

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2015**

**MASTERY SCHOOLS OF CAMDEN, INC.**  
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**YEAR ENDED JUNE 30, 2015**

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**Mastery Schools of Camden**  
*Excellence. No Excuses.*

November 2, 2015

Commissioner  
New Jersey Department of Education  
200 Riverview Executive Plaza  
CN 500  
Trenton, NJ 08625

Dear Commissioner:

We are pleased to report that the Comprehensive Annual Financial Report of Mastery Schools of Camden, Inc. (the "School") for the fiscal year ended June 30, 2015 has been submitted. As you know, the responsibility for both the accuracy of these data and completeness and fairness of the presentation, including all disclosures, rests with the management of the School. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of Mastery Schools of Camden, Inc. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the School's organizational chart and a list of principal officials. The Financial Section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information. The School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of New Jersey's OMB Circular Letter 04-04, *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 the internal control structure 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:** Mastery Schools of Camden, Inc. is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the School are included in this report. Mastery Schools of Camden, Inc. operates a Renaissance school project under an operating agreement with the Camden City School District. The agreement began effective July 17, 2014 for a ten year term. The School completed the 2014-15 fiscal year with an average daily enrollment of 379 students.

**2. ENROLLMENT OUTLOOK**

The School enrolled 403 students in kindergarten through fifth grade at two temporary locations for the 2014-2015 School Year. School enrollment has gradually increased during the year and will add a sixth grade during the 2015-2016 School Year. Based on the demand it is anticipated that we will be able to maintain our enrollment for the foreseeable future.

### 3. MAJOR ACCOMPLISHMENTS

Mastery schools are organized around a common vision: "Mastery schools are joyful, authentic communities where students learn how to think critically and act independently so they are truly prepared for post-secondary success." Our work is rooted in an unwavering belief that our students can achieve at the highest levels. To fulfill our vision, we recognize that we must attend to the whole child – we value personal as well as academic skills, and we match our high expectations for students with high levels of support. Our program is comprised of four interlocking systems: Curriculum and Instruction, School Culture, Assessment & Data, and Student Support.

The School also has robust after-school programming for students through collaboration with local area organizations such as Rutgers and EducationWorks. In addition, the School has invested in family and community engagement staff and initiatives which support our goals related to student achievement and re-confirm our commitment to being a responsive, thoughtful partner for families and community leaders.

Mastery Schools of Camden is currently housed in 2 temporary locations as we await the construction of a new facility in the Cramer Hill section of Camden. Our North Camden campus is located at Pyne Poynt Middle School, a former School District-managed middle school in the North Camden section of the city. It sits adjacent to a beautiful 15-acre park which offers our elementary children plenty of recreation space during and after school. Our Cramer Hill campus is located at Washington Elementary in Cramer Hill, which was also a surplus School District building. This building is located less than a quarter mile from the newly constructed KROC Community Center. It is our intention to develop programmatic opportunities for our families to enjoy both the School and the KROC Center over the next few years. In Fall 2017, we intend to move into a newly constructed facility which will house students from both temporary locations. At capacity, over 700 students from Pre-K to 8th grade will be served by the new building.

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

As a recipient of federal and state financial assistance, the School is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure likewise is subjected to periodic evaluation by School management. Since grant periods differ in their prescribed fiscal years, representations are made prior to the end of the fiscal year for those grants having fiscal years other than July 1 through June 30.

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the 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 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 cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reserves for encumbrances and are included as reservations of fund balance at June 30, 2015.

6. ACCOUNTING SYSTEM AND REPORTS: The School accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7. CASH MANAGEMENT: The investment policy of the School is guided by state statute as detailed in "Notes to the Financial Statements", Note 2. The School has adopted a cash management plan which requires it to deposit public 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 a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.

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

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The firm of CliftonLarsonAllen, LLP, a professional corporation of accountants and auditors was selected and duly appointed by Mastery Schools of Camden, Inc. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the *Single Audit Act of 1984* and the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the State of New Jersey's OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,

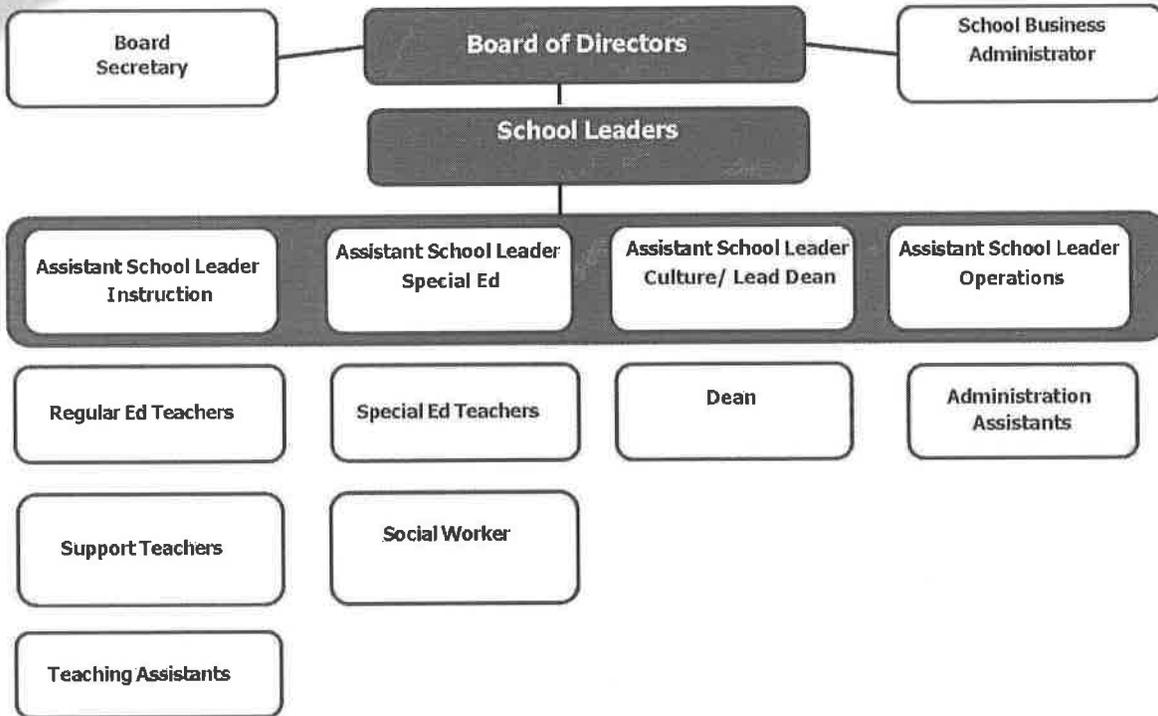


James H. Leonard  
School Business Administrator



Joseph Ferguson  
Board Secretary

**Mastery Schools of Camden, Inc.  
Organizational Chart**



**MASTERY SCHOOLS OF CAMDEN, INC.  
ROSTER OF TRUSTEES AND OFFICIALS  
JUNE 30, 2015**

Board of Trustees

Graham Finney

Stacy Holland

Reuel Robinson

Judy Tschirgi, Chair

School Leaders

Brandon Cummings, School Leader – North Camden Elementary

Meredith Howell-Turner, School Leader – Cramer Hill Elementary

Other

Joseph Ferguson, Board Secretary

James H. Leonard, School Business Administrator

**MASTERY SCHOOLS OF CAMDEN, INC.  
CONSULTANTS AND ADVISORS  
JUNE 30, 2015**

**AUDIT FIRM**

CliftonLarsonAllen, LLP  
610 W. Germantown Pike, Suite 400  
Plymouth Meeting, PA 19462

**ATTORNEY**

Thomas O. Johnston, Esq.  
Porzio, Bromberg & Newman, P.C.  
100 Southgate Parkway  
P.O. Box 1997  
Morristown, NJ 07962-1997

**OFFICIAL DEPOSITORY**

PNC Bank  
110 North Broadway  
Camden, NJ 08102



CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Mastery Schools of Camden, Inc.  
5700 Wayne Avenue  
Philadelphia, Pennsylvania 19144

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mastery Schools of Camden, Inc., in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Mastery Schools of Camden, Inc.'s basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial 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 from material misstatement.

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

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

Board of Trustees  
Mastery Schools of Camden, Inc.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mastery Schools of Camden, Inc. as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of revenues, expenditures and changes in fund balance - budget and actual on pages 10 through 13 and pages 33 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mastery Schools of Camden, Inc.'s basic financial statements. The schedules of expenditures of state awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees  
Mastery Schools of Camden, Inc.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015 on our consideration of Mastery Schools of Camden, 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mastery Schools of Camden, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**  
Plymouth Meeting, Pennsylvania



Bruce W. Braunewell, CPA  
Public School Accountant  
PSA #20CS00261400

November 2, 2015

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2015**

The Board of Trustees of Mastery Schools of Camden, Inc. (the School) offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

**Financial Highlights**

- Total revenues were \$7,617,676 which consisted mostly of School District student subsidies and other grants and contributions.
- At the close of the current fiscal year, the School reported an ending general fund balance of \$40,863.
- The School's cash balance at June 30, 2015 was \$813,091.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements as presented comprise four components: Management's Discussion and Analysis (this section), the basic financial statements, budgetary comparison and reporting required under *Government Auditing Standards*, U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey's OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements report on the function of the School that is principally supported by subsidies from school districts whose constituents attend the School.

**Fund Financial Statements**

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like governmental type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has two governmental funds – the general fund and special revenue fund.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2015**

**Overview of the Financial Statements (Continued)**

***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$538,234 as of June 30, 2015.

Total Assets	\$ 2,336,038
Total Liabilities	<u>1,797,804</u>
Total Net Position	<u><u>\$ 538,234</u></u>

The School's revenues are predominately from the Camden City School District, based on the student enrollment, management fees, and donations from private sources and awards from federal sources.

**REVENUES**

Program Revenues	
Private Grants	1,375,505
General Revenues	
Local Share	181,005
State Share	5,471,859
State Aid	180,517
Special Revenue Federal Aid	404,769
Miscellaneous Income	<u>4,021</u>
Total Revenues	7,617,676

**EXPENDITURES**

Instruction	3,569,417
Support Services	3,414,759
Interest on Long-Term Debt	5,154
Unallocated Depreciation	<u>90,112</u>

Total Expenditures 7,079,442

Change in Net Position 538,234

Net Position, Beginning           -

Net Position, Ending \$ 538,234

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2015**

**Government Fund**

The focus of the School's *governmental fund* (the General Fund and Special Revenue Fund) is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

The School's general fund reported an ending fund balance of \$40,863. For the year ended June 30, 2015, the School's revenues and other financing sources (\$7,360,469) exceeded expenditures (\$7,319,606) by \$40,863.

The School's special revenue fund reported an ending fund balance of \$0. For the year ended June 30, 2015, the School's revenues (\$404,769) equaled expenditures (\$404,769).

**General Fund Budgetary Highlights**

Actual revenues and other financing sources were less than budgeted revenues by \$174,331 primarily due to less than expected local and state aid. Actual expenditures were less than budgeted expenditures by \$97,777 primarily due to greater than budgeted instruction expenditures.

**Capital Asset and Debt Administration**

**CAPITAL ASSETS**

As of June 30, 2015, the School's investment in capital assets for its governmental activities totaled \$497,371 (net of accumulated depreciation and related debt). This investment in capital assets includes building, building improvements and equipment.

Major capital asset purchases during the year included the following:

- Capital expenditures of \$195,865 for building improvements
- Capital expenditures of \$370,914 for furniture and equipment
- Capital expenditures of \$147,562 for capital leases

Additional information on the School's capital assets can be found in Note 3 of this report.

**LONG-TERM DEBT**

As of June 30, 2015, the School has long-term debt of \$126,858 for capital lease obligations.

**Economic Factors and Next Year's Budgets and Rates**

The School's primary source of revenue comes from per pupil funding from the Camden City School District. For school year 2015-16 we are expecting enrollment growth which includes the addition of three new campuses (i.e., Molina Elementary, McGraw Elementary and East Camden Middle). We expect to enroll over 1300 students next year.

**Future Events that will Financially Impact the School**

Camden Renaissance School per pupil funding has decreased in school year 2015-16 by approximately 5% compared to funding levels during 2014-15. This will have a significant impact on the School budget next year.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2015**

**Contacting the School's Financial Management**

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the School Business Administrator, Mastery Schools of Camden, Inc., 5700 Wayne Avenue, Philadelphia, PA 19144.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**A-1 STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Governmental Activities	Total
<b>Assets</b>		
Cash and Cash Equivalents	\$ 813,091	\$ 813,091
Receivables, Net	449,688	449,688
Receivables from Other Governments	180,517	180,517
Prepaid Items	268,513	268,513
Capital Assets		
Capital Assets, Net of Depreciation	624,229	624,229
<b>Total Assets</b>	<b>2,336,038</b>	<b>2,336,038</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	1,630,993	1,630,993
Payable to Other Governments	27,733	27,733
Capital Lease Obligations:		
Due Within One Year	27,774	27,774
Due in More than One Year	99,084	99,084
Unearned Revenue	12,220	12,220
<b>Total Liabilities</b>	<b>1,797,804</b>	<b>1,797,804</b>
<b>Net Position</b>		
Net Investment in Capital Assets	497,371	497,371
Unrestricted	40,863	40,863
<b>Total Net Position</b>	<b>\$ 538,234</b>	<b>\$ 538,234</b>

See accompanying Notes to Financial Statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**A-2 STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenues			Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 2,587,217	\$ -	157,627	\$ -	\$ (2,429,590)	\$ (2,429,590)
Special Education Instruction	718,722	-	-	-	(718,722)	(718,722)
School Sponsored Activities	21,859	-	-	-	(21,859)	(21,859)
Other Instruction	241,619	-	-	-	(241,619)	(241,619)
Support Services:						
Student & Instruction Related Services	746,330	-	245,392	-	(500,938)	(500,938)
General Administration	920,239	-	-	-	(920,239)	(920,239)
School Administrative Services	638,828	-	-	-	(638,828)	(638,828)
Administrative Information Technology	10,278	-	-	-	(10,278)	(10,278)
Plant Operations and Maintenance	1,066,779	-	-	-	(1,066,779)	(1,066,779)
Pupil Transportation	30,555	-	-	-	(30,555)	(30,555)
Other Support Services	1,750	-	1,750	-	(5,154)	(5,154)
Interest on Long-Term Debt	5,154	-	-	-	(90,112)	(90,112)
Unallocated Depreciation	90,112	-	-	-	(6,674,673)	(6,674,673)
<b>Total Governmental Activities</b>	<b>7,079,442</b>	<b>-</b>	<b>404,769</b>	<b>-</b>	<b>(6,674,673)</b>	<b>(6,674,673)</b>
<b>Total Primary Government</b>	<b>\$ 7,079,442</b>	<b>\$ -</b>	<b>\$ 404,769</b>	<b>\$ -</b>	<b>(6,674,673)</b>	<b>(6,674,673)</b>
General Revenues						
Local Share				181,005		181,005
State Share				5,471,859		5,471,859
Federal and State Aid Not Restricted				180,517		180,517
Private Grants				1,375,505		1,375,505
Miscellaneous Income				4,021		4,021
<b>Total General Revenues and Transfers</b>				<b>7,212,907</b>		<b>7,212,907</b>
Change in Net Position				538,234		538,234
Net Position, Beginning of Year				-		-
Net Position, Ending				\$ 538,234		\$ 538,234

See accompanying Notes to Financial Statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**B-1 BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 813,091	\$ -	\$ 813,091
Receivables, Net	88,220	361,468	449,688
Due from Other Funds	361,468	-	361,468
Receivables from Other Governments	180,517	-	180,517
Prepaid Expenditures	<u>268,513</u>	-	268,513
Total assets	<u>\$ 1,711,809</u>	<u>\$ 361,468</u>	<u>\$ 2,073,277</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	807,124	-	807,124
Accrued Expenses	823,869	-	823,869
Due to Other Funds	-	361,468	361,468
Payable to Other Government	27,733	-	27,733
Unearned Revenue	<u>12,220</u>	-	<u>12,220</u>
Total liabilities	<u>1,670,946</u>	<u>361,468</u>	<u>2,032,414</u>
Fund Balances:			
Nonspendable:			
Prepaid Expenditures	268,513	-	268,513
Unassigned:			
General fund	(227,650)	-	(227,650)
Special revenue fund	-	-	-
Total Fund balances	<u>40,863</u>	-	<u>40,863</u>
Total liabilities and fund balances	<u>\$ 1,711,809</u>	<u>\$ 361,468</u>	<u>\$ 2,073,277</u>
Total Governmental Fund Balances			\$ 40,863
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:			
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds:			
Capital Assets			714,341
Accumulated Depreciation			<u>(90,112)</u>
			624,229
Capital lease obligations used in governmental funds are not financial resources and, therefore, are not reported in the fund liabilities. The total capital lease obligations, both current and long term, are reported in the statement of net position. Balances at year end are:			
			<u>(126,858)</u>
Net Position of Governmental Activities			<u>\$ 538,234</u>

See accompanying Notes to Financial Statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**B-2 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2015**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local sources:			
Local share	\$ 181,005	\$ -	\$ 181,005
State share	5,471,859	-	5,471,859
Private grants	1,375,505	-	1,375,505
Miscellaneous	4,021	-	4,021
Total - Local Sources	7,032,390	-	7,032,390
State sources	180,517	-	180,517
Federal sources	-	404,769	404,769
Total revenues	<u>7,212,907</u>	<u>404,769</u>	<u>7,617,676</u>
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Regular instruction	2,429,590	157,627	2,587,217
Special education instruction	718,722	-	718,722
School Sponsored Activities	21,859	-	21,859
Other instruction	593,435	-	593,435
Support services:			
Student and instruction related services	500,938	245,392	746,330
General administration	920,239	-	920,239
School administrative services	664,686	-	664,686
Administrative information technology	10,278	-	10,278
Plant operations and maintenance	1,281,742	-	1,281,742
Pupil transportation	30,555	-	30,555
Other support services	-	1,750	1,750
Capital lease expenditures	147,562	-	147,562
Total expenditures	<u>7,319,606</u>	<u>404,769</u>	<u>7,724,375</u>
Excess (Deficiency) of revenues over expenditures	<u>(106,699)</u>	<u>-</u>	<u>(106,699)</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from capital lease obligation (non-budgeted)	147,562	-	147,562
Total other financing sources	<u>147,562</u>	<u>-</u>	<u>147,562</u>
Net change in fund balances	40,863	-	40,863
Fund balance—July 1	-	-	-
Fund balance—June 30	<u>\$ 40,863</u>	<u>\$ -</u>	<u>\$ 40,863</u>

See accompanying Notes to Financial Statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**B-3 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balances - Governmental Funds \$ 40,863

Amounts Reported for Governmental Activities in the Statement of Activities 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.

Capital Outlays	714,341
Depreciation Expense	<u>(90,112)</u>
	<u>624,229</u>

Governmental funds report capital lease obligations proceeds as financing sources, while repayment is reported as expenditures. In the statement of net position, however, the capital lease obligations increases liabilities and does not affect the statement of activities and repayment of principal reduces the obligations. The net effect of these differences in the treatment of the capital lease obligations is as follows:

Capital lease obligations	(126,858)
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<b>Change in net assets of governmental activities</b>	<u><u>\$ 538,234</u></u>
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**MASTERY SCHOOLS OF CAMDEN, INC.  
B-4 STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**B-5 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
B-6 STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
B-7 STATEMENT OF FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**B-8 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 1      BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Charter School and Reporting Entity**

Mastery Schools of Camden, Inc. (School) is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. The School was formed in the State of New Jersey as a nonprofit corporation for the purpose of operating and maintaining a Renaissance school charter granted by the State of New Jersey. Mastery Schools of Camden, Inc. operates the Renaissance school project under an operating agreement with the Camden City School District and is located in the County of Camden, State of New Jersey. The Renaissance school project agreement began effective July 17, 2014 for a ten year term. The School served 403 students from grades kindergarten to fifth grade.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School. For the School, this includes general operations and special revenue activities of the School.

The primary criterion for including activities within the School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School over which the Board exercises operating control. Based on the aforementioned criteria, the School has no component units to be included in the reporting entity. Further, the School is not includable in any other reporting entity on the basis of such criteria.

The Mastery Schools of Camden, Inc. School Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Its mission is all students learn the academic and personal skills they need to succeed in higher education, compete in the global economy, and pursue their dreams.

**Basis of Presentation**

The financial statements of the School have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report on the School as a whole. The statement of activities demonstrates the degree to which the direct expenses of the School's function are offset by program revenues.

The fund financial statements (governmental fund balance sheet and statement of governmental fund revenues, expenditures and changes in fund balance) report on the School's general fund and special revenue fund.

*Government-wide Financial Statements:*

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by provider have been met.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

*Fund Financial Statements:*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The school reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the School and accounts for all revenues and expenditures of the School except for those required to be accounted for in other fund.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that legally restricted to expenditures for specified purposes.

**Method of Accounting**

Accounting standards requires a statement of net position, a statement of activities and changes in net position. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Method of Accounting (Continued)**

These calculations are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that do not meet the definition of “restricted” or “net invested in capital assets.”

In the fund financial statements, governmental funds report nonspendable portions of fund balance related to prepaid expenditures, long term receivables, and corpus on any permanent fund. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances represent amounts constrained for a specific purpose by a governmental entity using its highest level of decision-making authority. Committed fund balances are established and modified by a resolution approved by the Board of Trustees. Assigned fund balances are intended by the School to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balances are considered the remaining amounts.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance are available, it is currently the School’s policy to use restricted first, then unrestricted fund balance. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, it is currently the School’s policy to use committed first, then assigned, and finally unassigned amounts.

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. An annual budget is adopted for the General Fund and Special Revenue Fund.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and Budgetary Accounting (Continued)**

The Budgetary Comparison Schedule should present both the original and the final appropriated budgets for the reporting period. The School only has a general fund budget; an original budget was filed and accepted in June 2014 by the Labor, Education and Community Services Comptroller's Office. An amended budget was approved by the Board of Trustees in January 2014. The budget is required supplementary information.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**On-Behalf Payments**

Revenues and expenditures of the General Fund include payments made by the state of New Jersey for pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School's annual budget.

**Significant Accounting Estimates—Self-Insured Claims**

The School participates in a self-funded benefit payment plan ("the plan"). The Mastery Charter High School is the sponsor of the plan. The plan covers eligible employees/members and dependents of the School as defined in the agreement. The School is primarily self-insured, up to certain limits, for employee group health claims. The Plan contains stop-loss insurance, which will reimburse the Plan for individual claims in excess of \$150,000 annually. The stop-loss insurance provides \$1,000,000 of coverage in addition to our aggregate annual claims limit of \$8,689,466 for the fiscal year ended June 30, 2015. The annual claims limit is based on the average enrollment of 956 lives times a monthly claims factor of \$757. The aggregate limit is the maximum that can be paid for all employees and dependents in a policy year.

During the year ended June 30, 2015, the School paid premiums to Mastery Charter High School based on 1) the Plan's historical claims experience, 2) actual claims for the year ended June 30, 2015 and 3) the estimated claims incurred but not reported. Such estimates were provided by the School's benefits consultant.

Total expense under the program was approximately \$7,949,333, which includes the School's portion of \$280,849 for the year ended June 30, 2015.

**Cash and Cash Equivalents**

The School's cash is considered to be cash on hand, amounts held at financial institutions, and certificate of deposits that are readily convertible to known amounts of cash.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

Accounts receivable primarily consist of amounts due from the New Jersey Department of Education for federal and state subsidy programs. Accounts receivable are stated at the amount management expects to collect from outstanding balances. As of June 30, 2015, no allowance for doubtful accounts was deemed warranted.

**Prepaid Items**

Prepaid items include payments to vendors for services applicable to future accounting periods such as rental payments and insurance premiums.

**Capital Assets**

Capital assets, which include property and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Capital assets of the School are depreciated using the straight-line method over the estimated useful lives of the assets. Software costs are depreciated over thirty-six months using the straight-line method.

**Income Tax Status**

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. No provision for income taxes has been established, as the School has no unrelated business activity.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 2 CASH AND CASH EQUIVALENTS**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School invests in repurchase agreements with its bank wherein the funds are secured by obligations of the U.S. Government or agencies or instrumentalities of the U.S. Government. As of June 30, 2015, \$604,168 of the School's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	-
Uninsured and collateral held by the pledging bank's trust department not in the School's name		604,168
Total Custodial Credit Risk	\$	<u>604,168</u>

Reconciliation to the Financial Statements:

Total Custodial Credit Risk	\$	604,168
Plus: Insured Amount		250,000
Less: Outstanding Checks		(44,077)
Petty Cash		3,000
Total Cash Per Financial Statements	\$	<u>813,091</u>

**NOTE 3 CAPITAL ASSETS**

Capital assets are stated at cost. Depreciation has been calculated on such assets using the straight line method over the following estimated lives:

Buildings Improvements	5 - 10 years
Furniture and Equipment	5 - 10 years
Capital Lease Equipment	5 years

Capital asset activity for the year is summarized below:

	Beginning Balance July 1, 2014	Additions	Deletions	Ending Balance June 30, 2015
<b>Governmental Activities</b>				
Capital Assets, being Depreciated:				
Building Improvements	\$ -	\$ 195,865	\$ -	\$ 195,865
Furniture and Equipment	-	370,914	-	370,914
Capital Lease Equipment	-	147,562	-	147,562
Total Capital Assets being Depreciated	<u>-</u>	<u>714,341</u>	<u>-</u>	<u>714,341</u>
Less Accumulated Depreciation for:				
Building Improvements	-	6,198	-	6,198
Furniture and Equipment	-	54,402	-	54,402
Capital Lease Equipment	-	29,512	-	29,512
Total Accumulated Depreciation	<u>-</u>	<u>90,112</u>	<u>-</u>	<u>90,112</u>
Total Capital Assets being Depreciated, Net	<u>-</u>	<u>624,229</u>	<u>-</u>	<u>624,229</u>
Governmental Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ 624,229</u>	<u>\$ -</u>	<u>\$ 624,229</u>

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 4 CAPITAL LEASE OBLIGATIONS**

The School leases copiers under capital leases that expire August 2019 and September 2019. As of June 30, 2015, the leased copiers are reflected at a cost of \$147,562 and related accumulated depreciation of \$29,512. The leases require monthly payments of principal and interest ranging from \$923 to \$1,847 at rate of 4.79% per annum.

Future minimum payments under the capital lease as of June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 33,246
2017	33,246
2018	33,246
2019	33,246
2020	<u>7,388</u>
Total	140,372
Less: Amount Representing Interest	<u>13,514</u>
Present Value of Minimum Lease Payments	<u><u>\$ 126,858</u></u>

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital Lease Obligation	\$ -	\$ 147,562	\$ 20,704	\$ 126,858
Total Long Term Debt	<u>\$ -</u>	<u>\$ 147,562</u>	<u>\$ 20,704</u>	<u>\$ 126,858</u>

**NOTE 5 REVENUE**

The School receives a substantial amount of its support from federal, state and local governments. A significant reduction in the level of support, if it were to occur, could have an effect on the School's programs and activities.

**NOTE 6 GOVERNMENT GRANTS AND REIMBURSEMENT PROGRAMS**

The School participates in numerous state and federal grant and reimbursement programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs and reimbursement programs for social security taxes, retirement expense and health services are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants and reimbursement programs, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 7 PENSION PLAN**

*Application to State of New Jersey Pension Plans*

The School submitted its application to the New Jersey Division of Pensions and Benefits to join the State of New Jersey pension system. The School is awaiting approval of its application, which is typically a lengthy process for a new school. We are actively monitoring the status of our application with the New Jersey Department of Education and the Division of Pensions and Benefits. Upon receiving approval to join the pension system, the School will begin enrolling employees in the pension system, process payroll deductions and receive the State of New Jersey subsidy for employer FICA contributions on the wages of members of the TPAF.

The School is part of the Mastery Charter School 403(b) Retirement Plan, a multiple employer defined contribution plan under Section 403(b) of the Internal Revenue Code, which employees of the School can elect to contribute. Employee contributions are not matched by the School.

**NOTE 8 RISK MANAGEMENT**

The 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. The School carries commercial insurance for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the School's policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three years.

**NOTE 9 MANAGEMENT AGREEMENT**

The School uses a Network Support Team (NST) for its educational, administrative and financial services. The NST is a separate department that is included in the operations of the Mastery Charter High School.

As of July 1, 2014, the School entered into a one year management agreement with the Mastery Charter High School to provide educational, administrative and financial services for the School by the NST. The NST management fee is 8.5% of local school funds plus reimbursement for any costs NST incurs in providing the educational, administrative and financial services. Unless specified notice is given, the agreement renews each year during the term of the School's charter. The total NST management fee totaled \$480,494 for the current year.

**NOTE 10 SIGNIFICANT TRANSACTIONS**

The School received grants from the Mastery Charter Schools Foundation totaling \$1,300,000 in the year ended June 30, 2015.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 11    NEW ACCOUNTING STANDARDS ADOPTED**

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application ("GASB 72"). The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and for enhancing disclosures around fair value measurements. The provisions of this Statement are effective financial statements in periods beginning after June 15, 2015. The School has not yet completed the process of evaluating the impact of GASB 72 on its financial statements.

In June 2015, GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments ("GASB 76"). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted. The School has not yet completed the process of evaluating the impact of GASB 76 on its financial statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**C-1 BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 169,594	\$ 25,000	\$ 194,594	\$ 181,005	\$ (13,589)
Fundraising	1,000,000	375,000	1,375,000	1,375,000	-
Miscellaneous	-	4,800	4,800	4,526	(274)
<b>Total - Local Sources</b>	<b>1,169,594</b>	<b>404,800</b>	<b>1,574,394</b>	<b>1,560,531</b>	<b>(13,863)</b>
<b>State Sources:</b>					
Equalization Aid	4,402,857	850,000	5,252,857	5,099,818	(153,039)
Special Education Categorical Aid	724,049	(350,000)	374,049	239,144	(134,905)
Security Aid	-	150,000	150,000	132,897	(17,103)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	95,000	88,500	183,500	180,517	(2,983)
<b>Total State Sources</b>	<b>5,221,906</b>	<b>738,500</b>	<b>5,960,406</b>	<b>5,652,376</b>	<b>(308,030)</b>
<b>Total Revenues</b>	<b>6,391,500</b>	<b>1,143,300</b>	<b>7,534,800</b>	<b>7,212,907</b>	<b>(321,893)</b>
<b>EXPENDITURES:</b>					
<b>REGULAR EDUCATION - INSTRUCTION</b>					
Salaries of Teachers	1,636,501	(25,000)	1,611,501	1,610,891	610
Other Salaries for Instruction	176,000	(37,000)	139,000	131,217	7,783
Purchased Professional-Educational Services	59,228	76,650	135,878	132,440	3,438
General Supplies	76,087	88,900	164,987	161,693	3,294
General Supplies - Books	175,625	39,500	215,125	193,336	21,789
General Supplies - Computers	188,750	(4,500)	184,250	100,885	83,365
General Supplies - Furniture & Equipment	157,740	107,260	265,000	262,742	2,258
Other Objects	10,500	59,900	70,400	69,213	1,187
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>2,480,431</b>	<b>305,710</b>	<b>2,786,141</b>	<b>2,662,417</b>	<b>123,724</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Salaries of Teachers	452,500	(216,000)	236,500	235,327	1,173
Other Salaries for Instruction	128,000	(35,150)	92,850	92,736	114
Purchased Professional-Educational Services	187,000	113,740	300,740	297,367	3,373
General Supplies	15,000	1,200	16,200	16,019	181
General Supplies - Books	-	700	700	637	63
Other Purchased Services	10,000	2,800	12,800	12,615	185
<b>TOTAL SPECIAL EDUCATION</b>	<b>792,500</b>	<b>(132,710)</b>	<b>659,790</b>	<b>654,701</b>	<b>5,089</b>
<b>ADMINISTRATIVE</b>					
Salaries - Administration	304,000	61,000	365,000	361,485	3,515
Salaries - Other Administrative	161,000	(62,000)	99,000	95,031	3,969
Total Benefits Costs	858,570	(188,400)	670,170	655,860	14,311
Purchased Professional/Technical Services	141,000	134,650	275,650	265,388	10,262
Other Purchased Professional Services	480,500	257,000	737,500	696,567	40,933
Insurance	62,000	(31,000)	31,000	30,696	304
Communications/Telephone	61,400	(51,000)	10,400	9,490	910
General Supplies	74,000	(13,800)	60,200	60,107	93
General Supplies - Computers	8,000	(7,200)	800	788	12
General Supplies - Furniture & Equipment	12,600	(12,600)	-	-	-
Other Purchased Services	24,000	7,700	31,700	30,239	1,461
<b>TOTAL ADMINISTRATIVE</b>	<b>\$ 2,187,070</b>	<b>\$ 94,350</b>	<b>\$ 2,281,420</b>	<b>\$ 2,205,651</b>	<b>\$ 75,770</b>

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**C-1 BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>SUPPORT SERVICES</b>					
Salaries - Support Services	\$ 270,000	\$ (46,450)	\$ 223,550	\$ 220,928	\$ 2,622
Purchased Professional Services	113,500	41,250	154,750	142,832	11,918
Student Activities	27,000	(12,500)	14,500	13,973	527
Supplies and Materials	34,000	21,930	55,930	43,913	12,017
Transportation Services	35,000	(3,900)	31,100	30,555	546
Facility Maintenance	809,000	(150,800)	658,200	651,090	7,110
Rental of Land and Buildings	143,500	(10,000)	133,500	133,167	333
Energy Costs	168,000	201,000	369,000	365,309	3,691
General Supplies - Furniture & Equipment	6,500	43,000	49,500	47,508	1,992
<b>TOTAL SUPPORT SERVICES</b>	<u>1,606,500</u>	<u>83,530</u>	<u>1,690,030</u>	<u>1,649,275</u>	<u>40,756</u>
Capital lease outlay	-	-	-	147,562	(147,562)
<b>TOTAL EXPENDITURES</b>	<u>7,066,501</u>	<u>350,880</u>	<u>7,417,381</u>	<u>7,319,606</u>	<u>97,777</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(675,001)</u>	<u>792,420</u>	<u>117,419</u>	<u>(106,699)</u>	<u>(224,118)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases (non-budgeted)	-	-	-	147,562	147,562
Total other financing sources and uses	-	-	-	147,562	147,562
Net change in fund balances	(675,001)	792,420	117,419	40,863	(76,556)
Fund balance - July 1	-	-	-	-	-
Fund Balance - June 30	<u>\$ (675,001)</u>	<u>\$ 792,420</u>	<u>\$ 117,419</u>	<u>\$ 40,863</u>	<u>\$ (76,556)</u>

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**C-2 BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Federal sources					
Title I, Part A	\$ 105,000	\$ 228,143	\$ 333,143	333,143	\$ -
Title II, Part A		2,496	2,496	2,496	-
IDEA, Part B		69,130	69,130	69,130	-
Total revenues	<u>105,000</u>	<u>299,769</u>	<u>404,769</u>	<u>404,769</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Other Salaries for Instruction	-	115,500	115,500	115,579	(79)
Purchased Professional-Educational Services	-	43,000	43,000	42,048	952
Total Regular Programs - Instruction	<u>-</u>	<u>158,500</u>	<u>158,500</u>	<u>157,627</u>	<u>873</u>
Support services:					
Salaries - Support Services	105,000	115,000	220,000	220,972	(972)
Total Benefits Costs	-	24,519	24,519	24,420	99
Purchased Professional Services	-	1,750	1,750	1,750	-
Total expenditures	<u>105,000</u>	<u>141,269</u>	<u>246,269</u>	<u>247,142</u>	<u>(873)</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances					
Fund balance—July 1	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance—June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**MASTERY SCHOOLS OF CAMDEN, INC.  
REQUIRED SUPPLEMENTARY INFORMATION  
C-3 BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2015**

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

The General Fund budget basis is GAAP, therefore no reconciliation is required.

### **SPECIAL REVENUE FUND**

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

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**SPECIAL REVENUE FUND**  
**E-1 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Total</u>	<u>Title I</u>	<u>Title II</u>	<u>IDEA</u>
<b>REVENUES</b>				
Intergovernmental				
State	\$ -	\$ -	\$ -	\$ -
Federal	404,769	333,143	2,496	69,130
Other Sources				
Miscellaneous	-	-	-	-
Total revenues	<u>404,769</u>	<u>333,143</u>	<u>2,496</u>	<u>69,130</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular instruction	165,972	165,226	746	-
Support services:				
Student & instruction related services	237,047	167,917	-	69,130
Other support services	1,750	-	1,750	-
Total expenditures	<u>404,769</u>	<u>333,143</u>	<u>2,496</u>	<u>69,130</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance—July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance—June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**PROPRIETARY FUNDS**

## **ENTERPRISE FUND**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or there the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

For the year ended June 30, 2015, the School had no enterprise funds.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**ENTERPRISE FUND**  
**G-1 STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
ENTERPRISE FUND  
G-2 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
ENTERPRISE FUND  
G-3 STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**FIDUCIARY FUNDS**

MASTERY SCHOOLS OF CAMDEN, INC.  
FIDUCIARY FUND  
H-1 COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

NOT APPLICABLE

MASTERY SCHOOLS OF CAMDEN, INC.  
FIDUCIARY FUND  
H-2 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
FIDUCIARY FUND  
H-3 STUDENT ACTIVITY AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
FIDUCIARY FUND  
H-4 PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
FIDUCIARY FUND  
H-5 UNEMPLOYEMENT COMPENSATION INSURANCE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
STATISTICAL SECTION**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<p><b>Financial Trends</b> These schedules contain trend information to help the reader understand how the school's financial performance and well being have changed over time.</p>	<b>51</b>
<p><b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	<b>60</b>
<p><b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the school's current levels of outstanding debt and the school's ability to issue additional debt in the future.</p>	<b>65</b>
<p><b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the school's financial activities take place.</p>	<b>69</b>
<p><b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the school's financial report relates to the services the school provides and the activities it performs.</p>	<b>72</b>

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.*

## FINANCIAL TRENDS

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-1 NET POSITION BY COMPONENT**  
**(UNAUDITED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30**

	2015
Governmental Activities	
Invested in Capital Assets, Net of Related Debt	\$ 497,371
Unrestricted Fund Balance	40,863
Governmental Activities	\$ 538,234

	2015
School-Wide	
Invested in Capital Assets, Net of Related Debt	\$ 497,371
Unrestricted	40,863
Total School Net Position	\$ 538,234

Source: CAFR Schedule A-1

**MASTERY SCHOOLS OF CAMDEN, INC.  
J-2 CHANGES IN NET POSITION  
(UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30**

	<b>2015</b>
<b>EXPENSES</b>	
Governmental Activities	
Instruction:	
Regular instruction	\$ 2,587,217
Special education instruction	718,722
School Sponsored Activities	21,859
Other instruction	241,619
Support services:	
Student and instruction related services	746,330
General administration	920,239
School administrative services	638,828
Administrative information technology	10,278
Plant operations and maintenance	1,066,779
Pupil transportation	30,555
Other support services	1,750
Debt service:	
Interest	5,154
Unallocated depreciation	90,112
Total expenditures	7,079,442
<b>REVENUES</b>	
Governmental Activities	
Local sources:	
Local share	181,005
State share	5,471,859
Private grants	1,375,505
Miscellaneous	4,021
Total - local sources	7,032,390
State sources	180,517
Federal sources	404,769
Total revenues	7,617,676
Net (Expense)/Revenue	
Government Activities	\$ 538,234
Total School-Wide net Expense	\$ 538,234

Source: CAFR Schedule A-2

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-2A COMBINED BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**(UNAUDITED)**  
**JUNE 30, 2015**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 813,091	\$ -	\$ 813,091
Receivables, net	88,220	361,468	449,688
Due from other funds	361,468	-	361,468
Receivables from other governments	180,517	-	180,517
Prepaid Expenditures	268,513	-	268,513
Total assets	<u>\$ 1,711,809</u>	<u>\$ 361,468</u>	<u>\$ 2,073,277</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	807,124	-	807,124
Accrued Expenses	823,869	-	823,869
Interfund payable	-	361,468	361,468
Payable to other government	27,733	-	27,733
Deferred revenue	12,220	-	12,220
Total liabilities	<u>1,670,946</u>	<u>361,468</u>	<u>2,032,414</u>
Fund Balances:			
Nonspendable:			
Prepaid Expenditures	268,513	-	268,513
Unassigned:			
General fund	(227,650)	-	(227,650)
Special revenue fund	-	-	-
Total Fund balances	<u>40,863</u>	<u>-</u>	<u>40,863</u>
Total liabilities and fund balances	<u>\$ 1,711,809</u>	<u>\$ 361,468</u>	<u>\$ 2,073,277</u>

Source: CAFR B-1

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-2B COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2015**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local sources:			
Local Share	\$ 181,005	\$ -	\$ 181,005
State Share	5,471,859	-	5,471,859
Private Grants	1,375,505	-	1,375,505
Miscellaneous	4,021	-	4,021
Total - Local Sources	7,032,390	-	7,032,390
State sources	180,517	-	180,517
Federal sources	-	404,769	404,769
Total revenues	<u>7,212,907</u>	<u>404,769</u>	<u>7,617,676</u>
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Regular instruction	2,429,590	157,627	2,587,217
Special education instruction	718,722	-	718,722
School Sponsored Activities	21,859	-	21,859
Other instruction	593,435	-	593,435
Support services:			
Student & instruction related services	500,938	245,392	746,330
General administration	920,239	-	920,239
School administrative services	664,686	-	664,686
Administrative information technology	10,278	-	10,278
Plant operations and maintenance	1,281,742	-	1,281,742
Pupil transportation	30,555	-	30,555
Other support services	-	1,750	1,750
Debt service:			
Capital lease expenditures	147,562	-	147,562
Total expenditures	<u>7,319,606</u>	<u>404,769</u>	<u>7,724,375</u>
Excess (Deficiency) of revenues over expenditures	<u>(106,699)</u>	<u>-</u>	<u>(106,699)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital lease obligation (non-budgeted)	147,562	-	147,562
Total other financing sources and uses	<u>147,562</u>	<u>-</u>	<u>147,562</u>
Net change in fund balances	40,863	-	40,863
Fund balance—July 1	-	-	-
Fund balance—June 30	<u>\$ 40,863</u>	<u>\$ -</u>	<u>\$ 40,863</u>

Source: CAFR B-2

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-2C STATEMENT OF CASH FLOWS**  
**GOVERNMENTAL FUNDS**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2015**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Increase in Fund Balance</b>	\$ 40,863	\$ -	\$ 40,863
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities			
Increase in Current Assets			
Accounts receivable	(268,737)	(361,468)	(630,205)
Due From Other Funds	(361,468)	-	(361,468)
Prepaid Expenses	(268,513)	-	(268,513)
Increase in Current Liabilities			
Accounts Payable	807,124	-	807,124
Accrued Expenses	823,869	-	823,869
Deferred Revenue	12,220	-	12,220
Due to Other Governments	27,733	-	27,733
Due to Other Funds	-	361,468	361,468
<b>Net Cash Provided by Operating Activities</b>	<u>813,091</u>	<u>-</u>	<u>813,091</u>
Total Increase in Cash and Cash Equivalents	813,091	-	813,091
Cash and Cash Equivalents - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents - End of Year	<u>\$ 813,091</u>	<u>\$ -</u>	<u>\$ 813,091</u>

Source: School Financial Statements

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-3 FUND BALANCES - GOVERNMENTAL FUNDS**  
**(UNAUDITED)**  
**YEARS ENDED JUNE 30**

	<u>2015</u>
General Fund	
Non-Spendable	\$ 268,513
Unassigned Fund Balance	<u>(227,650)</u>
Total General Fund	<u>\$ 40,863</u>

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-4 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**(UNAUDITED)**  
**YEARS ENDED JUNE 30**

	<b>2015</b>
<b>REVENUES</b>	
Local sources:	
Local Share	\$ 181,005
State Share	5,471,859
Private Grants	1,375,505
Miscellaneous	4,021
Total - Local Sources	7,032,390
State sources	180,517
Total revenues	7,617,676
 <b>EXPENDITURES</b>	
Current:	
Instruction:	
Regular instruction	2,587,217
Special education instruction	718,722
School Sponsored Activities	21,859
Other instruction	593,435
Support services:	
Student & instruction related services	746,330
General administration	920,239
School administrative services	664,686
Administrative information technology	10,278
Plant operations and maintenance	1,281,742
Pupil transportation	30,555
Other support services	1,750
Debt service:	
Capital lease expenditures	147,562
Total expenditures	7,724,375
Excess (Deficiency) of revenues over expenditures	(106,699)
 <b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds from capital lease obligation (non-budgeted)	147,562
Total other financing sources and uses	\$ 147,562
Net change in fund balances	\$ 40,863

Source: CAFR Schedule B-2

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-5 GENERAL FUND – OTHER LOCAL REVENUE BY SOURCE**  
**(UNAUDITED)**  
**YEARS ENDED JUNE 30**

	<u>Private Grants</u>	<u>Miscellaneous</u>	<u>Totals</u>
2015	\$ 1,375,505	\$ 4,021	\$ 1,379,526

Source: Charter School Records

**REVENUE CAPACITY**

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-6 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
J-7 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

MASTERY SCHOOLS OF CAMDEN, INC.  
J-8 PRINCIPAL PROPERTY TAXPAYERS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

MASTERY SCHOOLS OF CAMDEN, INC.  
J-9 PROPERTY TAX LEVIES AND COLLECTIONS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

## DEBT CAPACITY

**MASTERY SCHOOLS OF CAMDEN, INC.  
J-10 RATIOS OF OUTSTANDING DEBT BY TYPE  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

MASTERY SCHOOLS OF CAMDEN, INC.  
J-11 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

MASTERY SCHOOLS OF CAMDEN, INC.  
J-12 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**MASTERY SCHOOLS OF CAMDEN, INC.  
J-13 LEGAL DEBT MARGIN INFORMATION  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-14 DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**(UNAUDITED)**

	Population <sup>a</sup>	Personal Income <sup>b</sup>	County per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2015	77,332	\$ 1,006,011,988	\$ 13,009	12.1%

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Personal capital income by municipality estimated based upon the 2000 Census published by the Bureau of Economic Analysis

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

## OPERATING INFORMATION

**MASTERY SCHOOLS OF CAMDEN, INC.  
J-15 PRINCIPAL EMPLOYERS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-16 FULL-TIME EQUIVALENT SCHOOL EMPLOYEES BY FUNCTION/PROGRAM**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30**

	<b>2015</b>
<b>Function/Program</b>	
Instruction:	
Regular instruction	30.0
Special education instruction	6.0
Other instruction	4.5
Support services:	
Student & instruction related services	11.0
General administration	8.0
<b>Total</b>	<b>59.5</b>

Source: School Personnel Records

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-17 OPERATING STATISTICS**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2015**

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff <sup>a</sup>	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>b</sup>	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2015	474	7,319,606	\$ 15,442	N/A	30	15.8	380.13	355.5	N/A	93.5%

**Sources:** School records

**Note:** Enrollment based on June school count.

**MASTERY SCHOOLS OF CAMDEN, INC.  
J-18 SCHOOL BUILDING INFORMATION  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

MASTERY SCHOOLS OF CAMDEN, INC.  
J-19 GENERAL FUND – SCHEDULE OF REQUIRED MAINTENANCE BY SCHOOL FACILITY  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-20 INSURANCE SCHEDULE**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2015**

	<u>Coverage</u>	<u>Deductible</u>
<b>School Package Policy</b>		
Building and Contents (All Locations)	\$ 301,727,562	\$ 10,000
Boiler and Machinery	75,152,361	5,000
General Liability (Each Occurrence)	1,000,000	-
General Liability (Aggregate)	2,000,000	-
Educators Legal Liability	1,000,000	25,000
General Automobile Liability	1,000,000	-
School Board Legal Liability	1,000,000	5,000
Umbrella	10,000,000	10,000
Employers Liability	500,000	-
Workers' Compensation	500,000	-
<b>Student Accident Insurance</b>	10,000	-
<b>Fidelity/Employee Theft Bond</b>	\$ 250,000	\$ 1,000

Source: Charter School Records

**CHARTER SCHOOL PERFORMANCE  
FRAMEWORK FINANCIAL INDICATORS**

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-21 FINANCIAL PERFORMANCE – FINANCIAL RATIOS**  
**NEAR TERM INDICATORS**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
Cash	\$ 813,091
Current Assets	1,711,809
Capital Assets - Net	624,229
Total assets	<u>\$ 2,336,038</u>
Current Liabilities	1,698,720
Long Term Liabilities	99,084
Total liabilities	<u>\$ 1,797,804</u>
Net Position	<u>\$ 538,234</u>
Total Revenue	7,617,676
Total Expenses	<u>7,079,442</u>
Change in Net Position	<u>\$ 538,234</u>
Depreciation	90,112
Principal Payments	20,704
Interest Payments	5,154
Final Average Daily Enrollment	380
March 30th Budgeted Enrollment	600
	<u>2015</u>
Near Term Indicators	
Current Ratio	1.01
Unrestricted Days Cash	42
Enrollment Variance	0.63
Default	N/A

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-22 FINANCIAL PERFORMANCE – FINANCIAL RATIOS**  
**SUSTAINABILITY INDICATORS**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2015**

	<b>2015</b>
Cash	\$ 813,091
Current Assets	1,711,809
Capital Assets - Net	624,229
Total assets	\$ 2,336,038
Current Liabilities	1,698,720
Long Term Liabilities	99,084
Total liabilities	\$ 1,797,804
Net Position	\$ 538,234
Total Revenue	7,617,676
Total Expenses	7,079,442
Change in Net Position	\$ 538,234
Depreciation	90,112
Principal Payments	20,704
Interest Payments	5,154
Final Average Daily Enrollment	380
March 30th Budgeted Enrollment	600
	<b>2015</b>
Sustainability Indicators	
Total Margin	7%
Debt to Asset	0.77
Cash Flow	813,091
Debt Service Coverage Ratio	21.01

**SINGLE AUDIT SECTION**



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**INDEPENDENT AUDITORS' 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**

Board of Trustees  
Mastery Schools of Camden, Inc.  
Camden, New Jersey

We have audited, in accordance with the 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 *requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities and the general fund of Mastery Schools of Camden, Inc., as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Mastery Schools of Camden, Inc.'s basic financial statements, and have issued our report thereon dated November 2, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Mastery Schools of Camden, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mastery Schools of Camden, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Mastery Schools of Camden, Inc.'s internal control.

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

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

Board of Trustees  
Mastery Schools of Camden, Inc.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Mastery Schools of Camden, Inc. in a separate report entitled, "Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance" dated November 2, 2015.

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
November 2, 2015



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**INDEPENDENT AUDITORS' 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**

Board of Trustees  
Mastery Schools of Camden, Inc.  
Camden, New Jersey

**Report on Compliance for Each Major Federal Program**

We have audited Mastery Schools of Camden, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement and New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Mastery Charter High School's major state programs for the year ended June 30, 2015. Mastery Schools of Camden, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditors' Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Mastery Schools of Camden, Inc.'s compliance.

**Opinion on Each Major State Program**

In our opinion, Mastery Schools of Camden, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Board of Trustees  
Mastery Schools of Camden, Inc.

### **Report on Internal Control Over Compliance**

Management of Mastery Schools of Camden, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mastery Schools of Camden, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of New Jersey's OMB Circular Letter 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 Mastery Schools of Camden, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB A-133 Circular A-133 and the State of New Jersey's OMB Circular Letter 04-04. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
November 2, 2015

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED JUNE 30, 2015**

State Grantor	Program Title	Grant or State Project Number	Grant/Contract Period	Grant Amount	Accrued (Deferred) Revenue at 7/1/14	Total Received for the Year	Budgetary Expenditures	Accrued (Deferred) at 6/30/15
	State Department of Education							
	Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 5,099,818	\$ -	\$ 5,149,138	\$ 5,099,818	\$ (49,320)
	Security Aid	15-495-034-5120-084	7/1/14-6/30/15	132,897	-	145,426	132,897	(12,529)
	Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	239,144	-	204,140	239,144	35,004
	Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	180,517	-	-	180,517	180,517
	Total State Department of Education					5,498,704	5,652,376	153,672
	Total Expenditures of State Awards					\$ 5,498,704	\$ 5,652,376	\$ 153,672

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 1    GENERAL INFORMATION**

The accompanying Schedules of Expenditures of State Awards presents the activities of the State financial assistance programs of Mastery Schools of Camden, Inc. (the School). Financial awards received directly from state agencies, as well as financial assistance passed through other governmental agencies or non-profit organizations, are included in the schedule.

**NOTE 2    BASIS OF PRESENTATION**

The accompanying Schedules of Expenditures of State Awards includes the state grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey OMB Circular Letter 04-04.

**NOTE 3    RELATIONSHIP TO FINANCIAL STATEMENTS**

The Schedules of Expenditures of State Awards present only a selected portion of the activities of the School. It is not intended to, nor does it, present either the balance sheet, revenue, expenditures, or changes in fund balances of governmental funds. The financial activity for the aforementioned awards is reported in the School's statement of activities and statement of revenue, expenditures, and changes in fund balance – governmental funds.

**MASTERY SCHOOLS OF CAMDEN, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes  no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes  no

**State Awards**

1. Internal control over major state programs:
- Material weakness(es) identified? \_\_\_\_\_ yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  none reported
2. Type of auditor’s report issued on compliance for major state programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes  no

**Identification of Major State Programs**

<b>GMIS Number(s)</b>	<b>Name of State Program or Cluster</b>
15-495-034-5120-078	Equalization Aid – Local and State Aid
Dollar threshold used to distinguish between Type A or Type B programs was:	\$ <u>300,000</u>
Auditee qualified as low-risk auditee pursuant to OMB Circular A-133?	_____ <input checked="" type="checkbox"/> yes _____ no

**MASTERY SCHOOLS OF CAMDEN, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

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**Section III – Findings and Questioned Costs – Major State Programs**

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Our audit did not disclose any matters required to be reported in accordance with State of New Jersey's OMB Circular Letter 04-04.

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**Section IV – Prior Audit Findings**

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There were no prior year findings required to be reported under the State Single Audit Act.