		
	Property - Blanket Building & Personal Property	\$ 29,782,000	\$ 1,000
	Comprehensive General Liability		
	Products and Completed Operations	6,000,000	1,000
	Personal Advertising Injury	6,000,000	1,000
	Bodily Injury & Property Damage	6,000,000	1,000
	Employee Benefits Liability	6,000,000	1,000
	Comprehensive Automobile Liability	6,000,000	1,000
	Boiler and Machinery	100,000,000	5,000
	Employee Dishonesty Coverage	100,000	1,000
	Inland Marine	253,000	1,000
	Legal Liability	5,000,000	5,000
	Workman's Compensation		
	Bodily Injury from Accident	2,000,000	
	Bodily Injury from Disease/Aggregate Limit	2,000,000	
	Bodily Injury from Disease/Each Employee	2,000,000	
Markel Insurance Company	Compulsory Student Accident	1,000,000	
	Catastrophic Student Accident		
	Accident Medical Expense - Maximum per Participant	2,000,000	25,000
	Catastrophic Cash Benefit - Maximum Benefit	500,000	
Ohio Casualty Insurance Co.	Surety Bonds		
	Treasurer's Bond	475,000	
	Business Administrator	50,000	
	Asst. Business Administrator	10,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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Williamstown, NJ 08094

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November 8, 2012

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Members of the Board of Trustees
Camden's Pride Charter School, Inc.
County of Camden
Camden, New Jersey 08105

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of Camden's Pride Charter School, Inc., in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Camden's Pride Charter School, Inc. Board of Trustees' basic financial statements and have issued our report thereon dated November 8, 2012. 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 Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Trustees of Camden's Pride Charter School, Inc., in the County of Camden, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Camden's Pride Charter School, Inc. Board of Trustees' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Camden's Pride Charter School, Inc. Board of Trustees' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Camden's Pride Charter School, Inc. Board of Trustees' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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. However, we did note certain immaterial instances of a lack of internal control over financial reporting that we have reported to the Board of Trustees in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 8, 2012.

Compliance and Other Matters

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

We did note certain immaterial instances of noncompliance that we have reported to the Board of Trustees in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 8, 2012.

This report is intended solely for the information and use of the audit committee, management, the Camden's Pride Charter School, Inc. Board of Trustees, the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA, RMA
Licensed Public School Accountant
No. 915

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A Professional Association

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November 8, 2012

INDEPENDENT AUDITOR'S 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 NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Camden's Pride Charter School, Inc.
County of Camden
Camden, New Jersey 08105

Compliance

We have audited the Board of Trustees of the Camden's Pride Charter School, Inc., in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Camden's Pride Charter School's major state programs for the fiscal year ended June 30, 2012. The Camden's Pride Charter School, Inc. Board of Trustees major 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 state programs is the responsibility of the Camden's Pride Charter School, Inc. Board of Trustees' management. Our responsibility is to express an opinion on the Camden's Pride Charter School, Inc. Board of Trustees compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey's OMB's 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Camden's Pride Charter School, Inc. Board of Trustees compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Camden's Pride Charter School, Inc. Board of Trustees compliance with those requirements.

In our opinion, the Board of Trustees of the Camden's Pride Charter School, Inc., in the County of Camden, 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 state programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Board of Trustees of the Camden's Pride Charter School, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Camden's Pride Charter School, Inc. Board of Trustees' internal control over compliance with requirements that could have a direct and material effect on a major 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 New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Camden's Pride Charter School, Inc. Board of Trustees' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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.

This report is intended solely for the information and use of the audit committee, management, the Camden's Pride Charter School, Inc. Board of Trustees, the New Jersey State Department of Education, and other 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. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA, RMA
Licensed Public School Accountant
No. 915

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/ Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expend- itures	Repayment of Prior Years' Balances	Balance at June 30, 2012		
				From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund:													
National School Lunch Program	10.555	N/A	\$62,423	7/1/10	6/30/11	(\$4,372)		\$4,372					
National School Lunch Program	10.555	N/A	87,002	7/1/11	6/30/12			82,019	(\$87,002)			(\$4,983)	
National School Breakfast Program	10.553	N/A	33,139	7/1/10	6/30/11	(2,430)		2,430					
National School Breakfast Program	10.553	N/A	46,662	7/1/11	6/30/12			38,321	(46,662)			(8,341)	
Total Enterprise Fund:						(6,802)		127,142	(133,664)			(13,324)	
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
Title I, Part A	84.010A	NCLB-6024-12	184,671	9/1/11	8/31/12			115,522	(168,477)			(52,955)	
Title I, Part A	84.010A	NCLB-6024-10	182,217	9/1/09	8/31/10	(21,812)		21,812					
Title I, Part A	84.010A	NCLB-6024-11	163,649	9/1/10	8/31/11	(12,653)		47,703	(35,050)				
ARRA- Title I, Part A	84.389A	ARRA-6024-11	73,523	9/1/09	8/31/11	(25,843)			(25,478)			(51,321)	
ARRA- Title I, Part A C/O	84.389A	ARRA-6024-11	73,523	9/1/10	8/31/11	(19,906)						(19,906)	
ARRA- IDEA - PS	84.392A	ARRA-6024-11	952	7/1/09	8/31/11			952					\$952
Title II, Part A	84.367A	NCLB-6024-11	2,385	9/1/10	8/31/11			1,416	(7,795)			(6,379)	
Title II, Part A	84.367A	NCLB-6024-12	753	9/1/11	8/31/12			753	(753)				
Title II, Part D	84.318X	NCLB-6024-12	199	9/1/11	8/31/12								
Title II, Part D	84.318X	NCLB-6024-11	1,860	9/1/10	8/31/11				(1,860)			(1,860)	
Title II, Part D	84.318X	NCLB-6024-09	729	9/1/08	8/31/09	(179)						(179)	
Title IV Drug Free	84.186A	NCLB-6024-10	1,915	9/1/09	8/31/10	11							
IDEA Basic	84.027	IDEA -6024-12	40,392	9/1/11	8/31/12			31,529	(40,392)			(8,863)	
IDEA Basic	84.027	IDEA -6024-11	26,713	9/1/10	8/31/11	(13,261)		13,261					
IDEA Preschool	84.173	IDEA PS -6024-11	620	9/1/10	8/31/11	(620)		620					
IDEA Preschool	84.173	IDEA PS -6024-12	893	9/1/11	8/31/12				(893)			(893)	
NJ Charter School Start-Up Year 3	84.282	9000199	150,625	10/1/09	9/30/10	89							89
						(94,174)		233,568	(280,698)			(142,356)	952
Total Federal Financial Assistance						(\$100,976)		\$360,710	(\$414,362)			(\$155,680)	\$952
													\$100

