

**CAMDEN'S PROMISE
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 Promise Charter School, Inc.
Board of Trustees**

Camden, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

Camden's Promise Charter School Board of Trustees

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF CAMDEN'S PROMISE CHARTER SCHOOL, INC.
TABLE OF CONTENTS**

INTRODUCTORY SECTION

<u>Exhibit</u>	<u>Page</u>
Letter of Transmittal	1 - 4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7

FINANCIAL SECTION

Independent Auditor's Report	8-9
Required Supplementary Information – Part I Management's Discussion and Analysis	10-18

Basic Financial Statements

A. Charter School-wide Financial Statements:	
A-1 Statement of Net Assets	19
A-2 Statement of Activities	20
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	21
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	22
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds:	
B-4 Statement of Net Assets	24
B-5 Statement of Revenues, Expenditures, and Changes in Fund Net Assets	25
B-6 Statement of Cash Flows	26
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	27
B-8 Statement of Changes in Fiduciary Net Assets	28
Notes to the Financial Statements	29-52

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	53-53b
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Education Jobs Fund Program – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	54

Notes to the Required Supplementary Information

C-3 Budget-to-GAAP Reconciliation	55
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF CAMDEN'S PROMISE CHARTER SCHOOL, INC.
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information	
D. School Based Budget Schedules:	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis	56
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	56A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Basis	56B
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	N/A
G. Proprietary Funds:	57
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	58
G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets	59
G-3 Combining Schedule of Cash Flows	60
Internal Service Fund:	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	61
H-2 Combining Statement of Changes in Fiduciary Net Assets	62
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	63
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	64
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF CAMDEN'S PROMISE CHARTER SCHOOL, INC.
TABLE OF CONTENTS**

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends Information/Schedules

J-1	Net Assets by Component	65
J-2	Changes in Net Assets	66
J-3	Fund Balances – Governmental Funds	67
J-4	Changes in Fund Balances, Governmental Funds	68

Revenue Capacity Information

J-5	General Fund Other Local Revenue by Source	69
J-6 – J-9		N/A

Debt Capacity Information

J-10	Ratios of Outstanding Debt by Type	N/A
J-11 – J-13		N/A

Demographic and Economic Information

J-14	Demographic and Economic Statistics	70
J-15	Principal Employers	N/A

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	71
J-17	Operating Statistics	72
J-18	School Building Information	73
J-19	Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20	Insurance Schedule	74

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75-76
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	77-78
K-3	Schedule of Expenditures of Federal Awards - Schedule A	79
K-4	Schedule of Expenditures of State Financial Assistance - Schedule B	80
K-5	Notes to the Schedules of Awards and Financial Assistance	81-82
K-6	Schedule of Findings and Questioned Costs	83-86
K-7	Summary Schedule of Prior Audit Findings	87

INTRODUCTORY SECTION

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
879 BEIDEMAN AVENUE
CAMDEN, NEW JERSEY 08105

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

Richelle Baughn
Business Administrator/
Board Secretary
856-365-1000 x 103

November 8, 2012

Honorable President and
Members of the Board of Trustees
Camden's Promise Charter School
County of Camden
Camden, New Jersey

Dear Board Members,

The comprehensive annual financial report of the Camden's Promise Charter School for the fiscal year 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 under the auspices 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 four unaudited fiscal years of data.
- The Single Audit Section-The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act 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 Promise 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 and account groups of the Charter School are included in this report. The Camden's Promise 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 415 fifth, sixth, seventh and eighth grade students. The school has completed its thirteenth year of operations during the 2011-12 school year.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-12	415.0	1.47%
2010-11	409.0	3.28%
2009-10	396.0	(.001%)
2008-09	396.4	(1.15%)
2007-08	401.0	3.29%
2006-07	388.2	8.38%
2005-06	358.2	10.59%
2004-05	323.9	11.77%
2003-04	289.8	(2.42) %
2002-03	297.0	(0.50) %
2001-02	298.5	.54%

2. ECONOMIC CONDITION AND OUTLOOK:

While the City of Camden area is a large urban community in Camden County and presently considered to possess a stagnant economy, a significant development of the riverfront area is currently in the planning and approval stage. The city is experiencing unemployment and underemployment which appears to be common in other urban areas around the state.

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.

3. INTERNAL ACCOUNTING CONTROLS: (continued)

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.

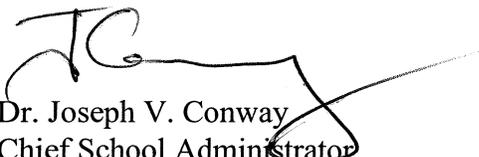
6. INVESTMENT POLICY:

The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The Charter School has adopted a cash management plan, which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from loss of funds from deposit with a failed banking institution in New Jersey. The law required governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the act.

8. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Camden Academy Charter High 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,



Dr. Joseph V. Conway
Chief School Administrator



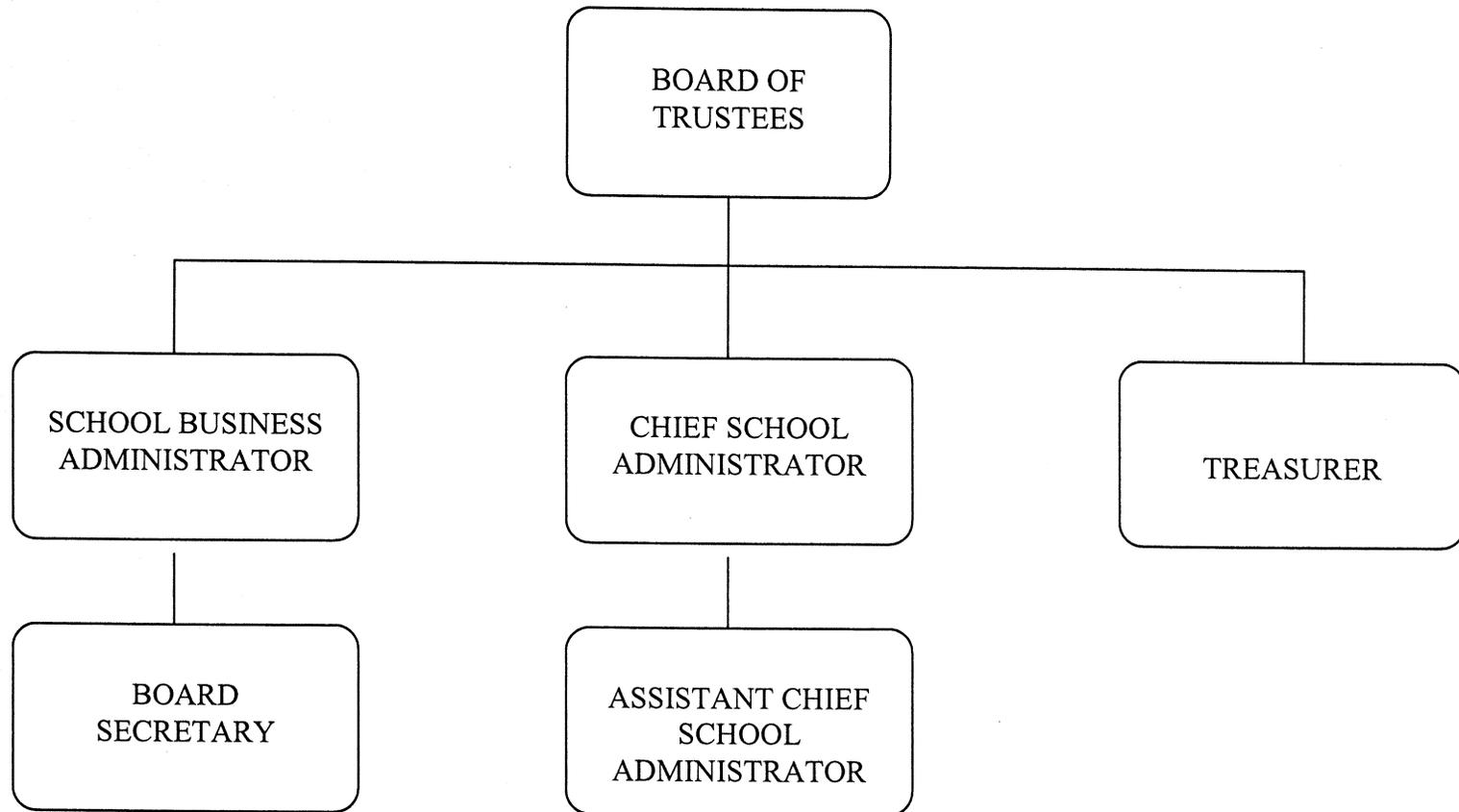
Richelle H. Baughn
Board Secretary

CAMDEN'S PROMISE CHARTER SCHOOL, INC

Camden, New Jersey

Camden County

(UNIT CONTROL)



CAMDEN'S PROMISE CHARTER SCHOOL, INC
CAMDEN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>	
Reverend Calvin Woods, President	2013	
Marta Cruz	2014	
Jaymarie Torres	2014	
Octavio Loyola	2014	
Vivian Nieves	2014	
<u>OTHER OFFICIALS</u>		<u>AMOUNT OF BOND</u>
Dr. Joseph V. Conway, Chief School Administrator		
Bill Helmbrecht, Charter School Coordinator		
Richelle Baughn, Business Administrator/Board Secretary	\$	50,000
Jeannie Scott, Treasurer of School Monies		475,000
Jane B. Capasso, Solicitor		

CAMDEN'S PROMISE 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

Jane B. Capasso, Esquire
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
151 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
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Williamstown, NJ 08094

(856) 629-3111
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November 8, 2012

INDEPENDENT AUDITOR'S REPORT

To the Members of
the Board of Trustees
Camden's Promise 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 Promise 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 Promise Charter School's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Camden's Promise 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 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. 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 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 opinions.

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 Camden's Promise Charter School, Inc., 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 November 8, 2012 on our consideration of Camden's Promise Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 and 18 and 53 through 54 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Camden's Promise Charter School, Inc., Board of Trustees financial statements as a whole. The accompanying introductory section, other supplementary information including combining and individual fund financial schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the 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 section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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 PROMISE 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 Promise Charter School, Inc.'s financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2012. 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:

- ❖ General revenues accounted for \$7,826,051 in revenue or 83% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,596,586 or 17% percent to total revenues of \$9,422,637.
- ❖ Total net assets of governmental activities increased by \$843,773.
- ❖ The School had total expenses of \$8,578,864, of which only \$1,596,586 was offset by program specific charges for services, grants or contributions. General revenues consisted of Federal and State Aid of \$6,021,557, property taxes of \$287,957 and other revenue of \$1,516,537, which were adequate to provide for these programs.
- ❖ The General Fund had \$8,266,604 in revenues, \$7,194,745 in expenditures. The General Fund's balance increased by \$1,071,859 over 2011. 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 Promise 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 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 Promise 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 positions 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 property tax base of the School’s resident districts, current laws in New Jersey concerning revenue allocations, 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 and includes the meal service of Camden’s Pride Charter School, Camden’s Promise Charter School and Camden Academy Charter High School, Inc.

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 Charter School as a Whole

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

Table 1 provides a summary of the School's net assets for the years ended in 2012 and 2011, which are the first two years that a comparative presentation are available under the GASB reporting format.

Table 1
Net Assets

	<u>2012</u>	<u>2011</u>
Assets		
Current and Other Assets	\$ 2,645,488	\$ 1,691,464
Capital Assets, Net	6,073,382	6,266,807
	<u>8,718,870</u>	<u>7,958,271</u>
Liabilities		
Other Liabilities	659,859	719,129
Long-term Liabilities		23,904
	<u>659,859</u>	<u>743,033</u>
Net Assets		
Investment in Capital Assets, Net of Debt	6,073,382	6,242,903
Restricted	196,875	196,875
Unrestricted	1,788,754	775,460
	<u>8,059,011</u>	<u>7,215,238</u>
Total Net Assets	\$ <u>8,059,011</u>	\$ <u>7,215,238</u>

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

Table 2
Changes in Net Assets

	2012	2011
Revenues		
Programs revenues		
Charges for services	\$ 330,183	\$ 321,649
Operating grants and contributions	1,266,403	1,383,230
General Revenues		
Property taxes	287,957	258,054
Grants and entitlements	6,021,557	5,321,273
Other	1,516,537	1,879,553
Total Revenues	9,422,637	9,163,759
Program Expenses		
Instruction	3,050,692	2,640,546
Support Services		
General administration, school administration, business	1,597,744	1,628,337
Operations and maintenance of Facilities	1,743,482	1,249,944
Pupil Transportation	21,837	49,196
Employee Benefits	1,186,989	1,120,394
Food Service	648,601	599,403
Other	329,519	156,000
Total Expenses	8,578,864	7,443,820
Increase in net assets	\$ 843,773	\$ 1,719,939

Governmental Activities

The School's total governmental revenues were \$7,825,987 for the fiscal year ended June 30, 2012. As a charter school, voter approval for the School operations is not required in New Jersey. Property taxes of \$287,957 made up 3.7 % percent of revenues for governmental activities for the Camden's Promise Charter School, Inc. for fiscal year 2012. Federal, state and local grants of \$6,021,557 accounted for 76.9 % and miscellaneous revenue of \$1,516,473 made up the remaining 19.4%. The total cost of all governmental programs and services was \$7,930,263. Instruction comprises 38.5% of 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 \$54,273. Expenses were \$648,601.

- ❖ Charges for services represent \$330,183 of revenue. This represents amount paid by patrons for daily food services.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$264,145.

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

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Instruction	\$ 3,050,692	\$ 2,834,747	\$ 2,640,546	\$ 2,262,133
Support services				
General administration, school administration, business	1,597,744	1,294,159	1,628,337	1,258,798
Operation and maintenance of facilities	1,743,482	1,743,482	1,249,944	1,249,944
Pupil Transportation	21,837	21,837	49,196	49,196
Employee Benefits	1,186,989	704,261	1,120,394	722,245
Other	329,519	329,519	156,000	156,000
Total Expenses	\$ 7,930,263	\$ 6,928,005	\$ 6,844,417	\$ 5,698,316

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 funds, special revenue funds and capital projects fund presented in the fund-based statements) had total revenues of \$8,828,245 and expenditures of \$7,756,386. The net positive/negative change in fund balance for the year resulted in an increase of \$1,071,859. This shows that the School is meeting current operating costs with surplus funds and 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	\$ 1,804,430	\$ 20.4%	\$ (152,501)	-9.3%
State Sources	6,475,917	73.4%	867,771	15.9%
Federal Sources	547,898	6.2%	(311,330)	-48.1%
Total	<u>\$ 8,828,245</u>	<u>\$ 100%</u>	<u>\$ 403,940</u>	<u>5.2%</u>

The decrease in Local Sources is attributed to an increase in of local tax levy of \$29,903, offset by a reduction in various miscellaneous revenues of \$182,404.

The increase in State Sources is attributed to increases in general fund state aid and on-behalf social security reimbursements and pension contributions.

The decrease in Federal Sources is attributed to a reduction in funding of various grant awards.

The following schedule presents a summary of general fund, special revenue fund and debt service 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	\$ 3,050,692	39%	\$ 410,146	15.8%
Undistributed expenditures	4,550,185	59%	490,042	13.1%
Capital Outlay	155,509	2%	(2,234,298)	-145.1%
Total	\$ 7,756,386	100%	\$ (1,334,110)	-17.0%

The increase in Current – Instruction is attributed to increases in teacher salaries costs of \$404,969 and \$167,645 in various other line items, offset by a reduction in Special Revenue Fund of \$162,468.

The increase in Current – Undistributed Expenditures is attributed to increases in plant operations and maintenance of \$481,266 and employee benefit costs of \$66,595, offset by a decrease in other administrative services of \$27,019, school administrative services of \$3,441 and pupil transportation of \$27,359.

The decrease in capital outlay is attributed to decreased lease purchase payments as compared to last year, related to the original building acquisition.

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.
- ❖ 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 shows an excess of expenses over revenue of \$1,071,859.

- ❖ Actual revenues were \$34,799 higher than expected, due to increased miscellaneous rental revenue and state aid. This excludes on-behalf social security state aid and TPAF pension payments of \$440,617.
- ❖ The actual expenditures were \$736,493 lower than expected, primarily due to favorable balance in various accounts, including on-behalf social security state aid and TPAF pension payments of \$440,622.

Capital Assets

At the end of the fiscal year 2012, the School had \$6,073,382 invested in leasehold improvements, machinery and equipment, and Vehicle. Table 4 shows fiscal 2012 balances compared to 2011.

Table 4
Capital Assets (Net of Depreciation) at June 30

	<u>2012</u>	<u>2011</u>
Construction in Progress - Leasehold Imp. \$	131,605	\$ 614,721
Leasehold Improvement	1,496,859	1,087,408
Building	4,336,995	4,433,271
Machinery and Equipment	74,936	86,436
Vehicle	32,987	44,971
Totals	<u>\$ 6,073,382</u>	<u>\$ 6,266,807</u>

Overall capital assets decreased \$193,425 from fiscal year 2011 to fiscal year 2012. The decrease was attributed to construction-in-progress expenditures of \$131,605, offset by depreciation of \$325,030.

Operating Leases

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

In addition, a long term lease has been executed, whereby the school will pay periodic rent payments to the Camden County Improvement Authority in amounts equal to the debt service payments of the CCIA for the construction of the new facilities to be used by the charter school. The Camden Academy Charter High School will occupy part of the new school building and pay rent to Camden's Promise Charter School is an amount equal to half of the lease payments to the CCIA.

For the Future

The Camden's Promise Charter School, Inc. is presently in good financial condition. Continued optimum enrollment in the School will provide financial stability into the future.

As a charter school, it is a concern of the Board of Trustees of the Camden's Promise Charter School, Inc. as to how future budgets will be financed. To address this issue the administrator closely monitors instructional and support expenditures as well as administrative costs of the School.

In addition, the Board of Trustees will continue to maintain suitable facilities for the needs of the students.

In conclusion, the Camden's Promise Charter School, Inc. continues to be 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, contact Dr. Joseph Conway, School Administrator at Camden's Promise 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 PROMISE CHARTER SCHOOL, INC.
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,271,496	\$ 70,984	\$ 1,342,480
Receivables, net	226,439	95,487	321,926
Amount Due from Other Funds	549,200		549,200
Inventory		9,221	9,221
Restricted assets:			
Cash and cash equivalents	233,428		233,428
Unamortized Lease Issue Costs	189,233		189,233
Capital assets, net (Note 5):	6,038,626	34,756	6,073,382
Total Assets	<u>8,508,422</u>	<u>210,448</u>	<u>8,718,870</u>
LIABILITIES			
Accounts Payable	58,626	31,738	90,364
Due to Other Funds	397,384	139,983	537,367
Payable to local government	30,307		30,307
Deferred Revenue		1,821	1,821
Total liabilities	<u>486,317</u>	<u>173,542</u>	<u>659,859</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,038,626	34,756	6,073,382
Restricted for:			
Capital projects	196,875		196,875
Unrestricted	1,786,604	2,150	1,788,754
Total net assets	<u>\$ 8,022,105</u>	<u>\$ 36,906</u>	<u>\$ 8,059,011</u>

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

CAMDEN'S PROMISE 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:						
Instruction:						
Regular	\$ 3,050,692	\$ -	\$ 215,945	\$ (2,834,747)	\$ -	\$ (2,834,747)
Support services:						
School administrative services	806,819			(806,819)		(806,819)
General and business administrative services	790,925		303,585	(487,340)		(487,340)
Plant operations and maintenance	1,743,482			(1,743,482)		(1,743,482)
Pupil transportation	21,837			(21,837)		(21,837)
Employee Benefits	1,186,989		482,728	(704,261)		(704,261)
Unallocated depreciation and amortization	329,519			(329,519)		(329,519)
Total governmental activities	7,930,263		1,002,258	(6,928,005)		(6,928,005)
Business-type activities:						
Food Service	648,601	330,183	264,145		(54,273)	(54,273)
Total business-type activities	648,601	330,183	264,145		(54,273)	(54,273)
Total primary government	\$ 8,578,864	\$ 330,183	\$ 1,266,403	(6,928,005)	(54,273)	(6,982,278)
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				287,957		287,957
Federal and State aid not restricted				6,021,557		6,021,557
Miscellaneous Income				1,515,555		1,515,555
Investment Earnings				918	64	982
Total general revenues, special items, extraordinary items and transfers				7,825,987	64	7,826,051
Change in Net Assets				897,982	(54,209)	843,773
Net Assets—beginning				7,124,123	91,115	7,215,238
Net Assets—ending				\$ 8,022,105	\$ 36,906	\$ 8,059,011

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 PROMISE CHARTER SCHOOL, INC.

BALANCE SHEETS
GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 981,017	\$ 161,777	\$ 128,702	\$ 1,271,496
Cash Equivalent with Fiscal Agents			233,428	233,428
Due from other funds	549,200			549,200
State Aid Receivable	81,299			81,299
Receivables from other governments	23,110	122,030		145,140
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 1,634,626	\$ 283,807	\$ 362,130	\$ 2,280,563
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 16,515	\$ 42,111	\$	\$ 58,626
Due to other funds	3,392	228,737	165,255	397,384
Payable to local governments	17,348	12,959		30,307
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	37,255	283,807	165,255	486,317
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances:				
Restricted For:				
Escrow Account on Leases			196,875	196,875
Committed to Year-end Encumbrances	414,994			414,994
Unassigned, Reported In:				
General fund	1,182,377			1,182,377
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund balances	1,597,371		196,875	1,794,246
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 1,634,626	\$ 283,807	\$ 362,130	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

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

The Cost associated with the issues of the various capital leases are expensed in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Assets. The total capital lease issue costs are \$230,444 and the accumulated amortization at June 30, 2011 is \$30,161. 189,233

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)

Accrued interest is not payable within the current year and therefore, not reported in the funds.

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,491,692 and the accumulated depreciation is \$1,453,066 (Note 5). 6,038,626

Net assets of governmental activities \$ 8,022,105

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

CAMDEN'S PROMISE 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>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local tax levy	\$ 287,957	\$ -	\$	\$ 287,957
Miscellaneous	1,502,730	13,743		1,516,473
Total - Local Sources	1,790,687	13,743		1,804,430
State sources	6,475,917			6,475,917
Federal sources		547,898		547,898
Total revenues	8,266,604	561,641		8,828,245
EXPENDITURES				
Current:				
Regular instruction	2,834,747	215,945		3,050,692
Support:				
Other administrative services	806,952			806,952
School administrative services	487,340	303,585		790,925
Plant operations and maintenance	1,743,482			1,743,482
Pupil transportation	21,837			21,837
Employee benefits	1,144,878	42,111		1,186,989
Capital outlay	155,509			155,509
Total expenditures	7,194,745	561,641		7,756,386
Excess (Deficiency) of revenues over expenditures	1,071,859			1,071,859
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)				
Net change in fund balances	1,071,859			1,071,859
Fund balance—July 1	525,512		196,875	722,387
Fund balance—June 30	\$ 1,597,371	\$	\$ 196,875	\$ 1,794,246

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

CAMDEN'S PROMISE 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) \$ 1,071,859

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

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

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

Depreciation expense	\$ (318,469)	
Amortization - Debt Issue Costs	(11,050)	
Capital Lease Adjustment		
Capital outlays	131,605	
		(197,914)

Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 23,904

In the statement of activities, interest on long term debt in the statement of activities is accrued regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. 133

Change in net assets of governmental activities (A-2) \$ 897,982

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

PROPRIETARY FUNDS

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

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash	\$ 70,984	\$ 70,984
Accounts Receivable	95,487	95,487
Inventories	9,221	9,221
	<hr/>	<hr/>
Total Current Assets	175,692	175,692
Fixed Assets:		
Equipment	78,736	78,736
Accumulated Depreciation	(43,980)	(43,980)
	<hr/>	<hr/>
Total Fixed Assets	34,756	34,756
	<hr/>	<hr/>
Total Assets	210,448	210,448
	<hr/>	<hr/>
LIABILITIES AND FUND EQUITY:		
Current liabilities:		
Accounts Payable	31,738	31,738
Interfund Payable	139,983	139,983
Deferred Revenue	1,821	1,821
	<hr/>	<hr/>
Total Current Liabilities	173,542	173,542
	<hr/>	<hr/>
Net Assets		
Unrestricted	36,906	36,906
	<hr/>	<hr/>
Total Fund Equity	36,906	36,906
	<hr/>	<hr/>
Total Net Assets	\$ 36,906	\$ 36,906
	<hr/> <hr/>	<hr/> <hr/>

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

CAMDEN'S PROMISE 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:	\$ 20,678	\$ 20,678
Daily sales Non-reimbursable programs	-	-
Satellite Operation Revenue	309,505	309,505
Total Operating Revenue:	330,183	330,183
Operating expenses:		
Cost of sales	254,295	254,295
Salaries	222,921	222,921
Employee Benefits	24,626	24,626
Management Fee	71,295	71,295
Supplies & Materials	1,849	1,849
Other Costs	67,054	67,054
Depreciation	6,561	6,561
Total Operating Expenses	648,601	648,601
Operating income (loss)	(318,418)	(318,418)
Non-operating revenues (expenses):		
State sources:		
State school lunch program	3,260	3,260
Federal sources:		
National school breakfast program	44,340	44,340
National school lunch program	169,589	169,589
National school lunch program - snacks	10,202	10,202
Food distribution program	36,754	36,754
Interest	64	64
Total non-operating revenues (expenses)	264,209	264,209
Income (loss) before contributions & transfers	(54,209)	(54,209)
Transfers in (out)		
Change in net assets	(54,209)	(54,209)
Total net assets—beginning	91,115	91,115
Total net assets—ending	\$ 36,906	\$ 36,906

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

CAMDEN'S PROMISE 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	\$ 330,183	\$ 330,183
Payments to employees	(222,921)	(222,921)
Payments for employee benefits	(24,626)	(24,626)
Payments to suppliers	(330,352)	(330,352)
	(247,716)	(247,716)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	3,260	3,260
Federal Sources	260,885	260,885
	264,145	264,145
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	64	64
	64	64
Net increase (decrease) in cash and cash equivalents	16,493	16,493
Balances—beginning of year	54,491	54,491
Balances—end of year	\$ 70,984	\$ 70,984
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (318,418)	\$ (318,418)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization	6,561	6,561
(Increase) decrease in accounts receivable	(3,017)	(3,017)
(Increase) decrease in other accounts receivable	(3,864)	(3,864)
(Increase) decrease in Intergovernmental accounts receivable	(8,578)	(8,578)
(Increase) decrease in inventories	(1,208)	(1,208)
Increase (decrease) in accounts payable	2,557	2,557
Increase (decrease) in interfund payable	78,963	78,963
Increase (decrease) in deferred revenue	(712)	(712)
	70,702	70,702
Net cash provided by (used for) operating activities	\$ (247,716)	\$ (247,716)
Noncash Noncapital Financing Activities:		
During the year, \$36,042 of food commodities was received from the U. S. Department of Agriculture		

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

FIDUCIARY FUNDS

CAMDEN'S PROMISE 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	\$ 14,455	\$ 47,673
Due From General Fund		3,392
Due from Food Service		591
	<hr/>	<hr/>
Total assets	14,455	51,656
LIABILITIES		
Interfunds Payable - General Fund		15,816
Due to Student Groups		12,053
Payroll Deductions and Withholding		23,787
		<hr/>
		\$ 51,656
		<hr/> <hr/>
NET ASSETS	\$ 14,455	
	<hr/> <hr/>	

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

	Private Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Payroll deductions	\$ 9,987
Board Contribution	14,547
Total Contributions	<u>24,534</u>
Investment Earnings:	
Interest	6
Total Investment Earnings	<u>6</u>
DEDUCTIONS	
Unemployment claims	<u>21,060</u>
Total deductions	<u>21,060</u>
Change in net assets	3,480
Net assets—beginning of the year	<u>10,975</u>
Net assets—end of the year	<u>\$ 14,455</u>

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

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

NOTE 1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

The Camden's Promise Charter School, Inc is located in the County of Camden, State of New Jersey and was incorporated on February 5, 1998. It was created on 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 Promise 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 during the 1998-99 school year was to educate 6th grade students. In the 1999-2000 school year, 100 7th grade students were added. In the 2000-2001 school year, 96 8th grade students were added. A 5th grade was added in the 2004-2005 school year. The one school was operated with an enrollment at June 30, 2012 of 415. 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 Promise 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 PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 School's basic financial statements consist of 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 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. 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 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 School and for each function of the 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—expenses of the School related to the administration and support of the School's programs, such as personnel and accounting—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 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 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 School financial reporting.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and accounts 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 sub-fund.

As required by the New Jersey State Department of Education, the Camden's Promise 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, 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.

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 any capital projects other than to account for the escrow account, regarding the lease for the new building.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

GOVERNMENTAL FUND TYPE (Cont'd)

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

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 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. In addition, the state and federal reimbursement activities as well as the operating costs of the Camden's Academy Charter High School, Inc. were maintained within Food Service Fund of the Camden's Promise Charter School, Inc.

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 Promise 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:

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

FIDUCIARY FUND TYPE (Cont'd)

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.

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 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 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 Charter School the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus (Cont'd):

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.

In its accounting and financial reporting, the 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 School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The Charter school is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "Accounts Receivable". 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 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control (Cont'd):

The following presents a reconciliation of the 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.

	<u>Ref</u>	<u>General Fund</u>	<u>Ref</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1	\$ 8,266,604	C-2	\$	561,641
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	\$ 8,266,604	B-2	\$	561,641
Uses/outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1	\$ 7,194,745	C-2	\$	561,641
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.					
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 7,194,745	B-2	\$	561,641

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 B-2, includes all amendments to the adopted budget, if any.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Encumbrance Accounting (Cont'd):

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 \$414,994 of fund balance reserved 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 district of residence of the charter school or are non-resident students.

G. 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.

H. 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 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.

I. 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 School and that are due within one year.

Inventories

On 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. The value of federal commodities included in food, noted on the next page, is \$1,821.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Assets, Liabilities and Equity (Cont'd):

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$	7,400
Supplies		1,821
Total	\$	9,221

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

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. The general fixed assets acquired or constructed prior to June 30, 2012 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital 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.

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

Asset Class	Estimated Useful Lives
School Building	30-50
Building Improvements	20
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

J. Compensated Absences:

Compensated absences are those 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 School and its employees, is accrued as the employees earn the rights to the benefits. In accordance with Statement No. 16 of the (GASB) entitled "Accounting for Compensated Absences, Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School and its employees, are accounted for in the period in which such services are rendered or in which such events take place and 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Compensated Absences (Cont'd):

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. There currently is no formal policy concerning payment of accumulated absences and no liability to be 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. 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, Nutri-Serve Food Management, Inc.

K 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).

L. 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 appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

M. 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.

N. 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.

O. 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 PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

P. 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.

Q. 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.

R. 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.

S. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

T. 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 or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include 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 nonexchange 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.

U. 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.

V. 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

W. 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.

X. Unamortized Lease Acquisition Costs:

As part of the long-term lease agreement providing for the use of the new school building constructed and owned by the Camden County Improvement Authority, payments constituting professional lease acquisition and other related professional fees were made in the amount of \$230,444 and are being amortized over the life of the lease. The balance as of June 30, 2012 was \$189,233.

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.

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

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 district.

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

	Cash and Cash Equivalents
Checking Accounts	\$ 1,402,483
Certificate of Deposit	235,553
Total	\$ 1,638,036

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

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 \$1,825,759 was insured or collateralized as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		1,575,759
	\$	<u>1,825,759</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 o 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. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Camden's Promise Board of Trustees. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

During the fiscal year ended June 30, 2012, the School appropriated all of the funds for non-instructional services. There is no balance in Capital Reserve as of June 30, 2012.

CAMDEN'S PROMISE 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 - Leasehold Imp	\$ 614,721	\$ 131,605	(614,721)	\$ 131,605
Total capital assets not being depreciated	<u>614,721</u>	<u>131,605</u>	<u>(614,721)</u>	<u>131,605</u>
Leasehold Improvements	1,396,241		614,721	2,010,962
Building	4,916,547			4,916,547
Machinery and equipment	340,218			340,218
Vehicle	92,360			92,360
Totals at historical cost	<u>6,745,366</u>		<u>614,721</u>	<u>7,360,087</u>
Less accumulated depreciation for :				
Leasehold Improvements	(308,833)	(205,270)		(514,103)
Building	(483,276)	(96,276)		(579,552)
Equipment	(295,099)	(4,939)		(300,038)
Vehicle	(47,389)	(11,984)		(59,373)
Total accumulated depreciation	<u>(1,134,597)</u>	<u>(318,469)</u>		<u>(1,453,066)</u>
Total capital assets being depreciated, net of accumulated depreciation	5,610,769	(318,469)		5,907,021
Government activities capital assets, net	<u>\$ 6,225,490</u>	<u>\$ (186,864)</u>		<u>\$ 6,038,626</u>
				To A-1
Business-type activities - Equipment	\$ 78,736	\$ -	\$ -	\$ 78,736
Less accumulated depreciation	(37,419)	(6,561)		(43,980)
Business-type activities capital assets, net	<u>\$ 41,317</u>	<u>\$ (6,561)</u>	<u>\$ -</u>	<u>\$ 34,756</u>

Depreciation expense was charged to governmental functions
as follows:

Unallocated	<u>\$ 318,469</u>
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CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 6. LONG-TERM DEBT

Long-term liability for the year ended June 30, 2012 was as follows:

	Beginning Balance	Adjustment/ Additions	Reductions	Ending Balance
Governmental Activities:				
Other Liabilities:				
Capital Lease	\$ 23,904	\$	\$ 23,904	\$
	\$ 23,904	\$	\$ 23,904	\$
	\$ 23,904	\$	\$ 23,904	\$

A. Capital Leases – The charter School was leasing a Bus acquired in November 2007 for \$75,400 and a School Building and related areas in January 2006 for \$4,300,000. During the prior year, the School Building obligation was paid in full. The balance in the school bus lease was paid off in the 2011-12 school-year.

NOTE 7. 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.

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.

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

NOTE 7. PENSION PLANS (CONT'D)

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.

The School District's contributions, equal to the required contribution for each fiscal year, was as follows:

<u>Public Employees Retirement System</u>					
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2012	\$ 6,033	\$ 12,066	\$ 18,099	\$ 1,153	\$ 19,252
2011	7,658	12,202	19,860	1,508	18,352

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:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 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.

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.

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

NOTE 7. PENSION PLANS (CONT'D)

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.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/12	\$ 19,252	100 %	\$ 19,252
6/30/11	21,368	100 %	21,368
6/30/10	13,896	100 %	13,896

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/12	\$ 232,033	100 %	\$ 0
6/30/11	161,287	100 %	0
6/30/10	156,168	100 %	0

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

NOTE 7. PENSION PLANS (CONT'D)

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$77,080 to the TPAF for non-contributory insurance, \$154,953 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 \$208,584 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.

NOTE 8. POST-RETIREMENT BENEFITS

The amount, if any, would be included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27. The District does not provide for compensated absences.

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 P.L. 1994, c.62. Funding of post retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to 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 9. DEFERRED COMPENSATION

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

NOTE 10. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,597,371 in General Fund balance at June 30, 2012, the entire amount is unassigned.

The unreserved fund balance will be committed during the 2012-2013 school-year for additional lease costs and the necessary substantial repairs to the Beideman building. The delay in making the repairs relates to the additional planning and engineering requirements.

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

NOTE 11. 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, other than a civil matter in the amount of \$40,000, of which \$30,000 will be payable by the Charter School .

NOTE 12. 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.

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 and prior years:

<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	\$ 14,547	\$ 9,993	\$ 21,060	\$ 14,455
2010-2011	8,521	5,986	16,694	10,975
2009-2010	25	3,264	14,947	13,162
2008-2009		6,341		24,820
2007-2008	8,866	21,752	26,288	18,479

NOTE 13. 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	\$ 549,200	\$ 3,392
Special Revenue Fund		228,737
Capital Projects Fund		165,255
Enterprise Fund		139,392
Student Activity Fund	3,392	
Trust and Agency Fund		15,816
Total	<u>\$ 552,592</u>	<u>\$ 552,592</u>

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

NOTE 14. OPERATING LEASES

The Charter School has commitments to lease three copy machines for \$1,638.41 per month and two school buildings, one of which began during the prior year under audit.

The agreed upon monthly lease payment on the original school building is \$45,608.17 and will continue at least through December 31, 2015. There is also a lease with a monthly rental fee of \$3,186 for trailers being utilized by Camden Academy Charter High School through June 30, 2012, who reimburses Camden's Promise Charter School.

Lease of Additional Building Space – 2003-04 - PAC Building

A formal lease agreement between the school and the Camden County Improvement Authority commenced on December 2003, whereby the construction of a new school is being funded by the Camden County Improvement Authority (CCIA). The primary parties to the lease are the Camden's Promise Charter School (lessor) and the CCIA (lessee), which issued the bonds partially guaranteed by the County of Camden with payments beginning in the 2003-04 school year. The lease payments are to be equal to the amount the debt service payments made by the CCIA to the Bondholders.

The Camden Academy Charter High School, Inc. is subletting space from the Camden's Promise Charter School, Inc, (Middle School) and, therefore, the lease payments are being shared by the each school on a fifty (50) percent basis. Therefore, the schedule below only reflects Camden's Promise Charter School, Inc.'s share of the payments to CCIA. The term of the lease is 20 years. In addition, there are four (4) options of five (5) years each to extend the lease beyond the 20 year period.

The new school building was completed during the 2004-05 school year and placed in service according to the provisions of the lease. This has resulted in an increase in carrying costs, of which the first entire year of expense was in the fiscal year ending June 30, 2006.

The future lease payments were modified in May 2009 to reflect the defeasance of \$575,000 in the underlying lease principal balance. This was the result of applying the available escrow balance to the open balance in lease principal.

Lease of Additional Building Space – Pride Building Project

A formal lease agreement, between the school and the Camden County Improvement Authority, commenced in May 2009, whereby the construction of a new school is being funded by the Camden County Improvement Authority (CCIA). The primary parties to the lease are the Camden's Promise Charter School (lessor) and the CCIA (lessee), which will issue the bonds partially guaranteed by the County of Camden with payments beginning in the 2011-12 school year. The lease payments will be equal to the amount the debt service payments made by the CCIA to the Bondholders.

The Camden's Pride Charter School, Inc. (K-4 Elementary) was subletting space from the Camden's Promise Charter School, Inc, (Middle School) through June 30, 2012. As of September, 2012, Camden's Pride Charter School will lease classroom space from Camden's promise at an amount to be determined.

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

NOTE 14. OPERATING LEASES (CONT'D)

The planned future minimum contracted lease payments, which are subject to change, are as follows:

<u>Fiscal Year</u>	<u>Office Equipment</u>	<u>PAC Building</u>	<u>Pride Addition</u>	<u>Total</u>
2012-13	\$ 9,830	\$ 171,500	\$ 455,673	\$ 637,003
2013-14		174,125	455,673	629,798
2014-15		173,875	455,673	629,548
2015-16		175,875	455,673	631,548
2016-17		177,500	455,673	633,173
2017-18		178,750	455,673	634,423
2018-19		179,625	455,673	635,298
2019-20		177,625	455,673	633,298
2020-21		180,375	455,673	636,048
2021-22		182,625	455,673	638,298
2022-23		196,875	455,673	652,548
2023-24		196,875	455,673	652,548
2024-25		196,875	455,673	652,548
2025-26		196,875	455,673	652,548
2026-27			455,673	455,673
2027-28			455,673	455,673
2028-29			455,673	455,673
2029-30			417,702	417,702
Total	\$ 9,830	\$ 2,559,375	\$ 8,164,143	\$ 10,733,348

NOTE 18. RECEIVABLES

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Receivables:	General Fund	Special Revenue Fund	Proprietary Funds	Total
Intergovernmental	\$ 104,409	\$ 122,030	\$ 91,281	317,720
Other			4,206	4,206
Totals	\$ 104,409	\$ 122,030	\$ 95,487	321,926

NOTE 19. SUBSEQUENT EVENTS

There were no subsequent events affecting the District between June 30 2012 and the Audit Report Date.

BUDGETARY COMPARISON SCHEDULES

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2012

	<u>Original</u>		<u>Budget</u>		<u>Final</u>		<u>Revenue/</u>		<u>Variance</u>
	<u>Budget</u>		<u>Transfers</u>		<u>Budget</u>		<u>Expenditures</u>		<u>Favorable/</u>
									<u>(Unfavorable)</u>
REVENUES:									
"Local Tax Levy"- Local Share - Charter School Aid:									
City of Camden	\$ 285,287	\$		\$	285,287	\$	183,344	\$	(101,943)
Woodlynne							2,670		2,670
Township of Pennsauken							101,943		101,943
Total - Local Share Tax Levy	<u>285,287</u>				<u>285,287</u>		<u>287,957</u>		<u>2,670</u>
Local Tax Levy- State Share - Charter School Aid:									
Equalization aid	5,646,592				5,646,592		5,655,861		9,269
Total - Local Levy Budget	<u>5,931,879</u>				<u>5,931,879</u>		<u>5,943,818</u>		<u>11,939</u>
Categorical Aids:									
Security Aid	193,208				193,208		193,213		5
Special Education	186,226				186,226		186,226		
Total Categorical Aids	<u>379,434</u>				<u>379,434</u>		<u>379,439</u>		<u>5</u>
Other State Aid:									
On-Behalf TPAF Non-Contributory Insurance							77,080		77,080
On-Behalf TPAF Pension Post Retirement Medical							154,953		154,953
Reimbursed TPAF Social Security Contributions (Non-budgeted)							208,584		208,584
Total Other State Aid							<u>440,617</u>		<u>440,617</u>
Total State Aid	<u>379,434</u>				<u>379,434</u>		<u>820,056</u>		<u>440,622</u>
Revenue from Other Sources									
Interest on Bank Deposits							918		918
Rental of Facility	1,479,875				1,479,875		1,479,875		
Miscellaneous							21,937		21,937
Total Revenue from Other Sources	<u>1,479,875</u>				<u>1,479,875</u>		<u>1,502,730</u>		<u>22,855</u>
TOTAL REVENUES	\$ 7,791,188	\$		\$	7,791,188	\$	8,266,604	\$	475,416
EXPENDITURES:									
CURRENT EXPENSES:									
Regular Programs - Instruction:									
Salaries of Teachers - Grade 5	\$ 435,300	\$	(10,300)	\$	425,000	\$	425,000	\$	
Salaries of Teachers - Grades 6-8	1,721,105		244,685		1,965,790		1,965,790		
Regular Programs - Undistributed									
Instruction:									
Other Salaries for Instruction	40,000		(40,000)						
Purchased Professional/ Educational Services	80,000		38,287		118,287		118,287		
Other Purchased Services									
General Supplies	160,000		35,153		195,153		195,153		
Textbooks	80,000		6,700		86,700		86,700		
Other Objects	10,000		33,817		43,817		43,817		
TOTAL REGULAR PROGRAMS - INSTRUCTION	\$ 2,526,405	\$	308,342	\$	2,834,747	\$	2,834,747	\$	

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2012
(CONTINUED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
UNDISTRIBUTED EXPENDITURES:					
Support Services/General Administration:					
Salaries	\$ 214,333	\$ 260,585	\$ 474,918	\$ 458,040	\$ 16,878
Salaries Secretary and Clerical	76,300	(76,300)			
Other Purchased Professional Services		224,623	224,623	224,622	1
Total Benefit Costs	1,016,136	(1,016,136)			
Communications/Telephone	45,000	(19,499)	25,501	25,501	
Purchased Professional and Technical Services	165,000	(165,000)			
Other Purchased Services	15,000	(15,000)			
General Supplies	80,000	8,233	88,233	88,233	
Interest on Current Loans	449,968	(449,968)			
Miscellaneous Expenditures	3,000	7,556	10,556	10,556	
Total Support Services/General Administration	2,064,737	(1,240,906)	823,831	806,952	16,879
Support Services/School Administration:					
Salaries of Other Professional Staff	169,600	67,348	236,948	160,508	76,440
Purchased Professional and Technical Services	200,000	8,549	208,549	208,549	
Other Purchased Services	70,000	9,406	79,406	78,981	425
Insurance of Property, Liability and Fidelity	78,541	(78,541)			
Supplies and Materials	90,000	(51,283)	38,717	36,638	2,079
Energy Cost Heat and Electricity	390,000	(390,000)			
Transportation Other than to/from school	10,000	(10,000)			
Other Objects	10,000	(6,672)	3,328	2,664	664
Total Support Services/School Administration:	1,018,141	(451,193)	566,948	487,340	79,608
Rental of Land and Buildings					
Other than Lease Purchase Agreements		535,799	535,799	485,937	49,862
Rent	547,954	212,046	760,000	760,000	
Insurance		90,695	90,695	90,695	
Energy		279,859	279,859	274,937	4,922
Other Objects		448,885	448,885	131,913	316,972
Total Operation and Maintenance of Plant Services	547,954	1,567,284	2,115,238	1,743,482	371,756
Student Transportation Services:					
Contracted Services (Home/School) Vendors		21,837	21,837	21,837	
Total Student Transportation Services		21,837	21,837	21,837	
UNALLOCATED BENEFITS					
Other Retirement Contributions - Regular		5,000	5,000	1,587	3,413
Unemployment Compensation		59,380	59,380	59,379	1
Health Benefits		662,098	662,098	643,295	18,803
TOTAL UNALLOCATED BENEFITS	\$	\$ 726,478	\$ 726,478	\$ 704,261	\$ 22,217

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2012
(CONTINUED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
On-Behalf TPAF Non-Contributory Insurance	\$	\$	\$	\$ 77,080	\$ (77,080)
On-Behalf TPAF Pension Post Retirement Medical				154,953	(154,953)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				208,584	(208,584)
Total Undistributed Expenditures	3,630,832	623,500	4,254,332	4,204,489	49,843
TOTAL EXPENDITURES - CURRENT EXPENSE	6,157,237	931,842	7,089,079	7,039,236	49,843
Capital Outlay					
Undistributed Expenditures:					
Instruction					
Total Equipment					
Facilities Acquisition & Construction Services					
Purchase of Land/Improvements	1,900,000	(1,768,395)	131,605	131,605	
Lease/Purchase - Principal		760,397	760,397	23,904	736,493
Total Facilities Acquisition & Construction Services	1,900,000	(1,007,998)	892,002	155,509	736,493
Total Capital Outlay expenditures	1,900,000	(1,007,998)	892,002	155,509	736,493
TOTAL EXPENDITURES	8,057,237	(76,156)	7,981,081	7,194,745	786,336
Excess (Deficiency) of Revenues Over (Under) Expenditures	(266,049)	76,156	(189,893)	1,071,859	1,261,752
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and other Financing Uses	(266,049)	76,156	(189,893)	1,071,859	1,261,752
Fund Balances, July 1	525,512		525,512	525,512	
Fund Balances, June 30	\$ 259,463	\$ 76,156	\$ 335,619	\$ 1,597,371	\$ 1,261,752

Recapitulation:

Committed To:					
Year-End Encumbrances				\$ 414,994	
Unassigned Fund Balance:					
Unassigned Fund Balance				1,182,377	
				<u>\$ 1,597,371</u>	

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SPECIAL REVENUE FUND
AS OF JUNE 30, 2012

EXHIBIT C-2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 540,424	\$ 41,776	\$ 582,200	\$ 547,898	\$ (34,302)
State Sources					
Other				13,743	13,743
Total Revenues	<u>540,424</u>	<u>41,776</u>	<u>582,200</u>	<u>561,641</u>	<u>(20,559)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	174,830		174,830	174,830	
Purchased Professional & Technical Services - Other		25,000	25,000	25,000	
Supplies and Materials	27,372	(11,257)	16,115	16,115	
Total Instruction	<u>202,202</u>	<u>13,743</u>	<u>215,945</u>	<u>215,945</u>	
Support Services					
Salaries Personal Services	70,000		70,000	70,000	
Personal Services - Employee Benefits	44,644	18,026	62,670	42,111	20,559
Purchased Professional & Technical Services - Other	99,403		99,403	99,403	
Other Purchased Services	124,175	6,117	130,292	130,292	
Supplies and Materials		3,890	3,890	3,890	
Total Support Services	<u>338,222</u>	<u>28,033</u>	<u>366,255</u>	<u>345,696</u>	<u>20,559</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Non-instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>540,424</u>	<u>41,776</u>	<u>582,200</u>	<u>561,641</u>	<u>20,559</u>
Other Financing Sources (Uses)					
Total Outflows	<u>540,424</u>	<u>41,776</u>	<u>582,200</u>	<u>561,641</u>	<u>20,559</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 8,266,604		[C-2] \$ 561,641
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] \$ 8,266,604		[B-2] \$ 561,641
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 7,194,745		[C-2] \$ 561,641
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] \$ 7,194,745		[B-2] \$ 561,641

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 PROMISE CHARTER SCHOOL, INC.
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	NCLB							Totals		
	Title I		Title II		Softball Grant	IDEA Part B	Safety Grant	Pool Grant	2012	2011
	Part A		Part A							
	Part A	PY								
REVENUES:										
Federal Sources	\$ 383,680	\$ 24,142	\$ 36,077			\$ 103,999			\$ 547,898	\$ 859,228
State Sources										
Other				\$ 3,201		\$ 2,450	\$ 8,092	13,743	3,707	
Total Revenues	383,680	24,142	36,077	3,201		103,999	2,450	8,092	561,641	862,935
EXPENDITURES:										
Instruction:										
Salaries of Teachers	158,500					16,330			174,830	254,578
Purchased Prof. & Technical Services	25,000								25,000	77,804
Supplies and Materials	2,372			3,201			2,450	8,092	16,115	46,031
Total Instruction	185,872	-	-	3,201		16,330	2,450	8,092	215,945	378,413
Support Services:										
Salaries Personal Services	50,000		20,000						70,000	171,000
Personal Services-Employee Benefits	16,820	18,025	4,000			3,266			42,111	64,983
Purchased Prof. & Technical Services	15,000					84,403			99,403	84,901
Other Purchased Services	112,098	6,117	12,077						130,292	100,847
Supplies and Materials	3,890								3,890	12,791
Total Support Services	197,808	24,142	36,077			87,669			345,696	434,522
Facilities Acquisitions & Const Serv:										
Non-Instructional Equipment										50,000
Total Facilities Acquisition & Construction Services										50,000
Total Expenditures	\$ 383,680	\$ 24,142	\$ 36,077	\$ 3,201		\$ 103,999	\$ 2,450	\$ 8,092	\$ 561,641	\$ 862,935

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2012</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Construction of New Elementary/Middle School, necessary onsite and offsite improvements, furniture, and equipment associated with such improvements	4/17/09	\$ 7,090,000	\$ 7,090,000	\$	\$
		<u>\$ 7,090,000</u>	<u>\$ 7,090,000</u>	<u>\$</u>	<u>\$</u>

EXHIBIT F-2

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Revenues and Other Financing

Sources

Interest \$ _____

Total revenues _____

Expenditures and Other Financing Uses

Professional Technical Services

Construction services

Cancellation of Accounts Payable

Transfer of Interest Earned to General fund

Cancellation of Unexpended Project

Total expenditures _____

Excess (deficiency) of revenues over (under) expenditures

Fund Balance - beginning 196,875

Fund Balance - ending \$ 196,875

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 PROMISE CHARTER SCHOOL, INC.
FOOD SERVICES ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012 AND 2011

	Totals	
	2012	2011
ASSETS:		
Current Assets:		
Cash	\$ 70,984	\$ 54,491
Accounts Receivable:		
State	164	224
Federal	16,067	12,990
Other	4,206	342
Intergovernmental Accounts Receivable	75,050	66,472
Inventory	9,221	8,013
Total Current Assets:	<u>175,692</u>	<u>142,532</u>
Fixed Assets		
Equipment	78,736	78,736
Accumulated depreciation	43,980	37,419
Total Fixed Assets:	<u>34,756</u>	<u>41,317</u>
Total Assets	<u>\$ 210,448</u>	<u>\$ 183,849</u>
LIABILITIES AND FUND EQUITY:		
Accounts Payable	\$ 31,738	\$ 29,181
Interfund Payable - Student Activity	591	591
Interfund Payable - General Fund	139,392	60,429
Deferred Revenue	1,821	2,533
Total Liabilities	<u>173,542</u>	<u>92,734</u>
Fund Equity:		
Unreserved Retained Earnings	36,906	91,115
Total Liabilities and Fund Equity	<u>\$ 210,448</u>	<u>\$ 183,849</u>

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

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Local Sources:		
Daily Sales - Reimbursable Programs:	\$ 20,678	\$ 17,511
Satellite Operation Revenue	309,505	303,796
Daily Sales- Non-reimbursable Programs		342
	<hr/>	<hr/>
Total Operating Revenue	330,183	321,649
	<hr/>	<hr/>
OPERATING EXPENSES:		
Salaries	222,921	133,197
Employee Benefits	24,626	23,264
Management Fee	71,295	59,900
Supplies and Materials	1,849	1,199
Other Costs	67,054	98,615
Depreciation	6,561	6,561
Cost of Sales	254,295	276,667
	<hr/>	<hr/>
Total Operating Expenses	648,601	599,403
	<hr/>	<hr/>
Operating Loss	(318,418)	(277,754)
	<hr/>	<hr/>
Non-Operating Revenues:		
State Sources:		
State School Lunch Program	3,260	3,260
Federal Sources:		
School Breakfast Program	44,340	33,537
National School Lunch Program	169,589	161,572
National School Lunch Program-Snacks	10,202	9,390
Food Distribution Program	36,754	29,370
Interest Revenue	64	67
	<hr/>	<hr/>
Total Non-Operating Revenues	264,209	237,196
	<hr/>	<hr/>
Net Income before Operating Transfers	(54,209)	(40,558)
	<hr/>	<hr/>
Retained Earnings - July 1	91,115	131,673
	<hr/>	<hr/>
Retained Earnings - June 30	\$ 36,906	\$ 91,115
	<hr/> <hr/>	<hr/> <hr/>

CAMDEN'S PROMISE 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)	\$ (318,418)	\$ (277,754)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:		
Depreciation	6,561	6,561
Change in Assets and Liabilities:		
Decrease/(Increase) in Accounts Receivable	(3,017)	3,106
Decrease/(Increase) in Other Accounts Receivable	(3,864)	(342)
Decrease/(Increase) in Interfund Accounts Receivable	(8,578)	(23,756)
Decrease/(Increase) in Intergovernmental Accounts Receivable	(1,208)	1,880
Increase/(Decrease) in Accounts Payable	2,557	29,181
Increase/(Decrease) in Interfund Payable	78,963	42,399
Increase/(Decrease) in Deferred Revenue	(712)	(1,996)
Net Cash Used by Operating Activities	<u>(247,716)</u>	<u>(220,721)</u>
Cash Flows from Noncapital Financing Activities		
Other Grants		
Food Distribution Program	36,754	29,370
Cash Received from State and Federal Reimbursements	227,391	207,759
Net Cash Provided by Noncapital Financing Activities	<u>264,145</u>	<u>237,129</u>
Net Cash Used by Capital Financing Activities		
Purchase of Fixed Assets		
Net Cash Used by Capital Financing Activities		
Cash Flows from Investing Activities:		
Interest Income	64	67
Net Increase (Decrease) in Cash	16,493	16,475
Cash and Cash Equivalents, July 1	54,491	38,016
Cash and Cash Equivalents, June 30	<u>\$ 70,984</u>	<u>\$ 54,491</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 PROMISE CHARTER SCHOOL, INC.
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012

	Unemployment Compensation Expendable Trust	Agency		Total	
		Student Activity	Payroll	2012	2011
ASSETS:					
Cash and Cash Equivalents	\$ 14,455	\$ 8,070	\$ 39,603	\$ 62,128	\$ 32,746
Due from Payroll Fund					
Due from General Fund		3,392		3,392	3,392
Due from Food Service		591		591	591
Total Assets	<u>\$ 14,455</u>	<u>\$ 12,053</u>	<u>\$ 39,603</u>	<u>\$ 66,111</u>	<u>\$ 36,729</u>
LIABILITIES:					
Accounts Payable	\$	\$	\$	\$	\$ 2,077
Interfund Payable - General Fund			15,816	15,816	18,554
Due to Unemployment Trust					
Due to Student Groups		12,053		12,053	4,602
Payroll Deductions and Withholding			23,787	23,787	521
Total Liabilities		<u>12,053</u>	<u>39,603</u>	<u>51,656</u>	<u>25,754</u>
NET ASSETS:					
Unreserved for Unemployment Claims	<u>14,455</u>			<u>14,455</u>	<u>10,975</u>
Total Liabilities and Fund Balances	<u>\$ 14,455</u>	<u>\$ 12,053</u>	<u>\$ 39,603</u>	<u>\$ 66,111</u>	<u>\$ 36,729</u>

EXHIBIT H-2

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012

	Expendable Trust Unemployment Funds
OPERATING REVENUES:	
Employee Deduction	\$ 9,987
Board Contribution	14,547
	<hr/>
Total Revenues	24,534
	<hr/>
OPERATING EXPENSES:	
Unemployment Claims	21,060
	<hr/>
Total Expenses	21,060
	<hr/>
NONOPERATING REVENUES:	
Interest	6
	<hr/>
Total Non-operating Revenues	6
	<hr/>
Change in Net Assets	3,480
	<hr/>
Net Assets Beginning of Year	10,975
	<hr/>
Net Assets End of Year	\$ 14,455
	<hr/> <hr/>

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

	<u>Balance</u> <u>July 1,</u> <u>2011</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</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>Balance</u> <u>June 30,</u> <u>2012</u>
Student Activity Fund	\$ 4,602	\$	\$ 51,350	\$ 43,899	\$	\$ 12,053

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

	<u>Balance</u> <u>July 1,</u> <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2012</u>
ASSETS:				
Cash and Cash Equivalents	\$ 19,075	\$ 3,428,053	\$ 3,407,525	\$ 39,603
LIABILITIES AND RESERVES:				
Due to Current Fund	\$ 18,554	\$ 15,816	\$ 18,554	\$ 15,816
Due to Unemployment Trust Fund				
Payroll Deductions and Withholdings	521	3,412,237	3,388,971	23,787
Total Liabilities	<u>19,075</u>	<u>3,428,053</u>	<u>3,407,525</u>	<u>39,603</u>
Total Liabilities and Reserves	<u>\$ 19,075</u>	<u>\$ 3,428,053</u>	<u>\$ 3,407,525</u>	<u>\$ 39,603</u>

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities									
Invested in Capital Assets, net of related debt	\$ 540,218	\$ 690,663	\$ 675,584	\$ 1,188,470	\$ 1,127,334	\$ 2,375,476	\$ 3,781,822	\$ 6,201,586	\$ 6,038,626
Restricted	726,716	726,716	198,931	198,931	198,931	382,573	424,000	196,875	196,875
Unrestricted	167,393	462,971	832,371	353,409	519,413	1,289,782	1,157,804	725,662	1,786,604
Total Governmental Activities Net assets	\$ 1,434,327	\$ 1,880,350	\$ 1,706,886	\$ 1,740,810	\$ 1,845,678	\$ 4,047,831	\$ 5,363,626	\$ 7,124,123	\$ 8,022,105
Business-Type Activities									
Invested in Capital Assets, net of related debt	\$ 34,709	\$ 31,238	\$ 27,767	\$ 24,296	\$ 20,825	\$ 17,354	\$ 47,878	\$ 41,317	\$ 34,756
Unrestricted	(3,024)	(11,775)	19,901	51,467	73,705	69,824	83,795	49,798	2,150
Total Business-Type Activities Net Assets	\$ 31,685	\$ 19,463	\$ 47,668	\$ 75,763	\$ 94,530	\$ 87,178	\$ 131,673	\$ 91,115	\$ 36,906
District-Wide									
Invested in Capital Assets, net of related debt	\$ 574,927	\$ 721,901	\$ 703,351	\$ 1,212,766	\$ 1,148,159	\$ 2,392,830	\$ 3,829,700	\$ 6,242,903	\$ 6,073,382
Restricted	726,716	726,716	198,931	198,931	198,931	382,573	424,000	196,875	196,875
Unrestricted	164,369	451,196	852,272	404,876	593,118	1,359,606	1,241,599	775,460	1,788,754
Total District-Wide Net Assets	\$ 1,466,012	\$ 1,899,813	\$ 1,754,554	\$ 1,816,573	\$ 1,940,208	\$ 4,135,009	\$ 5,495,299	\$ 7,215,238	\$ 8,059,011

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities									
Instruction									
Regular	\$ 1,516,717	\$ 1,772,302	\$ 2,396,331	\$ 2,465,510	\$ 2,488,187	\$ 2,745,568	\$ 2,588,303	\$ 2,640,546	\$ 3,050,692
Support Services									
School Administrative Services	754,496	761,754	1,047,150	1,169,517	1,032,592	479,726	481,343	833,971	806,819
General Administrative Services	326,178	296,946	345,879	880,806	1,151,038	959,388	745,156	794,366	790,925
Plant Operations and Maintenance	602,465	621,832	998,252	816,630	834,571	492,124	1,401,233	124,994	1,743,482
Pupil Transportation	52,690	49,203	63,404	23,204	38,773	9,882	24,080	49,196	21,837
Employee Benefits		18,130	613,989	804,556	877,824	1,115,339	1,067,856	1,120,394	1,186,989
Business and Other Support Services	528,664	611,400							
Unallocated Depreciation and Amortization	79,671	46,134	45,149	56,536	70,764	154,219	159,053	156,000	329,519
Total Governmental Activities Expenses	3,860,881	4,177,701	5,510,154	6,216,759	6,493,749	5,956,246	6,467,024	6,844,417	7,930,263
Business-Type Activities									
Food Service	222,724	256,373	216,138	292,963	333,870	455,718	448,309	599,403	648,601
Total Business-Type Activities Expense	222,724	256,373	216,138	292,963	333,870	455,718	448,309	599,403	648,601
Total District Expenses	\$ 4,083,605	\$ 4,434,074	\$ 5,726,292	\$ 6,509,722	\$ 6,827,619	\$ 6,411,964	\$ 6,915,333	\$ 7,443,820	\$ 8,578,864
Program Revenues									
Governmental Activities									
Charges for Services	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Grants and Contributions	698,454	685,241	1,102,431	1,030,198	-	1,435,371	995,293	1,146,101	1,002,258
Total Governmental Activities Program Revenues	698,454	685,241	1,102,431	1,030,198	-	1,435,371	995,293	1,146,101	1,002,258
Business-Type Activities									
Charges for Services									
Food Service	103,418	92,294	102,385	134,476	151,127	237,612	268,324	321,649	330,183
Operating Grants and Contributions	102,172	120,835	138,320	177,540	201,051	210,591	224,404	237,129	264,145
Total Business-Type Activities Program Revenues	205,590	213,129	240,705	312,016	352,178	448,203	492,728	558,778	594,328
Total District Program Revenues	\$ 904,044	\$ 898,370	\$ 1,343,136	\$ 1,342,214	\$ 352,178	\$ 1,883,574	\$ 1,488,021	\$ 1,704,879	\$ 1,596,586
Net (Expense)/Revenue									
Governmental Activities	\$ (3,162,427)	\$ (3,492,460)	\$ (4,407,223)	\$ (5,186,561)	\$ (6,493,749)	\$ (4,520,875)	\$ (5,471,731)	\$ (5,698,316)	\$ (6,928,005)
Business-Type Activities	(17,134)	(43,244)	24,567	19,053	18,308	(7,515)	44,419	(40,625)	(54,273)
Total District-Wide Net Expense	\$ (3,179,561)	\$ (3,535,704)	\$ (4,383,156)	\$ (5,167,508)	\$ (6,475,441)	\$ (4,528,390)	\$ (5,427,312)	\$ (5,738,941)	\$ (6,982,278)
General Revenues and Other Changes in Net Assets									
Governmental Activities									
Property Taxes Levied for General Purposes, net	\$ 233,189	\$ 221,222	\$ 430,876	\$ 574,669	\$ 647,704	\$ 247,260	\$ 300,755	\$ 258,054	\$ 287,957
Unrestricted Grants and Contributions	2,765,978	3,124,954	3,011,998	3,729,810	3,716,580	5,102,929	5,106,354	5,321,273	6,021,557
Investment Earnings		12,096					1,881	1,201	918
Miscellaneous Income	608,579	610,211	791,385	865,266	1,023,021	1,044,849	1,378,536	1,703,378	1,515,555
Fixed Asset and Capital Lease Adjustment						327,990		174,907	
Transfers	(30,000)	(30,000)							
Total Governmental Activities	3,577,746	3,938,483	4,234,259	5,169,745	5,387,305	6,723,028	6,787,526	7,458,813	7,825,987
Business-Type Activities									
Investment Earnings		1,022	3,638	2,430	459	163	76	67	64
Prior Year revenue Adjustments				6,612					
Transfer	30,000	30,000							
Total Business-Type Activities	30,000	31,022	3,638	9,042	459	163	76	67	64
Total District-Wide	\$ 3,607,746	\$ 3,969,505	\$ 4,237,897	\$ 5,178,787	\$ 5,387,764	\$ 6,723,191	\$ 6,787,602	\$ 7,458,880	\$ 7,826,051
Change in Net Assets									
Governmental Activities	\$ 415,319	\$ 446,023	\$ (173,464)	\$ (16,816)	\$ (1,106,444)	\$ 2,202,153	\$ 1,315,795	\$ 1,760,497	\$ 897,982
Business-Type Activities	12,866	(12,222)	28,205	28,095	18,767	(7,352)	44,495	(40,558)	(54,209)
Total District-Wide	\$ 428,185	\$ 433,801	\$ (145,259)	\$ 11,279	\$ (1,087,677)	\$ 2,194,801	\$ 1,360,290	\$ 1,719,939	\$ 843,773

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ 726,440	\$ 699,695	\$ 552,250	\$ 9,417	\$ 23,758	\$ 68,956	\$	\$	\$
Unreserved	133,474	277,898	301,175	315,913	492,941	1,056,411	889,920	525,512	1,182,377
Total General Fund	\$ 859,914	\$ 977,593	\$ 853,425	\$ 325,330	\$ 492,941	\$ 1,080,169	\$ 958,876	\$ 525,512	\$ 1,182,377
All Other Governmental Funds									
Reserved	\$	\$ 196,875	\$ 196,875	\$ 196,875	\$ 196,875	\$ 380,517	\$ 421,944	\$	\$
Unreserved, Reported in:									
Special Revenue Fund									
Capital Projects Fund	2,056	2,056	2,056	2,056	2,056	2,056	2,056	196,875	196,875
Total All Other Governmental Funds	\$ 2,056	\$ 198,931	\$ 198,931	\$ 198,931	\$ 198,931	\$ 382,573	\$ 424,000	\$ 196,875	\$ 196,875

Source: CAFR Schedule B-1

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax Levy	\$ 225,380	\$ 233,189	\$ 221,222	\$ 430,876	\$ 574,669	\$ 647,704	\$ 247,260	\$ 300,755	\$ 258,054	\$ 287,957
Rental		450,000	606,372	749,232	791,732	974,180	908,232	1,204,673	1,670,500	1,479,875
Interest Earnings		1,785	12,096	18,721	12,663	6,663	2,551	1,881	1,201	918
Miscellaneous	464,269	156,794	4,761	25,802	60,871	42,178	134,066	173,863	32,878	35,680
State Sources	2,660,823	2,894,828	3,131,750	3,150,453	3,729,810	4,025,531	5,411,880	5,458,761	5,608,146	6,475,917
Federal Sources	360,740	569,604	677,523	961,606	1,030,198	902,361	1,126,420	642,886	859,228	547,898
Total Revenues	3,711,212	4,306,200	4,653,724	5,336,690	6,199,943	6,598,617	7,830,409	7,782,819	8,430,007	8,828,245
Expenditures										
Instruction										
Regular Instruction	1,444,686	1,516,717	1,772,302	2,396,331	2,465,510	2,488,187	2,745,568	2,588,303	2,640,546	3,050,692
Support Services										
General Administrative Services	315,864	326,178	296,946	345,879	1,169,517	1,032,592	466,956	481,343	833,971	806,952
School Administrative Services	769,869	754,496	761,754	1,047,150	880,806	1,146,243	959,388	745,156	794,366	790,925
Plant Operations and Maintenance	551,239	602,465	621,832	998,252	468,021	410,787	492,124	1,401,598	1,262,216	1,743,482
Pupil Transportation	82,271	52,690	49,203	63,404	23,204	51,589	22,957	38,524	49,196	21,837
Business and Other Support Services		61,139	116,667							
Unallocated Employee Benefits	520,718	467,525	494,733	581,379	804,556	877,824	1,115,339	1,067,856	1,120,394	1,186,989
Capital Outlay	189,880	322,299	195,733	28,463	916,424	423,784	948,493	1,539,905	2,389,807	155,509
Total Expenditures	3,874,527	4,103,509	4,309,170	5,460,858	6,728,038	6,431,006	6,750,825	7,862,685	9,090,496	7,756,386
Excess (Deficiency) of Revenues Over (Under) Expenditures	(163,315)	202,691	344,554	(124,168)	(528,095)	167,611	1,079,584	(79,866)	(660,489)	1,071,859
Other Financing Sources (Uses)										
Prior Year Revenue Adjustment Transfers	48,462 (33,521)	(30,000)	(226,875)				(308,714)			
Total Other Financing Sources (Uses)	14,941	(30,000)	(226,875)				(308,714)			
Net Change in Fund Balances	\$ (148,374)	\$ 172,691	\$ 117,679	\$ (124,168)	\$ (528,095)	\$ 167,611	\$ 770,870	\$ (79,866)	\$ (660,489)	\$ 1,071,859
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals</u>	<u>Prior Year</u> <u>Tuition</u>	<u>Services</u> <u>to Other</u> <u>LEAs</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditure</u>	<u>Prior Year</u> <u>Purchase</u> <u>Order Adj.</u>	<u>Misc.</u>	<u>Total</u>
2012	\$ 918	\$ 1,479,875	\$	\$	\$ 14,460	\$	\$ 7,477	\$ 1,502,730
2011	1,201	1,670,500					23,469	1,695,170
2010	1,881	1,204,673			13,210	113,100	1,126	1,333,990
2009	2,551	908,232				20,815	102,839	1,034,437
2008	6,663	974,180			3,054	3,536	35,588	1,023,021
2007	12,663	791,732			27,863	26,253	6,755	865,266
2006	18,721	749,232			11,230	12,202		791,385
2005	12,096	606,372					3,839	622,307
2004	1,785	450,000					43,168	494,953

Source: District Records

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

<u>Year</u>		<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	*	77,278	\$ 3,401,098,441	\$ 44,011	19.8%
2011	*	77,283	3,351,052,706	43,361	19.6%
2010		77,335	3,303,751,200	42,720	18.6%
2009		78,790	3,262,378,740	41,406	17.8%
2008		79,519	3,210,564,464	41,992	11.8%
2007		79,263	3,191,128,380	40,260	9.6%
2006		79,201	3,062,781,871	38,671	10.7%
2005		79,611	2,889,799,689	36,299	10.1%
2004		79,498	2,778,852,590	34,955	15.2%
2003		79,774	2,694,127,528	33,772	16.9%

* 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

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

N/A - Not Available at time of Audit

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	27	30	27	41	41	39	43	42	38	43
Special education	3	4	4	6	4	5	7	7	7	10
Other special education										
Vocational										
Other instruction										
Support Services:										
Tuition										
Student & instruction related services										
General administrative services	3	3	4	4	4	4	4	2	2	2
School administrative services	1	1	1	1	1	1	1	1		
Business administrative services									2	2
Plant operations and maintenance							1	1		
Pupil transportation				1	1	1				
Food Service	4	4	4	4	4	4	4			
Total	38	42	40	57	55	54	60	53	49	57

Source: District Personnel Records

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
OPERATING STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Middle</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	415	\$ 7,600,877	\$ 18,315	11.8%	53	9 : 1	433	416.5	9.34%	96.19%
2011	409	6,700,689	16,383	10.1%	50	9 : 1	398.7	371.0	0.58%	93.05%
2010	388	6,322,780	16,296	11.6%	49	8 : 1	396.0	368.6	-1.25%	93.08%
2009	390	5,820,332	14,878	1.9%	50	9 : 1	396.4	376.6	-1.15%	95.01%
2008	398	5,811,614	14,602	-2.3%	44	9 : 1	401.0	382.0	3.30%	95.26%
2007	389	5,811,614	14,940	-13.2%	45	9 : 1	388.2	368.7	8.38%	94.98%
2006	349	6,007,222	17,213	43.8%	47	7 : 1	358.2	332.1	10.59%	92.71%
2005	347	4,153,756	11,970	-13.8%	37	9 : 1	323.9	307.7	11.77%	95.00%
2004	292	4,055,650	13,889	11.5%	39	8 : 1	289.8	281.4	-2.42%	97.10%
2003	298	3,712,436	12,458	26.3%	35	9 : 1	297.0	288.0	-0.50%	96.97%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- 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 PROMISE CHARTER SCHOOL, INC.
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Elementary</u>										
Square Feet										
Capacity (students)										
Enrollment				64	83	90	89	82	97	116
Square Feet										
Capacity (students)										
Enrollment										
<u>Middle</u>										
Camden's Promise Charter School, Inc.										
Square Feet	68,305	68,305	68,305	68,305	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)	400	400	400	400	480	480	480	480	480	480
Enrollment				284	306	308	302	306	307	299
<u>High</u>										
	N/A									
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 =
- Middle School = 1
- High School =
- Other =

Source: District records, ASSA

Note: Increases in square footage and capacity are the result of additions.

Enrollment is based on the annual October district count.

CAMDEN'S PROMISE 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	
	Worker's Compensation Supplemental Policy	Full Salary	
Ohio Casualty Insurance Co.	Surety Bonds		
	Treasurer's Bond	475,000	
	Business Administrator	50,000	
	Assistant Business Administrator	10,000	
Markel Insurance Co.	Compulsory Student Accident	1,000,000	
	Catastrophic Student Accident		
	Accident Medical Expense - Maximum per Participant	2,000,000	
	Catastrophic Cash Benefit - Maximum Benefit	500,000	25,000

SOURCE: DISTRICT RECORDS

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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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 Promise 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 the Camden's Promise Charter School, Inc. School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Trustees of the Camden's Promise Charter School, Inc. 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, and State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Trustees of the Camden's Promise Charter School, Inc. School District, 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 Promise 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Camden's Promise 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 Promise 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We did, however, note certain immaterial instances of deficiency in internal control over financial reporting that we did not consider to be material weaknesses, as defined above that have been reported to the Board of Education of the Camden's Promise Charter School, Inc. in the separate 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 Camden's Promise 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 tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We did note certain immaterial instances of noncompliance that we have reported to the Board of Education of the Camden's Promise Charter School, Inc. in the separate 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 Promise Charter School, Inc. Board of Trustees, the New Jersey State 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 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

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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 OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

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

Compliance

We have audited the Board of Trustees of the Camden's Promise Charter School, Inc. School District, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Camden's Promise Charter School, Inc. major federal and state programs for the fiscal year ended June 30, 2012. The Camden's Promise Charter School, Inc. Board of Trustees' major federal and state programs is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Camden's Promise Charter School, Inc. Board of Trustees' management. Our responsibility is to express an opinion on Camden's Promise 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; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Camden's Promise 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 Promise Charter School, Inc. Board of Trustees' compliance with those requirements.

In our opinion, the Board of Trustees of the Camden's Promise Charter School, Inc. School District, 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 federal and state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

Management of Camden's Promise Charter School, Inc. Board of Trustees is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Camden's Promise Charter School, Inc. Board of Trustees internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey 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 Promise 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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 Promise Charter School, Inc. Board of Trustees, the New Jersey State Department of Education, other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. 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 PROMISE 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 From To	Balance at June 30, 2011			Walkover Carryover Amount	Cash Received	Prior Year Adj	Budgetary Expend- itures	June 30, 2012		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor at					(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
National School Breakfast Program	10.553	N/A	\$33,537	7/1/10 to 6/30/11	(\$2,524)			\$2,524						
National School Breakfast Program	10.553	N/A	44,340	7/1/11 to 6/30/12				36,295			\$ (44,340)	(\$8,045)		
National School Lunch Program	10.555	N/A	161,572	7/1/10 to 6/30/11	(10,368)			10,368						
National School Lunch Program	10.555	N/A	169,589	7/1/11 to 6/30/12				161,567			(169,589)	(8,022)		
National School Snack Program	10.555	N/A	9,390	7/1/10 to 6/30/11	(98)			98						
National School Snack Program	10.555	N/A	10,202	7/1/11 to 6/30/12				10,202			(10,202)			
Food Distribution Program	10.565	N/A	27,374	7/1/10 to 6/30/11		\$2,533					(2,533)			
Food Distribution Program	10.565	N/A	36,042	7/1/11 to 6/30/12				36,042			(34,221)		\$1,821	
Total Enterprise Fund:					(12,990)	2,533		257,096			(260,885)	(16,067)	1,821	
U.S. Department of Education														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I, Part A	84.010A	NCLB 6215-12	401,966	9/1/11 to 8/31/12				290,975			(383,680)	(92,705)		
Title I, Part A	84.010A	NCLB 6215-11	484,238	9/1/10 to 8/31/11	(196,694)			223,109	2,679		(24,142)			4,952
Title I, Part A	84.010A	NCLB 6215-10	121,435	9/1/09 to 8/31/10	(92,805)			92,805						
Title I, Part A SIA	84.010A	NCLB 6215-11	38,185	9/1/10 to 8/31/11	(38,185)			38,185						
ARRA Title I, Part A	84.389A	NCLB 6215-11	91,550	9/1/10 to 8/31/11	(11,242)			11,242						
Title II - A	84.367A	NCLB 6215-12	36,077	9/1/11 to 8/31/12				20,755			(36,077)	(15,322)		
Title II - A P/Y	84.367A	NCLB 6215-10	14,956	9/1/09 to 8/31/10	(14,498)			14,498						
Title II - D	84.318X	NCLB 6215-11	4,341	9/1/10 to 8/31/11	(2,972)			2,972						
IDEA Part B-Basic	84.027	IDEA 6215-11	84,114	9/1/10 to 8/31/11	(41,335)			41,335						
IDEA Part B-Basic	84.027	IDEA 6215-12	103,999	9/1/11 to 8/31/12				89,996			(103,999)	(14,003)		
IDEA - ARRA	84.391	IDEA 6215-11	102,939	9/1/10 to 8/31/11	(5,272)			5,272						
21st Century Community Learning Centers	84.287C	NCLB 6215-09	535,000	9/1/08 to 8/31/09			567							567
21st Century Community Learning Centers	84.287C	NCLB 6215-10	22,834	9/1/09 to 8/31/10			7,440							7,440
Total Federal Financial Assistance					(403,003)	8,007		831,144	2,679		(547,898)	(122,030)		12,959
					(\$415,993)	\$10,540		\$1,088,240	\$2,679		(\$808,783)	(\$138,097)	\$1,821	\$12,959

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 PROMISE 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		Balance at June 30, 2011				Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2012		
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue/ Interfund Payable
State Department of Education												
General Fund												
Equalization Aid	11-495-034-5120-078	\$4,966,208	7/1/10	to 6/30/11		\$56,162		\$20,859		(\$77,021)		
Equalization Aid	12-495-034-5120-078	5,655,861	7/1/11	to 6/30/12				5,499,933	(\$5,655,861)	77,021	(\$78,907)	
Special Education Categorical Aid	12-495-034-5120-089	186,226	7/1/11	to 6/30/12				185,720	(186,226)	8,231		\$7,725
Special Education Categorical Aid	11-495-034-5120-089	145,636	7/1/10	to 6/30/11		\$8,231				(8,231)		
Security Aid	12-495-034-5120-084	193,213	7/1/11	to 6/30/12				192,420	(193,213)	8,014		7,221
Security Aid	11-495-034-5120-084	163,136	7/1/10	to 6/30/11				691		(8,014)		
Demonstrably Effective Program Aid	08-495-034-5064-002	174,429	7/1/07	to 6/30/08		2,402						2,402
Reimbursed TPAF Social Security Contributi	11-495-034-5095-002		7/1/10	to 6/30/11	(\$2,172)			2,172				
Reimbursed TPAF Social Security Contributi	12-495-034-5095-002	208,584	7/1/11	to 6/30/12				206,192	(208,584)		(2,392)	
On-Behalf TPAF Non-Contrib Ins. Cont.	12-495-034-5095-007	77,080	7/1/11	to 6/30/12				77,080	(77,080)			
On-Behalf TPAF Post Retirement Contrib	12-495-034-5095-001	154,953	7/1/11	to 6/30/12				154,953	(154,953)			
Total General Fund					(2,172)	74,118		6,340,020	(6,475,917)	-	(81,299)	17,348
State Department of Agriculture												
Enterprise Fund - State Share:												
National School Lunch Program	11-100-010-3350-023	3,260	7/1/10	to 6/30/11	(224)			224	(3,260)			
National School Lunch Program	12-100-010-3350-023	3,470	7/1/11	to 6/30/12				3,306	(3,470)		(164)	
					(224)			3,530	(6,730)		(164)	
Total State Financial Assistance					(\$2,396)	\$74,118		\$6,343,550	(\$6,482,647)	\$ -	(\$81,463)	\$17,348

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 PROMISE 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 Promise 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 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits for States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on 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.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is zero for the special revenue fund. See Note 2 for a reconciliation of the budgetary basis to the Modified Accrual basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 6,475,917	\$ 6,475,917
Special Revenue Fund	547,898		547,898
Food Service Fund	<u>260,885</u>	<u>3,260</u>	<u>264,145</u>
Total Awards & Financial Assistance	\$ <u>808,783</u>	\$ <u>6,479,117</u>	\$ <u>7,287,960</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

Camden' Promise 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 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 year ended June 30, 2012.

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.

NOTE 9: ADJUSTMENTS

Schedule A reflects an immaterial prior year revenue adjustment of \$2,679.

CAMDEN'S PROMISE 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

Internal control over major programs:

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	NCLB – Title I, Part A
84.389	ARRA – Title I, Part A

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 PROMISE 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

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

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

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:

GMIS Number(s)

Name of State Program

12-495-034-5120-078
12-495-034-5120-089
12-495-034-5120-084

Equalization Aid
Special Education Categorical Aid
Security Aid

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

Section II - Financial Statement Findings

None

**CAMDEN'S PROMISE 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**

FEDERAL AWARDS

Finding: None.

STATE AWARDS:

Finding: None.

**CAMDEN'S PROMISE 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

There were no findings reported in the prior year.