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

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2011		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2012		
				Deferred Revenue (Accts. Rec.)	Due to Grantor					(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor
State Department of Education												
General Fund:												
Equalization aid	12-495-034-5120-078	\$2,581,944	7/1/11 to 6/30/12				\$2,541,890	(\$2,581,944)	\$15,849	(\$24,205)		
Equalization aid	11-495-034-5120-078	1,987,446	7/1/10 to 6/30/11	(\$2,585)			18,434		(15,849)			
Special Education Categorical Aid	12-495-034-5120-089	36,444	7/1/11 to 6/30/12				32,919	(36,444)		(3,525)		
Special Education Categorical Aid	11-495-034-5120-089	21,171	7/1/10 to 6/30/11	(3,440)			3,440					
Security Aid	12-495-034-5120-084	92,968	7/1/11 to 6/30/12				92,797	(92,968)	1,301			\$1,130
Security Aid	11-495-034-5120-084	68,615	7/1/10 to 6/30/11	(66)	\$1,301		66		(1,301)			
On-Behalf TPAF Non-Contrib Ins. Cont.	11-495-034-5095-007	20,438	7/1/10 to 6/30/11				20,438	(20,438)				
On-Behalf TPAF Post Ret. Medical Contrib	11-495-034-5095-001	41,087	7/1/10 to 6/30/11				41,087	(41,087)				
Reimbursed TPAF Social Security Contrib.	11-495-034-5095-002	62,190	7/1/10 to 6/30/11	(430)			430					
Reimbursed TPAF Social Security Contrib.	12-495-034-5095-002	97,199	7/1/11 to 6/30/12				96,757	(97,199)		(442)		
Total General Fund				(6,521)	1,301		2,848,258	(2,870,080)	-	(28,172)		1,130
Special Project Fund												
State Department of Agriculture												
Enterprise Fund - State Share:												
National School Breakfast Program	12-100-010-3350-021	1,790	7/1/11 to 6/30/12				1,688	(1,790)		(102)		
National School Lunch Program	11-100-010-3350-023	1,259	7/1/10 to 6/30/11	(94)			94					
				(94)			1,782	(1,790)		(102)		
Total State Financial Assistance				(\$6,615)	\$1,301		\$2,850,040	(\$2,871,870)		(\$28,274)		\$1,130

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

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1: GENERAL

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Trustees, Camden's Pride Charter School, Inc. 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 are included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state 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.

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 (GASB 34).

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

There was no net adjustment to reconcile from the budgetary basis to the GAAP basis for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 2,870,080	\$ 2,870,080
Special Revenue Fund	280,698		280,698
Food Service Fund	<u>133,664</u>	<u>1,790</u>	<u>135,454</u>
Total Awards & Financial Assistance	\$ <u>414,362</u>	\$ <u>2,871,870</u>	\$ <u>3,286,232</u>

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012

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

Camden's Pride Charter School had no outstanding loans at June 30, 2012.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The Camden's Pride Charter school receives meal service as shared service from Camden's Promise Charter School and does not directly receive food commodities.

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, 2012. TPAF Social Security Contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the appropriate year ended.

NOTE 7: SCHOOL-WIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 8: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes _____ X no

2) Significant deficiencies identified? _____ yes _____ X none reported

Noncompliance material to basic financial statements noted? _____ yes _____ X no

Federal Awards N/A

Internal control over major programs:

1) Material weakness (es) identified? _____ yes _____ no

2) Significant deficiencies identified? _____ yes _____ X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes _____ no

CFDA Number(s)

Name of Federal Program or Cluster

No Major Federal Programs

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? _____ X yes _____ no

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(continued)

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

1) Material weakness (es) identified? yes X no

2) Significant deficiencies identified that
are not considered to be material
weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to
be reported in accordance with NJOMB
Circular Letter 04-04 yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
12-495-034-5120-078	Equalization Aid
12-495-034-5120-089	Special Education Aid
12-495-034-5120-084	Security Aid

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

Financial Statements

Finding: None.

FEDERAL AWARDS

Finding: None.

STATE AWARDS

Finding: None.

CAMDEN'S PRIDE CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

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 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

NONE: