



**LEAP Academy**  
University Charter School

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
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## **INTRODUCTORY SECTION**



**BOARD OF TRUSTEES**

**OFFICERS**

Gloria Bonilla-Santiago, Ph.D.  
*Chair*

John Hall  
*Vice-Chair*

Paul Whitman  
*Treasurer*

**PUBLIC MEMBERS**

Donald Borden  
Phoebe Haddon, Esq.  
Cal Maradonna  
Heather Matuszewski-Burke  
Maria Miranda  
Dr. Michael Palis  
Patricia Peña  
Jennifer Perkins Young  
Robert Ransom  
Omar Samaniego  
Melinda Sanchez  
Horacio Sosa, Ph.D.

**PARENT REPRESENTATIVES**

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Mathew Goodwin  
Hector Nieves  
Brenda Ortiz

**LEAD PERSON**

Janice Strigh

**Chief of Academic Innovation**

Ivelys Figueroa

**Chief Financial Officer/SBA**

Ken Verrill

**Chief Operations Officer**

Manuel Delgado

**BOARD LIAISON**

Wanda I. Garcia, MSW

December 18, 2015

Members of the Board of Trustees  
Members of the LEAP Academy University Charter School Community  
County of Camden, New Jersey

Dear Board Members/School Community Members:

The comprehensive annual financial report of the LEAP Academy University Charter School for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the LEAP Academy University Charter School and its governing body, the Board of Trustees. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects, reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter 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 generally presented on a multi-year basis. The School is required to undergo an annual single audit in conformity with the provisions of U.S. Management and Budget Circular A-133, "Audits of States Local Governments and Non Profits Organizations", and the State of New Jersey OMB Circular 15-08. 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.

**REPORTING ENTITY AND ITS SERVICES:** As a public charter school, the LEAP Academy University Charter School, Inc. is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the Charter School are included in this report. The LEAP Academy Board of Trustees and its K-12 public charter school constitutes the reporting entity.

LEAP Academy provides a full range of educational services appropriate to grade levels K-12. These include regular, as well as special education for handicapped and special needs youngsters. The Charter School completed the 2014-2015 fiscal year with 1,369 students. The following details the changes in the student enrollment of the Charter School since 1997:

Administration Headquarters  
Dr. Gloria Bonilla-Santiago Building  
STEAM High School Campus  
130 North Broadway  
Camden, NJ 08102  
Main#: 856-614-0400

Fiscal Year	Student Enrollment	Percent Change
2014-2015	1,369	4.26%
2013-2014	1,313	9.96%
2012-2013	1,194	38.8%
2011-2012	860	2.2%
2010-2011	751	-02.9%
2009-2010	774	02.2%
2008-2009	757	- 01.3%
2007-2008	767	- 0.13%
2006-2007	768	09.5%
2005-2006	701	03.0%
2004-2005	680	04.9%
2003-2004	648	09.0%
2002-2003	594	10.0%
2001-2002	540	11.1%
2000-2001	486	12.5%
1999-2000	432	14.2%
1998-1999	378	16.6%
1997-1998	324	

During the 14-15 SY, the School drew its students from the following districts: City of Camden (88% of total enrollment), Atlantic City, Evesham Township, Maple Shade Township, Mount Laurel Township, Palmyra Borough, Willingboro Township, Bellmawr Borough, Black Horse Pike Borough, Cherry Hill Township, Chesilhurst Township, Clementon Borough, Collingswood Borough, Gloucester City, Gloucester Township, Lawnside Borough, Lindenwold Borough, Merchantville Borough, Oaklyn Borough, Pennsauken Township, Pine Hill Township, Voorhees Township, Winslow Township, Woodlynne Borough, Deptford Township, Glassboro, West Deptford Township, and Woodbury City.

**OVERVIEW OF THE LEAP ACADEMY UNIVERSITY CHARTER SCHOOL:** The LEAP (Leadership, Education and Partnership) Academy University Charter School (“LEAP” or the “School”) is a comprehensive K-12 public charter school serving students in Camden City, NJ. The School focuses on providing a college preparatory education with an emphasis on the content areas of Science, Technology, Engineering and Mathematics (“STEM”). Founded in 1997, LEAP Academy began by serving 324 students in grades K-5 and has since grown using a grade phase-in model. In 2001, the School added a high school program, and in 2009, its charter was amended to incorporate an additional high school program with a narrower focus on STEM and approval to increase enrollment in its high school by 240 students. The School currently serves 1,320 students across the K-12 grade spectrum. LEAP has established a successful high school graduation and college placement track record, with all nine senior classes achieving 100% graduation and college placement rates since its first graduating class in 2005. The School’s charter has been renewed three times; its current charter covers the period of 2010-2016. The school just completed the renewal application process and expects a satisfactory renewal to another five years. The school is classified as Tier 1 School (the highest ranking) by the New Jersey Department of Education based on academic, operations and fiscal indicators.

LEAP Academy was one of the first thirteen charter schools that opened in New Jersey in 1997 and the first charter school in Camden City. It is one of the few charter schools in New Jersey offering a comprehensive K-12 program. The School was housed in temporary modular classroom units in 1997. Since then, it has acquired five buildings along Cooper Street. The presence of LEAP Academy has added a vibrant K-12 presence to Camden’s “Education Corridor,” which also features campuses for Rutgers University, Rowan University, Camden County College, and the Rutgers Early Learning

Research Academy (ELRA). The location of LEAP Academy alongside three institutions of higher education allows for Camden children to start their education in infancy with ELRA, proceed to the LEAP Academy and transition to higher education all along Cooper Street. The LEAP (Leadership, Education and Partnership) Academy University Charter School is a comprehensive K-12 public charter school serving students in Camden City, NJ.

The mission of the school is to enhance opportunities for the children and families of Camden through the collaborative design, implementation, and integration of education, health, and human services programs and through community development. That mission is sustained by a commitment to providing “Camden City students with the knowledge and skills to pursue post-secondary education, while building and sustaining an environment where all members of the educational community are committed to continuous growth and development toward high academic standards and are partners in building a positive, collaborative and nurturing community and dynamic learning environment.” Five core elements sustain the school’s organizational and philosophical framework -- (1) Accountability for Time, People, Time, Money, and Programs; (2) Pipeline for College Access for All Students PreK – 16; (3) Teacher Development and Support; (4) Parent Engagement; and, (5) Early Learning means Later Earning. The collective focus is on closing the achievement gap and ensuring college preparation and completion among African American and Latino students who are poor and mostly first-generation college students.

Several elements have contributed to LEAP’s successful track record of high school graduation and college placement. First, LEAP is using the charter school approach as a vehicle for reform and transformation by establishing an organizational structure that is entrepreneurial, effectively allocates resources, and is highly accountable. Second, LEAP has embraced the importance of placing college and career readiness at the center of its normative structure—one that encompasses high expectations for students, educators, and families. Third, the LEAP model begins at infancy to ensure that children are part of a comprehensive system that supports them into productive adulthood. A continuum of wrap-around services provide the support system for all students in the pipeline with the expectation every child will succeed. This framework creates the conditions to effectively prepare children and adults to participate as full members in the civic, cultural, and economic life of the community and region.

A set of organizational elements lie at the core of the School’s approach and instructional program as follows:

- Entrepreneurial Governance/ Leadership
- Rigorous instructional program is offered through a longer school day and year
- Focus on college-preparatory learning experiences intended to raise students’ college awareness, preparedness, and attendance
- School based health and human services for students and families
- Comprehensive family engagement program
- Partnerships with all the local higher education institutions that allow for our students to gain exposure to college, take advantage of dual credit courses options and for our faculty to collaborate with university faculty on teaching and learning
- Performance Based Compensation & Professional Development
- Ongoing Assessment & Evaluation
- Mission Alignment with Local Community Needs

LEAP Academy’s instructional program is grounded on STEAM. At the Elementary level, the focus is on providing a strong academic foundation in math and language arts integrated with the teaching of other core content areas such as Science, Social Studies and World Languages, as well as a Dual language program (English/Spanish) for cohorts of students in grades K-3. The LEAP High School

Program is based on the concept of academies. During the 9<sup>th</sup> and 10<sup>th</sup> grades, students take core foundation courses. By the 11<sup>th</sup> grade, they focus in a specialized track on one of the three options—STEM, Liberal Arts/Social Studies, and/or Business. A Fabrication Lab provides the space for students in all tracks to engage in multi-disciplinary, project-based learning.

The best indicator of academic success for LEAP Academy students is its graduation and college placement rate. LEAP graduates and places in college 100% of its students. This places the LEAP Academy within the top performing schools in the state. Since LEAP is a K-12 system, students are assessed by the NJDOE beginning in the 3<sup>rd</sup> grade. Over the last few years, the school has seen a steady growth pattern in performance in state assessment and is classified as a Tier 1 school under the NJ Department of Education's Performance Framework for Charter Schools.

**HISTORICAL BACKGROUND:** LEAP Academy is the culmination of a three-year strategic planning effort funded through a \$1.5 million planning grant from the Delaware River Port Authority (DRPA) that provided for convening a working group composed of university faculty, public school teachers and principals, parents, and community leaders. This working group engaged in strategic planning to develop a comprehensive, full-service school that could provide rigorous and targeted educational experiences for children and families. A governance structure that provides for stakeholder representation, including university officials, parents, local business leaders and philanthropists and experts in various instructional and operational areas, was developed through the School's by-laws. LEAP is incorporated as a non-profit organization in New Jersey and is recognized by the IRS as an organization exempt from federal income taxation under Section 501(c3) of the Internal Revenue Code.

An important element in the development of the LEAP Academy has been its alignment with Camden's vision for a University District along Cooper Street. After housing its school in temporary modular units from 1997-1999, LEAP relocated to its permanent facility at 7<sup>th</sup> and Cooper Street--a three-story historic building that was originally built as an Elks Club and housed St. Mary's Parochial School. With financial support from the Delaware River Port Authority, the building underwent a \$7.5 million renovation to transform it into a state-of-the-art school facility occupied in September 1999. In January of 2005, a second building was completed to house the new high school program. This new facility was financed by a unique partnership between the Delaware River Port Authority (DRPA) and Rutgers University, with DRPA awarding a \$2 million grant and issuing tax-exempt bonds in the amount of \$8 million to finance the high school construction. These bonds were guaranteed by Rutgers University to ensure that LEAP could negotiate a low interest rate. In the fall of 2012, a building dedicated to STEM education opened, financed through new market credits provided through the Reinvestment Fund and JPMorgan Chase Bank, N.A. in the amount of \$10 million. This building currently houses a pre-school program managed by Rutgers University's Early Learning research Academy and the Intermediate School (grades 7-9). This year a new building was completed and named the Dr. Gloria Bonilla-Santiago STEAM facility. This building was financed through tax exempt bonds issued by the NJ Economic Development Authority. The buildings houses the school's high school programs (grade 10-12), as well as district wide innovative units, including parent development centers, health center, Fabrication Lab and College Access Center. It also houses all the administrative offices for the entire LEAP system. The combination of LEAP and Rutgers buildings, as well as the presence of Rowan and Camden County Community College, makes it possible for a child to be educated from infancy through graduate school at an educational institution located along Cooper Street.

**ECONOMIC CONDITION AND OUTLOOK:** LEAP Academy is based in Camden City, one of the nation's poorest and violent cities in the U.S. Located in the southwestern part of the State of New

Jersey, Camden City is the second largest municipality in the Philadelphia Metropolitan Statistical Area.<sup>1</sup> Camden City is the seat for County government and was once a bustling economic power house for the region. Camden claims the highest percentage of families living in poverty (40%), when compared to every other city in New Jersey. The rate for children living in poverty in Camden is even higher with a rate of 56.7 percent. In relationship to the larger Camden County population composition, Camden City's population is almost entirely African American (48.1%) and Latino (47%). The combination of poverty and race/ethnicity is reflected in the population of students served in its schools. A very substantial share of its African American/black and Latino students attend "segregated schools" (also known as "apartheid schools") that are burdened by intense concentrated poverty and, usually, by gross inequality in both educational opportunities and outcomes. Although New Jersey is a rich, largely suburban state with an educated population, with growing diversity, and a tradition of strong public schools, its black and Latino students face far more extreme school segregation than black students in the South. The educational crisis have set the context for the growth of alternative educational options for children and families that are governed and operated outside of the district, such as charter schools and the newly created Renaissance Schools.

LEAP Academy has challenged the educational conditions facing many Camden students that are trapped in failing schools. The educational statistics are stark with students scoring at the lowest rates in the state and with more than half of its high school students graduating and even lower numbers transitioning to college and careers. Contrary to these statics, LEAP Academy graduates every high school students in its system and students at every grade level outperform student achievement rates for regular Camden public schools.

It is important to include in this discussion the inadequacies in funding of charter schools as part of the economic challenges we face. By design in New Jersey, charter schools do not receive facilities and only a portion of what the local district receives on per pupil basis. Charter schools do not receive adjusted aid and therefore the local district retains over \$6,000 for each student that attends a charter school. This funding scenario has resulted in a growing disparity between what charter school students receive and the aid that is available for other public school students. Addressing the funding disparity in an equitable and fair way is critical to the long-term sustainability of charter schools in New Jersey.

**MAJOR INITIATIVES/ACCOMPLISHMENTS:** The Board of Trustees continued to be engaged in macro-level issues with a focus on accountability, academic improvement, efficiency and resource development. The overall work of the Board and its Standing Committees concentrated on ensuring that classroom instructional practices and related learning experiences are of high quality to ensure that the students receive a rigorous college preparatory academic program; that the fiscal and operational aspects of the school are streamlined and strengthened through sound internal procedures; and that resources (facilities, people, materials, time, and funding) support the mission and programs of the school.

Major accomplishments for 2014-2015 include: (1) Renovation of the Bonilla-Santiago Building into a state-of-the-arts educational facility to house growing enrollment and provide adequate spaces for administrative offices and for specialized programs, such as Fab Lab, Health and Wellness Center, College Access and Parent Resource Center; (2) Sustaining 100% high school graduation and college placement rate, increasing placement of LEAP graduates in Ivy League School and increasing the college scholarship awards to over \$5,000,000; (3) Continuing to strengthen public information and marketing efforts by increasing utilization of website and social media and promoting positive stories with the media; (4) Cultivating and sustaining strong relationship between parents, students and staff; (5) Improvement of accountability for teachers and strengthening of performance based compensation program; and, (6) Strengthening Infant to 16 educational pipeline.

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<sup>1</sup> CQ Press (formerly Morgan Quitno) ranks the "most dangerous" cities annually.

**INTERNAL ACCOUNTING CONTROLS:** The managerial staff of the Charter 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 and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (G.A.A.P.). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to a periodic evaluation by the School's management. 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.

**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 approved by the Board of Trustees. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service 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 a reappropriation of fund balances in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

**ACCOUNTING SYSTEMS AND REPORTS:** The School's accounting records reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District 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.

**FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management.

**DEBT ADMINISTRATION:** The Charter School's outstanding debt at the close of the fiscal year was \$27,609,565.90. This debt is for bonds issued for the construction of or improvements to school facilities, the mortgage on the lower school facility, loans payable for the construction of the S.T.E.M. building and for implementation of a wireless network and a capital lease for computers.

**CASH MANAGEMENT:** The investment policy of the School is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1. 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 for 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.

The School utilizes TD Bank as its main depository for school funds. The Business Administrator utilizes the investment vehicles available through TD Bank. This program meets the G.U.D.P.A.

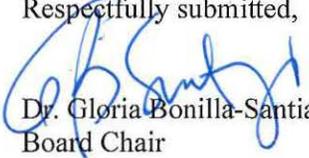
requirements. Most of the school's funds are invested in short-term Certificates of Deposit allowing the school to maximize interest and yet maintain the liquidity needed to meet its obligations.

**RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability and comprehensive collision, hazard and theft insurance on property and contents and fidelity bonds.

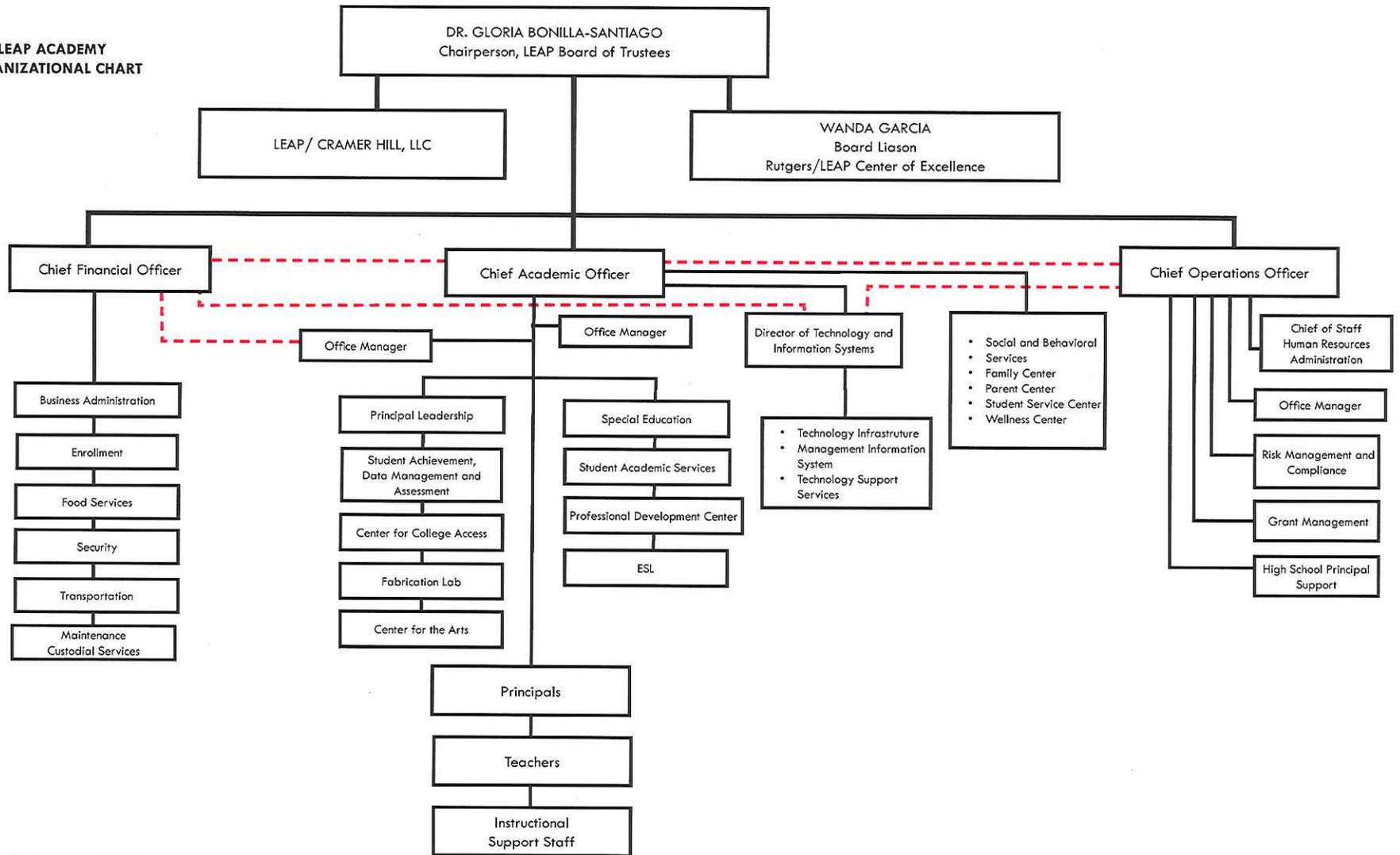
**OTHER INFORMATION:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company was selected by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of OMB Circular A-133 and New Jersey OMB Circular 15-08. 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 the report. The auditor's reports related specifically to the single audit are included in the single audit section of the report.

**ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the LEAP Academy Board of Trustees for its concern in providing fiscal accountability to all stakeholders in the school community, as well as the sending districts and the Commissioner of Education and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff, school administrative team members, and the Finance Committee of the Board of Trustees.

Respectfully submitted,

  
Dr. Gloria Bonilla-Santiago  
Board Chair

**LEAP ACADEMY  
ORGANIZATIONAL CHART**



REVISED 2/9/2015

RED = INTER-RELATED REPORTING

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**CAMDEN, NEW JERSEY**  
**ROSTER OF OFFICIALS**  
**June 30, 2015**

**Members of the Board of Trustees**

**Officers:**

Gloria Bonilla-Santiago	Chair
John Hall	Vice-Chair
Hector Nieves	Secretary
Paul Whitman	Treasurer

**Public Members:**

Phoebe Haddon, Esq.  
Cal Maradonna  
Heather Matuszewski-Burke  
Maria Miranda  
Brenda Ortiz  
Patricia Peña  
Dr. Benedetto Piccoli  
Robert Ramson  
Omar Samaniego  
Melinda Sanchez  
Dr. Horacio Sosa  
William Thompson  
Jennifer Young

**Parent Representatives:**

Danielle N. Askew-Lopez  
Mathew Goodwin  
Marlene Gonzalez  
Hector Nieves  
Brenda Ortiz

**Staff:**

Janice Strigh	Chief Operations Office/Lead Person
Ken Verrill	Chief Financial Officer/School Business Administrator
Evelyn Nunez,	Chief Academic Officer
Wanda Garcia	Board Liaison

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.  
CAMDEN, NEW JERSEY**

**Consultants and Advisors**

**Audit Firm**

Bowman & Company LLP  
601 White Horse Road  
Voorhees, NJ 08043-2493

**Attorneys**

Dilworth Paxson  
1500 Market St. 3500E  
Philadelphia, PA 19102

**Official Depositories**

TD Bank  
1701 Route 70 East  
Cherry Hill, NJ 08034

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
LEAP Academy University Charter School, Inc.  
County of Camden  
Camden, New Jersey 08102

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School'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.

### ***Auditor's 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 auditor's 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 Charter School'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 Charter School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the LEAP Academy University Charter School, Inc. in the County of Camden, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter***Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2015, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

*Prior Period Restatement*

Because of the implementation of GASB Statements No. 68 and No. 71, net position as of June 30, 2014 on the statement of activities has been restated, as discussed in note 22 to the financial statements. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Charter School's proportionate share of the net pension liability, and schedule of Charter School's contributions, as listed in the table of contents, 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 of the LEAP Academy University Charter School, Inc.'s basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the LEAP Academy University Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the LEAP Academy University Charter School, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Scott P. Barron  
Certified Public Accountant  
Public School Accountant No. CS 02459

Voorhees, New Jersey  
December 18, 2015

**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**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
LEAP Academy University Charter School, Inc.  
County of Camden  
Camden, New Jersey 08102

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated December 18, 2015. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the LEAP Academy University Charter School, 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 the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the LEAP Academy University Charter School, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Charter School'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.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the LEAP Academy University Charter School, 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 audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

***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 results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Scott P. Barron  
Certified Public Accountant  
Public School Accountant No. CS 02459

Voorhees, New Jersey  
December 18, 2015

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2015

(Unaudited)

As management of the LEAP Academy University Charter School, Inc. (hereafter referred to as the "Charter School"), we offer readers of the Charter School's annual financial report this narrative overview and analysis of the financial activities for the fiscal year that ended on June 30, 2015. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current fiscal year (2014-15) and the prior fiscal year (2013-14) is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

- During the fiscal year ended June 30, 2015, the Charter School was required to implement Governmental Accounting Standard Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, see discussion below. In addition, the notes to the financial statements provide a more thorough discussion of the implementation of GASB 68 and GASB 71 and the effects on the financial statements.
- The net position of the Charter School, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$3,640,047.82 at the close of the current fiscal year. Of this amount, \$3,490,274.60 represents net position of governmental activities and \$149,773.22 for Business-Type activities. At June 30, 2014, as restated, these were \$2,236,718.82 and zero respectively.
- LEAP Cramer Hill, LLC., a component unit of which LEAP Academy University Charter School, Inc. is the sole member, issued \$9,500,000.00 tax exempt and \$500,000.00 taxable Charter School Revenue Bonds during the fiscal year. The proceeds were utilized for (i) retrofitting a 12-story, approximately 73,000 square foot building to be used as a Pre K-12 school facility, (ii) refinancing a portion of a commercial loan used to acquire the building, (iii) funding capitalized interest on the Bonds during the construction period, (iv) funding a debt service fund, and (v) funding the costs of issuing the bonds. As a component unit, the financial activity of LEAP Cramer Hill, LLC. have been blended with the LEAP Academy University Charter School, Inc. in the Statement of Net Position and the Statement of Activities.
- As of the close of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances of \$3,658,934.17, an increase of \$1,283,700.34, in comparison with the prior fiscal year combined ending fund balances which were \$2,375,233.83.
- During the fiscal year, the Charter School began two capital projects which are ongoing at the end of the fiscal year. The first was for the installation of a wireless network throughout the Charter School for \$105,000.00 which was financed by a term loan. The second capital project was for the replacement of flooring at the lower school. For this project, \$275,000.00 was appropriated and the Charter School obtained temporary financing for a portion of those costs in the amount of \$170,000.00. This Charter School expects to permanently finance this project during the subsequent fiscal year.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This comprehensive annual financial report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Charter School as a whole and present a longer-term view of the Charter School's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Charter School's operations in more detail than the government-wide statements by providing information about the Charter School's most significant funds.

Reporting the Charter School as a Whole

One of the most important questions asked about the Charter School's finances is, "Is the Charter School as a whole better off or worse off as a result of the fiscal year's activities?" The statement of net position and the statement of activities report information about the Charter School as a whole and about its activities in a way that helps answer this question.

These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. In these statements, the financial activity of LEAP Cramer Hill, LLC and LEAP Academy University Charter School, Inc. are blended and transactions between the two are eliminated in the consolidated financial statements. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Charter School's *net position* and changes in it. You can think of the Charter School's net position - which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources - as one way to measure the Charter School's financial health, or *financial position*. Over time, *increases or decreases* in the Charter School's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Charter School's revenue base and the condition of the Charter School's capital assets, to assess the *overall health* of the Charter School.

Reporting the Charter School's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Charter School as a whole. As such, the financial activity of the component unit, LEAP Cramer Hill, LLC., is not presented in the fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter School can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds* - governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

Reporting the Charter School's Most Significant Funds (Cont'd)

The Charter School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, and capital projects fund, which are all considered to be major funds.

The Charter School adopts an annual budget for its general fund and special revenue fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

*Proprietary Funds* - The Charter School maintains one type of proprietary fund; that being an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Charter School uses an enterprise fund to account for its food service program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the food service program and are considered to be a major fund.

*Fiduciary Funds* - fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Charter School's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

*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.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL AS A WHOLE

Table A-1 provides a summary of the Charter School's net position for fiscal years 2015 and 2014.

	<b>Table A-1</b>					
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Current and Other Assets	\$ 6,833,282.83	\$ 3,802,124.54	\$ 218,793.10	\$ 51,882.20	\$ 7,052,075.93	\$3,854,006.74
Capital Assets	31,476,111.62	24,888,997.04	149,773.22	156,306.00	31,625,884.84	25,045,303.04
<b>Total Assets</b>	<b>38,309,394.45</b>	<b>28,691,121.58</b>	<b>368,566.32</b>	<b>208,188.20</b>	<b>38,677,960.77</b>	<b>28,899,309.78</b>
Deferred Outflow s of Resources - Related to Pensions	424,245.00				424,245.00	
Long-term Liabilities	32,272,172.88	18,577,023.18			32,272,172.88	18,577,023.18
Other Liabilities	2,494,068.97	2,348,627.58	218,793.10	208,188.20	2,712,862.07	2,556,815.78
<b>Total Liabilities</b>	<b>34,766,241.85</b>	<b>20,925,650.76</b>	<b>218,793.10</b>	<b>208,188.20</b>	<b>34,985,034.95</b>	<b>21,133,838.96</b>
Deferred Inflow s of Resources - Related to Pensions	\$ 477,123.00				477,123.00	
Net Position						
Net Investment in Capital Assets	3,866,545.72	\$ 5,564,897.49	\$ 149,773.22	\$ 156,306.00	\$ 4,016,318.94	\$5,721,203.49
Restricted	2,895,846.81	1,130,605.96			2,895,846.81	1,130,605.96
Unrestricted	(3,272,117.93)	1,069,967.37		(156,306.00)	(3,272,117.93)	913,661.37
	3,490,274.60	7,765,470.82	149,773.22		3,640,047.82	7,765,470.82
Restatement to Record the Charter School's Net Pension Liability and Pension Related Deferred Outflow s of Resources per GASB 68		(5,528,752.00)				(5,528,752.00)
<b>Total Net Position</b>	<b>\$ 3,490,274.60</b>	<b>\$ 2,236,718.82</b>	<b>\$ 149,773.22</b>	<b>\$ -</b>	<b>\$ 3,640,047.82</b>	<b>\$2,236,718.82</b>

Table A-2 provides an illustration of the impact of the Charter School's Net Position for the implementation of GASB 68.

**Table A-2**  
Statement of Net Position - Effect of Pension Related Items

	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>Change</b>	<b>% Change</b>
Deferred Outflow s Related to Pensions	\$ 424,245.00		\$424,245.00	100%
Less: Net Pension Liability	(5,223,857.00)	\$(5,528,752.00)	304,895.00	-5.51%
Less: Deferred Inflow s Related to Pensions	(477,123.00)		(477,123.00)	-100%
	<b>\$(5,276,735.00)</b>	<b>\$(5,528,752.00)</b>	<b>\$252,017.00</b>	<b>-5.51%</b>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-3 reflects changes in net position for fiscal years 2015 and 2014.

**Table A-3**  
**Change in Net Position**  
**Governmental and Business-Type Activities**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
Program revenues:						
Charges for services			\$ 243,269.52	\$ 126,754.65	\$ 243,269.52	\$ 126,754.65
Operating Grants and Contributions	\$ 3,750,804.89	\$ 2,913,464.88	975,403.52	97,782.55	4,726,208.41	3,831,247.43
Capital Grants and Contributions						
General revenues:						
Equalization Aid/Local Levy						
State and Local Share	18,564,339.00	17,502,834.00			18,564,339.00	17,502,834.00
Categorical Aid and Other State and Federal Aid not Restricted	910,395.00	1,004,955.85			910,395.00	1,004,955.85
Investment Earnings	3,765.44	58,290.26	30.70	28.13	3,796.14	58,318.39
Miscellaneous Income	846,426.63	170,033.56			846,426.63	170,033.56
Transfers	(175,921.11)	(188,671.98)	175,921.11	188,671.98		
<b>Total revenues</b>	<u>23,899,809.85</u>	<u>21,460,906.57</u>	<u>1,394,624.85</u>	<u>1,233,237.31</u>	<u>25,294,434.70</u>	<u>22,694,143.88</u>
<b>Expenses</b>						
Instruction	8,092,058.48	8,377,052.13			8,092,058.48	8,377,052.13
Administration	7,950,283.88	6,804,647.11			7,950,283.88	6,804,647.11
Support Services:	5,261,626.38	4,593,787.61			5,261,626.38	4,593,787.61
Interest on Long Term Debt	1,342,285.33	841,420.17			1,342,285.33	841,420.17
Food Services			1,244,851.63	1,145,665.68	1,244,851.63	1,145,665.68
<b>Total Expenses</b>	<u>22,646,254.07</u>	<u>20,616,907.02</u>	<u>1,244,851.63</u>	<u>1,145,665.68</u>	<u>23,891,105.70</u>	<u>21,762,572.70</u>
<b>Net Increase/(Decrease) in Net Position</b>	1,253,555.78	843,999.55	149,773.22	87,571.63	1,403,329.00	931,571.18
Beginning Net Position	<u>2,236,718.82</u>	<u>6,921,471.27</u>		<u>(87,571.63)</u>	<u>2,236,718.82</u>	<u>6,833,899.64</u>
Ending Net Position, Prior to Restatement	3,490,274.60	7,765,470.82	149,773.22		3,640,047.82	7,765,470.82
Restatement to Record the Charter School's Net Pension Liability and Pension Related Deferred Outflows of Resources per GASB 68		(5,528,752.00)				(5,528,752.00)
<b>Net Position -- June 30</b>	<u>\$ 3,490,274.60</u>	<u>\$ 2,236,718.82</u>	<u>\$ 149,773.22</u>	<u>\$ -</u>	<u>\$ 3,640,047.82</u>	<u>\$ 2,236,718.82</u>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-4 reflects the total cost of services in the governmental activities and the net cost offset with program revenues for fiscal years 2015 and 2014.

**Table A-4**  
**LEAP Academy University Charter School, Inc.**  
**Net Cost of Governmental Activities**

Governmental Activities:	Source	2015		2014	
		Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	A-2	\$ 8,092,058.48	\$ 7,426,670.57	\$ 8,377,052.13	\$ 7,582,459.92
Adminstration	A-2	7,950,283.88	5,633,034.85	6,804,647.11	5,792,613.59
Support Services	A-2	5,261,626.38	4,493,458.43	4,593,787.61	3,486,948.46
Interest on Long Term Debt	A-2	1,342,285.33	1,342,285.33	841,420.17	841,420.17
<b>Total Governmental Activities</b>		<b>\$22,646,254.07</b>	<b>\$18,895,449.18</b>	<b>\$20,616,907.02</b>	<b>\$17,703,442.14</b>

**Governmental Activities**

In the governmental activities, total assets increased by \$9,618,272.87. The overall cash position increased by \$3,168,344.99 since June 30, 2014. Deferred outflows increased \$424,245.00 as a result of the Charter School's implementation of GASB 68 for its participation in various pension plans. In addition, during the fiscal year 2015, capital assets (net) increased by \$6,587,114.58 as a result of the building project for which LEAP Cramer Hill, LLC., issued \$10,000,000.00 in Charter School Revenue Bonds.

Total liabilities increased by \$13,840,591.09. The chief reason was from the net increases in noncurrent liabilities: bonds payable \$9,697,992.83; mortgage payable (\$1,743,865.48); loans payable \$95,768.80; capital leases \$235,570.20; compensated absences (\$2,992.85) and net pension liability (\$304,895.00).

Deferred inflows of resources increased by \$477,123.00 as a result of the Charter School's implementation of GASB 68 for its participation in various pension plans.

At June 30, 2015, net position was \$3,490,274.60. At June 30, 2014, net position was \$2,236,718.82 as restated.

The largest portion of net position (111%), \$3,866,545.72 is the Charter School's net investment in capital assets. This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Charter School uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the Charter School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the Charter School's net position, or (62%), represents resources that are restricted, which totaled \$2,895,846.81. These amounts consist of amounts restricted for debt service, capital projects, grant expenditures and other restricted purposes.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

**Governmental Activities (Cont'd)**

The third and final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current fiscal year, the Charter School's unrestricted net position was a deficit of (\$3,272,117.93), or -94%.

During fiscal year 2015, the Charter School's total revenues increased by \$2,438,903.28, increasing from \$21,460,906.57 in fiscal year 2014 to \$23,899,809.85 in fiscal year 2015. The net increase in total revenues is largely attributable to the following:

- Increased enrollment resulted in increases in the Local Levy Equalization Aid by \$1,061,505.00. This revenue source represents the largest portion of total revenue or 78%.
- Increased grants and contributions by \$837,340.01 that include the recognition of on-behalf revenues for TPAF pension and social security paid by the state. This revenue source represents 16% of total revenues.
- Increased miscellaneous revenues by \$676,393.07 which are primarily revenues earned by LEAP Cramer Hill, LLC. This revenue source represents 4% of total revenues.
- Categorical aid and other state and federal unrestricted sources decreased (\$94,560.85) and were 4% of total revenues.
- Investment earnings decreased (\$54,524.82) and were less than 1% of total revenues.

During fiscal year 2015, the Charter School's total expenses increased by \$2,029,347.05, increasing from \$20,616,907.02 in fiscal year 2014 to \$22,646,254.07 in fiscal year 2015.

- Administration expenditures increased by \$1,145,636.77. The expenses related to employee benefits, pension costs including the recognition of TPAF on-behalf pension and social security paid by the state are included in administration expenditures.
- Support service expenditures increased by \$667,838.77.
- Interest on long-term debt increased by \$500,865.16.
- Expenditures for instruction decreased (\$284,993.65).

**Business-Type Activities**

In the business-type activities, total assets increased by \$160,378.12. The cash position increased by \$11,566.22. Accounts receivable increased \$66,753.25. Capital assets net of accumulated depreciation decreased by \$6,532.78.

Liabilities which included accounts payable increased by \$10,604.90.

At June 30, 2015, net position was \$149,773.22 for the net investment in capital assets. At June 30, 2014, net position was zero.

For 2015, business-type revenues were \$1,394,624.85, a 13% increase over the 2014 revenues which were \$1,233,237.31.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

**Business-Type Activities**

The largest source of business-type revenues (70%) were for operating grants \$975,403.52. These were \$917,782.55 in 2014. Charges for services were \$243,269.52 (17%) in 2015. Charges for services in 2014 were \$126,754.65.

Expenditures for business-type activities were \$1,244,851.63 in 2015, an increase of \$99,185.95 over expenditures of \$1,145,665.68 in 2014.

THE CHARTER SCHOOL'S FUNDS

Governmental Funds

As the Charter School completed the fiscal year, its governmental funds reported a *combined* fund balance of \$3,658,934.17, which is greater than last fiscal year's total of \$1,283,700.34. Of the aforementioned combined ending fund balances, an unassigned deficit fund balance existed in the amount of (\$169,694.63) in the Capital Projects Fund and an unassigned fund balance of \$1,275,372.38 the General Fund. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been earmarked as follows: (1) restricted for debt service reserve \$412,752.51, (2) restricted for sinking fund reserve \$1,097,546.66, (3) restricted for a state mandated reserve \$75,249.14, (4) restricted for local grants in the special revenue fund \$11,041.96, (5) committed for fiscal year-end encumbrances \$857,436.99 and (6) assigned for fiscal year-end encumbrances. As mentioned previously, the financial activity of LEAP Cramer Hill, LLC., of which LEAP Academy University Charter School, Inc. is the sole member are not included in the fund financial statements.

*General Fund* - The general fund is the general operating fund of the Charter School and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, the Charter School has an unassigned fund balance in the general fund of \$1,275,372.38.

During the current fiscal year, the fund balance of the Charter School's general fund increased by \$1,447,162.34. The primary factor affecting the fund balance of the general fund is as follows:

- Revenues increased by \$1,219,101.89 from \$19,678,826.63 in 2014 to \$20,897,928.52 in 2015. This was primarily from Equalization Aid increases and the recognition of revenues for TPAF on-behalf pension and social security.
- Expenditures increased from fiscal year 2014 by \$407,713.34; the expenditures under support services, mainly salaries were the primary reason for the increase.

*Special Revenue Fund* - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Fiscal year 2015 activity resulted from the Charter School administering and operating programs funded by the following federal awards: Title I, Part A; Title II, Part A, Title III; I.D.E.A. Part B, Basic; Race to the Top, edConnectNJ and Farm to School Gran and some local awards. Total revenues were \$1,433,555.86 and total expenditures were \$1,427,323.23 from these programs which are less than the revenues and expenditures of the previous fiscal year of \$1,901,431.36 and \$1,896,622.03 respectively.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

*Capital Projects Fund* - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from loans obtained for the specific capital purposes.

For the fiscal year ended June 30, 2015, the Charter School had revenues and other financing sources that totaled \$105,000.00 from a term loan from ABCO Federal Credit Union. There were expenditures in the amount of \$274,694.63 for wireless network installation and the replacement of flooring in the lower school. The flooring project was funded by temporary financing and resulting in an unrestricted deficit in the capital projects fund of (\$169,694.63).

Proprietary Funds

*Food Service Fund* - as the Charter School completed the fiscal year, the Charter School's total net position of the food service fund was \$149,773.22, which was comprised of \$149,773.22 of net investment in capital assets and zero unrestricted net position. During the fiscal year, the net position of the food service fund decreased by \$149,773.22 as a result of the funding of the overall deficit in net position.

General Fund Budgetary Highlights

During the fiscal year, the Charter School had a budget modification mainly for increases in revenues from students' district of residence. The final revenue anticipated was \$19,739,639.36, an increase of \$1,070,504.36 over the original anticipated revenue of \$18,669,135.00. Total budgeted revenues realized equaled \$20,897,925.52, which was \$1,158,289.16 in excess of the budget estimate, thus replenishing fund balance. This excess was mainly attributable to the Charter School's on-behalf T.P.A.F. pension contributions (normal cost and post-retirement medical) and reimbursed T.P.A.F. social security contributions, which totaled \$762,162.00 and \$529,892.03, respectively.

The final budgetary basis expenditure appropriation estimate was \$19,712,366.24, which is an increase of \$503,899.56 over the original budgeted estimate. Actual expenditures not including the other financing uses were \$19,719,119.52 and in excess of the final budget estimate by \$6,753.28. Since expenditures include the amounts recorded for T.P.A.F. social security contributions and T.P.A.F. pension contributions mentioned under revenue above which are not budgeted, this excess is not an overexpenditure of any appropriations.

Special Revenue Fund Budgetary Highlights

Differences between the original budget and the final modified budget totaled \$399,738.37 (increase in budgeted revenues and appropriations). The modifications resulted from approved increases in federal awards which were not known at the time the annual budget was adopted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Charter School's capital asset balance for its governmental and business-type activities as of June 30, 2015 amounted to a historical cost of \$42,654,747.56, or \$31,625,884.84 net of accumulated depreciation (see Table A-5). This balance of capital assets includes land, construction in progress, buildings and building improvements, equipment and vehicles. Net capital assets increased by \$6,580,581.80 in fiscal year 2015 from fiscal year 2014; primarily from the building project that is ongoing in with LEAP Cramer Hill, LLC.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)**

**Table A-5**  
**Capital Assets (Net of Accumulated Depreciation)**  
**As of June 30, 2015 and 2014**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 1,122,010.00	\$ 1,122,010.00			\$ 1,122,010.00	\$ 1,122,010.00
Construction in Progress	7,529,468.50	163,394.04			7,529,468.50	163,394.04
Buildings & Bldg Improvements	30,559,211.00	30,559,211.00			30,559,211.00	30,559,211.00
Equipment	2,976,262.51	2,707,829.00	\$ 276,680.55	\$ 267,963.00	3,252,943.06	2,975,792.00
Vehicles	191,115.00	191,115.00			191,115.00	191,115.00
<b>Total Capital Assets</b>	<b>42,378,067.01</b>	<b>34,743,559.04</b>	<b>276,680.55</b>	<b>267,963.00</b>	<b>42,654,747.56</b>	<b>35,011,522.04</b>
Less: Accumulated Depreciation	(10,901,955.39)	(9,854,562.00)	(126,907.33)	(111,657.00)	(11,028,862.72)	(9,966,219.00)
<b>Net Capital Assets</b>	<b>\$ 31,476,111.62</b>	<b>\$24,888,997.04</b>	<b>\$ 149,773.22</b>	<b>\$ 156,306.00</b>	<b>\$ 31,625,884.84</b>	<b>\$25,045,303.04</b>

The primary factors affecting the net increase in net capital assets are as follows:

- Construction in progress from ongoing projects of LEAP Academy University Charter School, Inc. and LEAP Cramer Hill, LLC. increased \$7,366,074.46
- A capital lease for computer equipment in the amount of \$268,433.51 was among the increases in capital assets for the fiscal year.
- Combined depreciation expense for governmental and business-type activities was \$1,062,643.72 for the fiscal year.

Additional information on the Charter School's capital assets can be found in note 5.

**Long-term Debt**

*General Obligation Bonds.* At the end of the current fiscal year, the Charter School had \$6,150,000.00 in general obligation bonds; \$10,007,992.83 in charter school revenue bonds (including an unamortized premium on issuance of \$7,992.83) outstanding, a net increase of \$9,697,992.83 from last fiscal year.

*Mortgage Payable.* At the end of the current fiscal year, the Charter School had a balance \$1,111,304.03 in mortgage payable; a decrease of \$1,743,865.48 from last fiscal year. This decrease includes the payoff of an existing mortgage with bond proceeds issued by LEAP Cramer Hill, LLC.

*Loans Payable.* At the end of the current fiscal year, the Charter School had a balance \$10,095,768.80 in loans payable; a net increase of \$95,768.80 from last fiscal year. The net increase is for a loan obtained from ABCO Federal Credit Union to finance the installation of a wireless network.

*Capital Leases.* At the end of the current fiscal year, the Charter School had capital leases totaling \$244,500.24 outstanding, an increase of \$235,570.20 from last fiscal year.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)**

Long-term Debt (Cont'd)

*Compensated Absences.* At the end of the current fiscal year, the Charter Schools had an \$83,150.98 liability for compensated absences, a decrease of \$2,992.85 from last fiscal year.

*Net Pension Liability.* At the end of the current fiscal year, the Charter Schools had a \$5,223,857.00 liability for its proportionate share of the net pension liability in the Public Employees' Retirement System.

**THE FUTURE OUTLOOK**

The Charter School maintained its budget through the revenue received from students' districts of residence for their equalization aid/local levy state and local share categorical aid specific for their students and from federal aid and miscellaneous revenue sources. Approximately 83% of total revenue is from the local and state levy, 4% is from categorical aid, 6% from other state aid, 7% is from federal sources and 1% from other local sources.

**CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our parents, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have any questions about this report or need additional information, contact the School Business Administrator, at LEAP Academy University Charter School, 130 North Broadway, Camden, New Jersey 08102.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Statement of Net Position  
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,440,130.82	\$ 17,262.20	\$ 2,457,393.02
Receivables	628,439.02	200,012.21	828,451.23
Internal Balances	12,097.46	(12,097.46)	
Restricted Cash and Cash Equivalents:			
Deposits Held for Debt Service	569,143.63		569,143.63
Deposits Held for Capital Projects	1,237,909.17		1,237,909.17
Deposits Held for Long-Term Reserves	1,945,562.73		1,945,562.73
Inventories		13,616.15	13,616.15
Capital Assets, net	31,476,111.62	149,773.22	31,625,884.84
<b>Total Assets</b>	<b>38,309,394.45</b>	<b>368,566.32</b>	<b>38,677,960.77</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 9)	424,245.00		424,245.00
<b>LIABILITIES:</b>			
Accounts Payable	1,380,848.23	218,793.10	1,599,641.33
Loans Payable	169,413.46		169,413.46
Payable to Federal Government	13,897.00		13,897.00
Payable to Local Government	1,185.52		1,185.52
Unearned Revenue	150.00		150.00
Accrued Interest Payable	284,173.76		284,173.76
Noncurrent Liabilities:			
Due within One Year	644,401.00		644,401.00
Due beyond One Year	32,272,172.88		32,272,172.88
<b>Total Liabilities</b>	<b>34,766,241.85</b>	<b>218,793.10</b>	<b>34,985,034.95</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 9)	477,123.00		477,123.00
<b>NET POSITION:</b>			
Net Investment in Capital Assets	3,866,545.72	149,773.22	4,016,318.94
Restricted for:			
Debt Service	2,174,825.98		2,174,825.98
Capital Projects	610,729.33		610,729.33
Special Revenue Fund	11,041.96		11,041.96
Other Purposes	99,249.54		99,249.54
Unrestricted (Deficit)	(3,272,117.93)		(3,272,117.93)
<b>Total Net Position</b>	<b>\$ 3,490,274.60</b>	<b>\$ 149,773.22</b>	<b>\$ 3,640,047.82</b>

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2015

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 8,092,058.48		\$ 665,387.91		\$ (7,426,670.57)		\$ (7,426,670.57)
Administration	7,950,283.88		2,317,249.03		(5,633,034.85)		(5,633,034.85)
Support Services	5,261,626.38		768,167.95		(4,493,458.43)		(4,493,458.43)
Interest on Long-Term Debt	1,342,285.33				(1,342,285.33)		(1,342,285.33)
Total Governmental Activities	22,646,254.07	-	3,750,804.89	-	(18,895,449.18)	-	(18,895,449.18)
Business-Type Activities:							
Food Service	1,244,851.63	\$ 243,269.52	975,403.52			\$ (26,178.59)	(26,178.59)
Total Business-Type Activities	1,244,851.63	243,269.52	975,403.52	-	-	(26,178.59)	(26,178.59)
Total Primary Government	\$ 23,891,105.70	\$ 243,269.52	\$ 4,726,208.41	-	(18,895,449.18)	(26,178.59)	(18,921,627.77)
General Revenues:							
Local Levy - Equalization Aid - Local and State Share					18,564,339.00		18,564,339.00
Categorical Aid and Other Federal and State Aid - Not Restricted					910,395.00		910,395.00
Investment Earnings					2,785.04	30.70	2,815.74
Restricted Interest Earnings					980.40		980.40
Miscellaneous Income					846,426.63		846,426.63
Transfers					(175,921.11)	175,921.11	
Total General Revenues and Transfers					20,149,004.96	175,951.81	20,324,956.77
Change in Net Position					1,253,555.78	149,773.22	1,403,329.00
Net Position -- July 1					7,765,470.82		7,765,470.82
Prior Period Adjustment (Note 22)					(5,528,752.00)		(5,528,752.00)
Net Position -- July 1 (Restated)					2,236,718.82		2,236,718.82
Net Position -- June 30					\$ 3,490,274.60	\$ 149,773.22	\$ 3,640,047.82

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

**FUND FINANCIAL STATEMENTS**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 2,352,951.77		\$ 0.01	\$ 2,352,951.78
Deposits Held for Debt Service	412,752.51			412,752.51
Deposits Held for Long-Term Reserves	1,172,795.80			1,172,795.80
Due from Other Funds:				
General Fund			27,238.82	27,238.82
Special Revenue Fund	220,896.70			220,896.70
Food Service Enterprise Fund	27,231.42			27,231.42
Intergovernmental Accounts Receivable:				
Federal		\$ 468,124.90		468,124.90
State	25,280.66			25,280.66
Accounts Receivable - Other	254,472.01	6,000.00		260,472.01
<b>Total Assets</b>	<u><u>\$ 4,466,380.87</u></u>	<u><u>\$ 474,124.90</u></u>	<u><u>\$ 27,238.83</u></u>	<u><u>\$ 4,967,744.60</u></u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 597,235.27	\$ 213,005.28	\$ 27,520.00	\$ 837,760.55
Loans Payable			169,413.46	169,413.46
Payable to Other Funds:				
General Fund		220,896.70		220,896.70
Capital Projects Fund	27,238.82			27,238.82
Fiduciary Fund	23,134.42			23,134.42
Food Service Enterprise Fund		15,133.96		15,133.96
Intergovernmental Accounts Payable:				
Federal Government		13,897.00		13,897.00
Other LEAs - State Aid	1,185.52			1,185.52
Unearned Revenue		150.00		150.00
<b>Total Liabilities</b>	<u><u>648,794.03</u></u>	<u><u>463,082.94</u></u>	<u><u>\$ 196,933.46</u></u>	<u><u>1,308,810.43</u></u>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Debt Service Reserve	412,752.51			412,752.51
Sinking Fund Reserve	1,097,546.66			1,097,546.66
State Mandated Reserve	75,249.14			75,249.14
Special Revenue Fund		11,041.96		11,041.96
<b>Committed:</b>				
Other Purposes	857,436.99			857,436.99
<b>Assigned:</b>				
Other Purposes	99,229.16			99,229.16
<b>Unassigned:</b>				
General Fund	1,275,372.38			1,275,372.38
Capital Projects			(169,694.63)	(169,694.63)
<b>Total Fund Balances</b>	<u><u>3,817,586.84</u></u>	<u><u>11,041.96</u></u>	<u><u>(169,694.63)</u></u>	<u><u>3,658,934.17</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 4,466,380.87</u></u>	<u><u>\$ 474,124.90</u></u>	<u><u>\$ 27,238.83</u></u>	

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$42,378,067.01, and the accumulated depreciation is \$10,901,955.39.				\$ 31,476,111.62
Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.				(284,173.76)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.				(27,692,716.88)
<p>In accordance with GASB 61, which requires the blended reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, balances maintained by the component unit would be reported on the statement of net position:</p>				
Cash Balances				2,254,246.26
Accounts Receivable				78,511.45
Accounts Payable				(259,974.26)
<p>In accordance with GASB 61, which requires the blended reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, all accounts receivable or accounts payable between the charter school and the component unit would be eliminated.</p>				
				(203,950.00)
Net Pension Liability				(5,223,857.00)
Accounts Payable related to the April 1, 2016 Required PERS pension contribution that is not to be liquidated with current financial resources.				(259,979.00)
Deferred Outflows of Resources - Related to Pensions				424,245.00
Deferred Inflows of Resources - Related to Pensions				<u>(477,123.00)</u>
Net position of governmental activities				<u>\$ 3,490,274.60</u>

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>				
Local Sources:				
Equalization Aid -Local and State Share	\$ 18,564,339.00			\$ 18,564,339.00
Categorical Aid	875,400.00			875,400.00
Revenue from Other Sources	131,140.49	\$ 10,095.00		141,235.49
State Sources	1,292,054.03			1,292,054.03
Federal Sources	34,995.00	1,423,460.86		1,458,455.86
<b>Total Revenues</b>	<b>20,897,928.52</b>	<b>1,433,555.86</b>		<b>22,331,484.38</b>
<b>EXPENDITURES:</b>				
Instruction	6,527,375.59	659,155.28		7,186,530.87
Administration	7,695,373.27			7,695,373.27
Support Services	4,179,884.05	768,167.95		4,948,052.00
Capital Outlay	1,316,486.61		\$ 274,694.63	1,591,181.24
<b>Total Expenditures</b>	<b>19,719,119.52</b>	<b>1,427,323.23</b>	<b>274,694.63</b>	<b>21,421,137.38</b>
Excess (Deficiency) of Revenues over Expenditures	1,178,809.00	6,232.63	(274,694.63)	910,347.00
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan Proceeds			105,000.00	105,000.00
Assets Acquired by Capital Lease	268,433.51			268,433.51
Recovery and Adjustments for Prior Year Special Revenue Fund Activity	(125,697.68)			(125,697.68)
Transfer to Fund Deficit in Food Service Enterprise Fund	(175,921.11)			(175,921.11)
Deposits Held for Sinking Fund:				
Sinking Fund Deposits	292,235.04			292,235.04
Interest on Sinking Fund Deposits	718.75			718.75
Deposits Held for Debt Service:				
Interest Earn on Deposit Held for Debt Service	26.97			26.97
Interest on Bonds Deposited	276,579.64			276,579.64
Bond Principal Deposited	323,748.22			323,748.22
Payment of Interest on Bonds by Trustee	(281,770.00)			(281,770.00)
Payment of Bond Principal by Trustee	(310,000.00)			(310,000.00)
<b>Total Other Financing Sources and Uses</b>	<b>268,353.34</b>		<b>105,000.00</b>	<b>373,353.34</b>
<b>Net Change in Fund Balances</b>	<b>1,447,162.34</b>	<b>6,232.63</b>	<b>(169,694.63)</b>	<b>1,283,700.34</b>
Fund Balance -- July 1	2,370,424.50	4,809.33		2,375,233.83
Fund Balance -- June 30	<u>\$ 3,817,586.84</u>	<u>\$ 11,041.96</u>	<u>\$ (169,694.63)</u>	<u>\$ 3,658,934.17</u>

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2015

Total Net Change in Fund Balances - Governmental Funds \$ 1,283,700.34

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

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

Depreciation Expense		\$ (1,047,393.39)
Capital Outlays (B-2)	\$ 1,591,181.24	
Less: Capital Outlay expensed in accordance with Charter School Policy	(149,666.51)	
Less: Principal on Debt, Sinking Fund and Debt Service Fund Deposits (Included on B-2)	<u>(898,386.59)</u>	
		<u>543,128.14</u>

(504,265.25)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 592,403.33

Proceeds from the issuance of debt is an increase to fund balance in the government funds, but the receipt increases long-term liabilities in the statement of net position and is not reported in the statement of activities. (373,433.51)

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an decrease in the reconciliation. (-) (519,875.75)

The adoption of GASBS 61 requires the reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, as a blended component unit on the statement of activities. Revenue and expenditure activity is not reported in the governmental funds. 509,999.37

In accordance with GASB 61, which requires the blended reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, all revenue and expenditure transactions between the charter school and the component unit would be eliminated. 269,996.40

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 2,992.85

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (7,962.00)

Change in Net Position of Governmental Activities \$ 1,253,555.78

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Proprietary Funds  
 Statement of Net Position  
 June 30, 2015

	Business-Type Activities - Enterprise Fund Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash	\$ 17,262.20
Accounts Receivable:	
State	1,496.00
Federal	87,489.66
Other	111,026.55
Interfund Receivables	
Special Revenue Fund	15,133.96
Inventories	13,616.15
	<u>246,024.52</u>
Total Current Assets	
Noncurrent Assets:	
Furniture, Fixtures and Equipment	276,680.55
Less Accumulated Depreciation	(126,907.33)
	<u>149,773.22</u>
Total Noncurrent Assets	
	<u>395,797.74</u>
Total Assets	
<b>LIABILITIES :</b>	
Current Liabilities:	
Accounts Payable	218,793.10
Due to General Fund	27,231.42
	<u>246,024.52</u>
Total Current Liabilities	
<b>NET POSITION:</b>	
Net Investment in Capital Assets	149,773.22
Unrestricted (Deficit)	-
	<u>-</u>
Total Net Position	
	<u>\$ 149,773.22</u>

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Proprietary Funds  
 Statement of Revenues, Expenses, and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2015

	Business-Type Activities <u>Enterprise Fund</u> Food Service
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 66,002.97
Daily Sales - Non-Reimbursable Programs	43,641.39
Special Functions	2,181.16
Rutgers - ELRA Contract	<u>131,444.00</u>
Total Operating Revenues	<u>243,269.52</u>
<b>OPERATING EXPENSES:</b>	
Salaries	482,866.67
Employee Benefits	71,287.76
Other Purchased Services	44,764.47
General Supplies	49,719.11
Depreciation	15,250.33
Cost of Sales	580,890.54
Miscellaneous Expenses	<u>72.75</u>
Total Operating Expenses	<u>1,244,851.63</u>
Operating Income (Loss)	<u>(1,001,582.11)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
State Sources:	
State School Lunch Program	13,377.66
Federal Sources:	
National School Lunch Program	642,686.18
National School Breakfast Program	214,121.68
After School Snack Program	6,573.94
Food Distribution Program	56,936.57
Fresh Fruit and Vegetables Program	32,754.50
School Meals Equipment and School Breakfast Expansion	8,952.99
Interest and Investment Revenue	<u>30.70</u>
Total Nonoperating Revenues (Expenses)	<u>975,434.22</u>
Income (Loss) before Contributions and Transfers	(26,147.89)
Operating Transfer In - General Fund	<u>175,921.11</u>
Change in Net Position	149,773.22
Net Position -- July 1	<u>                    </u>
Net Position -- June 30	<u>\$ 149,773.22</u>

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Proprietary Funds  
 Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Fund Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Customers	\$ 178,471.52
Payments to Employees	(482,866.67)
Payments for Employee Benefits	(71,287.76)
Payments to Suppliers	(518,763.76)
Net Cash Provided by (used for) Operating Activities	(894,446.67)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State Sources	12,979.64
Federal Sources	960,468.63
Operating Subsidies and Transfers to other Funds	(58,748.53)
Net Cash Provided by (used for) Non-Capital Financing Activities	914,699.74
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases of Capital Assets	(8,717.55)
Net Cash Provided by (used for) Capital and Related Financing Activities	(8,717.55)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and Dividends	30.70
Net Cash Provided by (used for) Investing Activities	30.70
Net Increase (Decrease) in Cash and Cash Equivalents	11,566.22
Balance -- July 1	5,695.98
Balance -- June 30	\$ 17,262.20
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	\$ (1,001,582.11)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	15,250.33
Food Distribution Program	56,936.57
(Increase) Decrease in Accounts Receivable, net	(64,798.00)
(Increase) Decrease in Inventories	(6,519.12)
Increase (Decrease) in Accounts Payable	106,265.66
Total Adjustments	107,135.44
Net Cash Provided by (used for) Operating Activities	\$ (894,446.67)

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2015

	<u>Trust Funds</u>	<u>Agency Funds</u>	
	Private Purpose Scholarship <u>Fund</u>	Student <u>Activity</u>	<u>Payroll</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,495.25	\$ 29,780.01	\$ 5,251.66
Interfund Accounts Receivable:			
Due from General Fund		19,415.66	3,718.76
<b>Total Assets</b>	<u>2,495.25</u>	<u>\$ 49,195.67</u>	<u>\$ 8,970.42</u>
<b>LIABILITIES:</b>			
Payroll Deductions and Withholdings			\$ 8,970.42
Accounts Payable		\$ 13,395.24	
Payable to Student Groups		29,733.81	
Payable to Parent Unit		6,066.62	
<b>Total Liabilities</b>		<u>\$ 49,195.67</u>	<u>\$ 8,970.42</u>
<b>NET POSITION:</b>			
Held for Scholarships	<u>2,495.25</u>		
<b>Total Net Position</b>	<u>\$ 2,495.25</u>		

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2015

	Private Purpose Scholarship <u>Fund</u>
ADDITIONS:	
Program Revenues	\$ 100.00
Total Contributions	100.00
Investment Earnings: Interest	2.57
Net Investment Earnings	2.57
Total Additions	102.57
DEDUCTIONS:	
Program Expenditures	300.00
Total Deductions	300.00
Change in Net Position	(197.43)
Net Position -- July 1	2,692.68
Net Position -- June 30	\$ 2,495.25

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2015

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

The financial statements of the LEAP Academy University Charter School, Inc. (the "Charter School") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Description of the Financial Reporting Entity**

The Charter School is a K-12 charter school located in the County of Camden, State of New Jersey. It was created on October 15, 1996 through the approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a charter school, the LEAP Academy University Charter School, Inc. functions independently through a Board of Trustees (the "Board"). In accordance with the bylaws of the Charter School, the Board is to consist of no less than twelve and no more than twenty five individuals. At least three trustees shall be public members representative of the corporate or philanthropic sectors and the broader elected and qualified. The Board's responsibility is to supervise and control the operations of the Charter School. The purpose of the Charter School is to educate students in grades K-12 at its three schools located in Camden, NJ. The Charter School has an approximate enrollment at June 30, 2015 of 1,373.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School as well as those of the component unit, LEAP Cramer Hill, LLC., over which the Board exercises operating control. The Charter School is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

In evaluating how to define the Charter School for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Component Units (Cont'd)**

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Charter School has determined that the following organization is considered a component unit:

LEAP Cramer Hill, LLC.  
549 Cooper Street  
Camden, New Jersey 08102

In the accompanying consolidated financial statements, the component unit has been blended with LEAP Academy University Charter School, Inc., the sole member of LEAP Cramer Hill, LLC. Intercompany transactions and balances have been eliminated in the blended government-wide financial statements.

**Government-wide and Fund Financial Statements**

The Charter School's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The assets, liabilities and net position as well as the revenue and expenditures of the component unit have been blended into the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Charter School to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues from the Charter School's student's district of residence and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the Charter School segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Charter School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues from the Charter School's student's district of residence are recognized as revenues in the year for which they are established based on enrollment. In accordance with New Jersey State Statute, the Charter School is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter School considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues from the Charter School's student's district of residence, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

The Charter School reports the following major governmental funds:

**General Fund** - The general fund is the primary operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from revenues from the Charter School's student's district of residence, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Charter Schools do not maintain debt service funds, therefore expenditures for principal and interest are accounted for in the general fund.

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than capital projects.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The Charter School reports the following major governmental funds (cont'd):

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from grants, temporary notes, serial bonds, or from the general fund by way of transfers from capital outlay.

**Debt Service Fund** - Charter Schools do not maintain debt service funds. Expenditures for principal and interest are accounted for in the general fund.

**Permanent Fund** - The permanent fund is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Charter School's programs, that is, for the benefit of the Charter School or its students as a whole. The Charter School does not maintain a permanent fund.

Proprietary funds are used to account for the Charter School's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The Charter School reports the following major proprietary fund:

**Food Service Fund** - This fund accounts for the financial transactions related to the food service operations of the Charter School.

Additionally, the Charter School reports the following fund type:

Fiduciary funds are used to account for assets held by the Charter School on behalf of outside related organizations or on behalf of other funds within the Charter School. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The Charter School maintains the following fiduciary funds:

**Agency Funds** - Agency funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The Charter School retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Charter School maintains the following agency funds: student activity fund and payroll fund.

**Private-Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The Charter School maintains the following private-purpose trust fund:

Scholarship Fund - Revenues consist of donations and interest income. Expenditures represent scholarships, which are awarded in accordance with the trust requirements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all revenues from the Charter School's student's district of residence.

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general and special revenue funds, and are submitted to the county office of education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the 108 budget line account system promulgated by the State of New Jersey Department of Education and based on the minimum chart of accounts referenced in N.J.A.C. 6A:23A 16.2(f)1. Transfers of appropriations may be made by board of trustees resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on exhibit C-1 and exhibit C-2 includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the Charter School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Encumbrances (Cont'd)**

Open encumbrances in the special revenue fund, however, for which the Charter School has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**Cash, Cash Equivalents and Investments**

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Inventories**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

**Tuition Receivable**

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Revenues from District of Residence, Region of Residence and Non-Resident Districts** - The Charter School's primary source of revenue is from the district of residence, region of residence or non-resident districts from which its students are enrolled in the Charter School. The amounts are calculated from the most recent budget data of the student's district.

**Local Levy – Equalization Aid State and Local Share** – The charter school's funding is pursuant to the *School Funding Reform Act of 2008*, which states the school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the district an amount equal to 90% of the sum of the budget year equalization aid per pupil and the pre-budget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation.

**Special Education / Security Aid** – The school district of residence shall pay directly to the charter school the security aid attributable to the student and a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the charter school.

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Charter School, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the Charter School. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The Charter School's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated.

Depreciation is computed using the straight-line method over the following estimated useful lives:

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	10-50 Years	N/A
Equipment	5-20 Years	12 Years
Vehicles	5-10 Years	4-6 Years

The Charter School does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Charter School is required to report the following as deferred outflows of resources and deferred inflows of resources:

**Defined Benefit Pension Plans** - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Charter School's proportion of expenses and liabilities to the pension as a whole, differences between the Charter School's pension contribution and its proportionate share of contributions, and the Charter School's pension contributions subsequent to the pension valuation measurement date.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Charter School is eligible to realize the revenue.

**Compensated Absences**

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

The Charter School uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and Public Employees' Retirement System ("PERS") and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Bond Discounts / Premiums**

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

***Net Investment in Capital Assets*** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

***Restricted*** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

***Unrestricted*** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Charter School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Fund Balance**

The Charter School reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Charter School's classifications, and policies for determining such classifications, are as follows:

***Nonspendable*** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

***Restricted*** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

***Committed*** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Charter School's highest level of decision-making authority, which, for the Charter School, is the Board of Trustees. Such formal action consists of an affirmative vote by the Board of Trustees, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Trustees removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

***Assigned*** - The assigned fund balance classification includes amounts that are constrained by the Charter School's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Trustees or by the business administrator, to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Trustees.

***Unassigned*** - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Charter School to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Charter School to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

For the fiscal year ended June 30, 2015, the Charter School adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the Charter School was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$5,528,752.00, and was recognized as a restatement of the Charter School's June 30, 2014 net position on the statement of activities (see note 22).

**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement will become effective for the Charter School in fiscal year 2016. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Statement will become effective for the Charter School in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the Charter School in fiscal year 2018. Management has not yet determined the impact of this Statement on the financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. 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. The Statement will become effective for the Charter School in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the notes to the financial statements.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. Such funds are classified as uncollateralized.

As of June 30, 2015, the Charter School's bank balances of \$6,946,538.96 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 1,336,478.29</u>
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**Note 3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the Charter School's individual major and fiduciary funds, in the aggregate, are as follows:

<b>Governmental Funds</b>				
	<b>Blended Component Unit</b>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Activities</b>
Federal Awards			\$ 468,124.90	\$ 468,124.90
State Awards		\$ 25,280.66		25,280.66
Rutgers - ELRA		254,472.01	6,000.00	260,472.01
Other	\$ 78,511.45			78,511.45
	<u>\$ 78,511.45</u>			
		<u>\$ 279,752.67</u>	<u>\$ 474,124.90</u>	<u>\$ 832,389.02</u>
<b>Proprietary Fund</b>				
	<b>Food Service Fund</b>	<b>Total Business- Type Activities</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Federal Awards	\$ 87,489.66	\$ 87,489.66		\$ 555,614.56
State Awards	1,496.00	1,496.00		26,776.66
Rutgers - ELRA	111,026.55	111,026.55		371,498.56
Other				78,511.45
	<u>\$ 200,012.21</u>	<u>\$ 200,012.21</u>	<u>\$ -</u>	<u>\$ 1,032,401.23</u>

**Note 4: INVENTORY**

Inventory recorded at June 30, 2015 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Supplies	\$ 1,002.24
Food	<u>12,613.91</u>
	<u>\$ 13,616.15</u>

**Note 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2015</u>
Government Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 1,122,010.00			\$ 1,122,010.00
Construction in Progress	163,394.04	\$ 7,366,074.46		7,529,468.50
Total Capital Assets not being Depreciated	<u>1,285,404.04</u>	<u>7,366,074.46</u>		<u>8,651,478.50</u>
Building and Improvements	30,559,211.00			30,559,211.00
Equipment	2,707,829.00	268,433.51		2,976,262.51
Vehicles	191,115.00			191,115.00
Totals at Historical Cost	<u>33,458,155.00</u>	<u>268,433.51</u>		<u>33,726,588.51</u>
Less Accumulated Depreciation for:				
Building and Improvements	(7,981,718.00)	(776,939.63)		(8,758,657.63)
Equipment	(1,751,649.00)	(261,215.88)		(2,012,864.88)
Vehicles	(121,195.00)	(9,237.88)		(130,432.88)
Total Accumulated Depreciation	<u>(9,854,562.00)</u>	<u>(1,047,393.39) *</u>		<u>(10,901,955.39)</u>
Total Capital Assets being Depreciated, net of Accumulated Depreciation	<u>23,603,593.00</u>	<u>(778,959.88)</u>	-	<u>22,824,633.12</u>
Government Activities Capital Assets, net	<u>\$ 24,888,997.04</u>	<u>\$ 6,587,114.58</u>	\$ -	<u>\$ 31,476,111.62</u>
Business-Type Activities:				
Equipment	\$ 267,963.00	\$ 8,717.55		\$ 276,680.55
Less Accumulated Depreciation for: Equipment	<u>(111,657.00)</u>	<u>(15,250.33)</u>		<u>(126,907.33)</u>
Business-Type Activities Capital Assets, net	<u>\$ 156,306.00</u>	<u>\$ (6,532.78)</u>	\$ -	<u>\$ 149,773.22</u>

Depreciation expense was charged to functions / programs of the Charter School as follows:

<b>Governmental Activities:</b>	
Instruction	\$ 781,888.13
Administration	37,902.07
Support Services	<u>227,603.19</u>
Total Depreciation Expense	<u>\$ 1,047,393.39</u>
<b>Business-Type Activities:</b>	
Food Service Operations	<u>\$ 15,250.33</u>

**Note 6: SHORT-TERM OBLIGATIONS**

During the year ended June 30, 2014, the Charter School obtained a \$750,000.00 demand line of credit. Interest on any unpaid principal balance will be calculated using a an independent index which is the Prime Rate as reported daily in the Wall Street Journal (the "Index"). The interest rate on the note shall be no less than 2.000% per annum or more than the lesser of 18.000% per annum or the maximum rate allowed by applicable law. The line of credit is secured by the following collateral: a mortgage to lender on real property located in Camden County, State of New Jersey.

During the fiscal year, the Charter School had drawn on the line of credit for \$460,000.00 and made payments of \$959,878.28 which included the balance outstanding from June 30, 2014 of \$499,878.28. At fiscal year end, the balance of this line of credit was paid in full.

In addition, the Charter School entered into an additional line of credit on January 1, 2015 to temporary finance a floor replacement project for the lower school. This line of credit is for \$275,000.00 of which \$170,000.00 had been drawn and \$586.54 has been paid resulting in a fiscal year ending balance of \$169,413.46 with an interest rate of 4.5%. The remainder of the line of credit was drawn on September 29, 2015.

The following represents short-term debt activity for the fiscal year ended June 30, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Lines of Credit:				
General Fund	\$ 499,878.28	\$ 460,000.00	\$ (959,878.28)	
Capital Projects Fund		170,000.00	(586.54)	\$ 169,413.46
	<u>\$ 499,878.28</u>	<u>\$ 630,000.00</u>	<u>\$ (960,464.82)</u>	<u>\$ 169,413.46</u>

**Note 7: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations for governmental activities:

	<u>(Restated)</u> <u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 6,460,000.00		\$ (310,000.00)	\$ 6,150,000.00	\$ 325,000.00
Charter School Revenue Bonds:					
Series 2014A Tax Exempt		\$ 9,500,000.00		9,500,000.00	
Series 2014B Taxable		500,000.00		500,000.00	
Add Amount:					
Issuance Premium		8,221.20	(228.37)	7,992.83	
Total Bonds Payable	<u>6,460,000.00</u>	<u>10,008,221.20</u>	<u>(310,228.37)</u>	<u>16,157,992.83</u>	<u>325,000.00</u>

**Note 7: LONG-TERM LIABILITIES (CONT'D)**

	(Restated) Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2015</u>	Due Within <u>One Year</u>
Other Liabilities:					
Mortgage Payable	2,855,169.51		(1,743,865.48)	1,111,304.03	250,099.37
Loans Payable	10,000,000.00	105,000.00	(9,231.20)	10,095,768.80	19,606.05
Capital Leases Payable	8,930.04	268,433.51	(32,863.31)	244,500.24	49,695.58
Compensated Absences	86,143.83	28,199.91	(31,192.76)	83,150.98	
Net Pension Liability	5,528,752.00		(304,895.00)	5,223,857.00	
	<u>18,478,995.38</u>	<u>401,633.42</u>	<u>(2,122,047.75)</u>	<u>16,758,581.05</u>	<u>319,401.00</u>
Governmental Activities					
Long-term Liabilities	<u>\$ 24,938,995.38</u>	<u>\$ 10,409,854.62</u>	<u>\$ (2,432,276.12)</u>	<u>\$ 32,916,573.88</u>	<u>\$ 644,401.00</u>

The bonds payable, mortgage payable, loans payable, obligations under capital lease, and net pension liability are liquidated by the general fund and compensated absences are liquidated by the fund from which the employees' salaries are paid.

**Bonds Payable** - Bonds and loans are authorized in accordance with State law by the Board of Trustees of the Charter School. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Charter School are general obligation bonds and charter school revenue bonds.

On October 2, 2003, the Delaware River Port Authority issued Charter School Project Bonds on behalf of the Charter School in the amount of \$8,500,000.00 at interest rates varying from 4.00% to 4.75% for the construction of a high school. The issue is an obligation of the Charter School and is guaranteed by Rutgers University. The final maturity of these bonds is September 1, 2028. The bonds will be paid from general revenue.

On September 29, 2014, LEAP Cramer Hill, LLC, of which LEAP Academy University Charter School, Inc. is the sole member, issued \$10,000,000.00 in New Jersey Economic Development Authority Charter School Revenue Bonds at interest rates varying from 5.125% to 8.00%. The bond issuance consists of \$9,500,000.00 Series 2014A (Tax-Exempt) and \$500,000.00 Series 2014B (Taxable) bonds. The proceeds were used for (i) retrofitting a 12-story, approximately 73,000 square foot building to be used as a Pre K-12 school facility, (ii) refinancing a portion of a commercial loan used to acquire the building, (iii) funding capitalized interest on the Bonds during the construction period, (iv) funding a debt service fund, and (v) funding the costs of issuing the bonds. The payment of interest began during the fiscal year ended June 30, 2015; however the first payment of principal is October 1, 2020. The final maturity of the taxable bonds is October 1, 2023 and the final maturity for the tax exempt bonds is October 1, 2049.

**Note 7: LONG-TERM LIABILITIES (CONT'D)**

**Bonds Payable (Cont'd)** - Principal and interest due on bonds outstanding is as follows:

<b>Fiscal Year</b>			
<b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2016	\$ 325,000.00	\$ 894,600.00	\$ 1,219,600.00
2017	335,000.00	881,400.00	1,216,400.00
2018	350,000.00	867,700.00	1,217,700.00
2019	370,000.00	853,115.00	1,223,115.00
2020	385,000.00	837,348.75	1,222,348.75
2021-2025	2,905,000.00	3,782,445.01	6,687,445.01
2026-2030	3,130,000.00	2,953,412.50	6,083,412.50
2031-2035	1,260,000.00	2,410,500.00	3,670,500.00
2036-2040	1,700,000.00	1,962,300.00	3,662,300.00
2041-2045	2,290,000.00	1,348,500.00	3,638,500.00
2046-2050	3,100,000.00	511,245.00	3,611,245.00
	<u>\$ 16,150,000.00</u>	<u>\$ 17,302,566.26</u>	<u>\$ 33,452,566.26</u>

**Bonds Authorized but not Issued** - As of June 30, 2015, the Charter School had no authorizations to issue additional bonded debt.

**Mortgage Payable** – The Charter School has a mortgage with the Delaware River Port Authority, the proceeds of which were used to purchase the elementary school building. On December 1, 2001, the date of the initial payment, the amount of the mortgage payable was \$3,681,361.40. The mortgage agreement requires a monthly payment of \$24,166.62, which includes principal and interest at a rate of 4% per annum. The final payment is due on August 1, 2019.

During the fiscal year ended June 30, 2015, LEAP Cramer Hill, LLC, of which LEAP Academy University Charter School, Inc. is the sole member, paid off an existing mortgage with the proceeds from the Charter School Revenue Bonds issued on September 29, 2014.

Principal and interest due on the outstanding mortgage is as follows:

<b>Fiscal Year</b>			
<b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2016	\$ 250,099.37	\$ 39,900.07	\$ 289,999.44
2017	260,288.81	29,710.63	289,999.44
2018	270,893.38	19,106.06	289,999.44
2019	281,930.01	8,069.43	289,999.44
2020	48,092.46	240.78	48,333.24
	<u>\$ 1,111,304.03</u>	<u>\$ 97,026.97</u>	<u>\$ 1,208,331.00</u>

**Note 7: LONG-TERM LIABILITIES (CONT'D)**

**Loans Payable** - On September 27, 2011, the Charter School entered into a loan agreement with Chase NMTC TRF Charter School Investment Fund, LLC in the amount of \$10,000,000.00 to purchase and renovate a facility for the Charter School's S.T.E.M. program. The loan will be serviced by TRF NMTC Fund XV, LP c/o The Reinvestment Fund, Inc. and is made up of three loans, Loan A: \$5,472,174.00, Loan B: \$2,562,608.00 and Loan C: \$1,965,218.00 respectively. The terms of the loans require monthly interest only payments at a rate of 4.635% beginning on October 1, 2011 and continuing until September 1, 2018. On October 1, 2018, the Charter School expects to refinance the combined principal of Loan A and B for \$8,034,782.00. The amortization schedule for the refinanced loans calls for monthly payments of \$53,740.00 for principal and interest for 23 years. On October 1, 2018, the Charter School will also begin making monthly payments of \$11,665.00 for 23 years on Loan C. In addition, the Charter School must maintain a sinking fund with monthly deposits of \$24,352.92 through September 1, 2018. The balance in the sinking fund at June 30, 2015 is \$1,097,586.65.

**Loan A: \$5,472,174.00****Fiscal Year**

<b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2016		\$ 257,510.50	\$ 257,510.50
2017		257,510.50	257,510.50
2018		235,669.50	235,669.50
2019		107,090.50	107,090.50
	<u>\$ -</u>	<u>\$ 857,781.00</u>	<u>\$ 857,781.00</u>

**Loan B: \$2,562,608.00****Fiscal Year**

<b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2016		\$ 120,591.50	\$ 120,591.50
2017		120,591.50	120,591.50
2018		110,363.50	110,363.50
2019		50,150.00	50,150.00
	<u>\$ -</u>	<u>\$ 401,696.50</u>	<u>\$ 401,696.50</u>

**Note 7: LONG-TERM LIABILITIES (CONT'D)****Loans Payable (Cont'd)****Loan C: \$1,965,218.00**

<b>Fiscal Year</b>			
<b><u>Ending June 30.</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2016		\$ 92,479.50	\$ 92,479.50
2017		92,479.50	92,479.50
2018		92,345.50	92,345.50
2019	\$ 7,910.00	91,634.00	99,544.00
2020	49,048.00	89,879.00	138,927.00
2021-2025	282,385.00	333,988.50	616,373.50
2026-2030	357,348.00	350,835.50	708,183.50
2031-2035	451,829.00	258,412.00	710,241.00
2036-2040	571,295.00	141,683.50	712,978.50
2041-2042	<u>245,403.00</u>	<u>18,593.50</u>	<u>263,996.50</u>
	<u>\$ 1,965,218.00</u>	<u>\$ 1,562,330.50</u>	<u>\$ 3,527,548.50</u>

**Refinance Loan A and B: \$8,034,782.00**

<b>Fiscal Year</b>			
<b><u>Ending June 30.</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2019	\$ 112,186.00	\$ 319,529.50	\$ 431,715.50
2020	174,269.50	470,615.50	644,885.00
2021	185,018.00	459,866.50	644,884.50
2022	196,429.50	448,455.00	644,884.50
2023	208,545.00	436,340.00	644,885.00
2024-2028	1,252,285.00	1,972,140.00	3,224,425.00
2029-2033	1,689,145.00	1,535,280.00	3,224,425.00
2034-2038	2,278,403.50	946,021.50	3,224,425.00
2039-2042	<u>1,938,500.50</u>	<u>209,325.00</u>	<u>2,147,825.50</u>
	<u>\$ 8,034,782.00</u>	<u>\$ 6,797,573.00</u>	<u>\$ 14,832,355.00</u>

**Note 7: LONG-TERM LIABILITIES (CONT'D)****Loans Payable (Cont'd)**

On November 21, 2014, the Charter School entered into a term loan agreement with ABCO Federal Credit Union to finance the installation of a wireless network. The loan in the amount of \$105,000.00 requires monthly payments of principal and interest at a rate of 4.5% of \$1,963.42 for sixty months with the last payment due on December 15, 2019.

Principal and interest due on the outstanding loan is as follows:

<b>Fiscal Year</b>				
<b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	
2016	\$ 19,606.07	\$ 3,954.97	\$ 23,561.04	
2017	20,553.35	3,007.69	23,561.04	
2018	21,497.55	2,063.49	23,561.04	
2019	22,485.17	1,075.87	23,561.04	
2020	11,626.66	153.60	11,780.26	
	<u>95,768.80</u>	<u>\$ 10,255.62</u>	<u>\$ 106,024.42</u>	

**Obligations under Capital Lease** - The Charter School is leasing computers totaling \$268,433.51 under a capital lease. The capital lease is for term of five years. The capital lease is depreciated in a manner consistent with the Charter School's depreciation policy for owned assets.

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2015.

<b>Fiscal Year</b>				
<b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	
2016	\$ 49,695.57	\$ 11,096.43	\$ 60,792.00	
2017	52,238.11	8,553.89	60,792.00	
2018	54,910.70	5,881.30	60,792.00	
2019	57,720.05	3,071.95	60,792.00	
2020	29,935.81	437.84	30,373.65	
	<u>244,500.24</u>	<u>\$ 29,041.41</u>	<u>\$ 273,541.65</u>	

**Compensated Absences** - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 14 for a description of the Charter School's policy.

**Net Pension Liability** - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

**Note 8: OPERATING LEASES**

At June 30, 2015, the Charter School had operating lease agreements in effect for copy machines and mail machines.. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<b>Year Ending</b>		<b>Amount</b>
<b><u>June 30,</u></b>		
2016	\$	30,348.00
2017		16,848.00
2018		<u>279.00</u>
	\$	<u><u>47,475.00</u></u>

Rental payments under operating leases for the fiscal year ended June 30, 2015 were \$31,848.00.

**Note 9: PENSION PLANS**

A substantial number of the Charter School's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, Charter School employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
 Division of Pensions and Benefits  
 P.O. Box 295  
 Trenton, New Jersey 08625-0295  
<http://www.state.nj.us/treasury/pensions>

**General Information About the Pension Plans****Plan Descriptions**

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

**Note 9: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Charter School, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et.seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for a certain enrollment tier but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for certain enrollment tiers, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

**Teachers' Pension and Annuity Fund** - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<b><u>Tier</u></b>	<b><u>Definition</u></b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Note 9: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Charter School and all other related non-contributing employers. No normal or accrued liability contribution by the Charter School has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

**Note 9: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Teachers' Pension and Annuity Fund (Cont'd)** - The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2015 was 2.86% of the Charter School's covered-employee payroll, of which 0.00% of payroll was required from the Charter School and 100.00% of payroll was required from the State of New Jersey. The Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2015 because of the 100.00% special funding situation with the State of New Jersey.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Charter School's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Charter Schools' contractually required contribution rate for the fiscal year ended June 30, 2015 was 13.15% of the Charter School's covered-employee payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Charter School were \$230,013.00 for the fiscal year ended June 30, 2015. Employee contributions were \$1,977,716.00 for the fiscal year ended June 30, 2015.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School's contribution amounts for each pay period, 3% of the employees' base salary, are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2015, no employees participated in this plan.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Teachers' Pension and Annuity Fund** - At June 30, 2015, the Charter School was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the Charter School. The State's proportionate share of net pension liability, attributable to the Charter School is as follows:

State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Charter School	<u>\$ 24,526,395.00</u>
	<u>\$ 24,526,395.00</u>

**Note 9: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Teachers' Pension and Annuity Fund (Cont'd)** - The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the Charter School proportion was 0.00% due to the 100% special funding situation of the State of New Jersey. For the fiscal year ended June 30, 2015, the Charter School recognized \$1,319,750.00 in revenue and expense, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions.

**Public Employees' Retirement System** - At June 30, 2015, the Charter School reported a liability of \$5,223,857.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Charter School's proportion was .0279011432%, which was an decrease of .0010270464% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the Charter School recognized \$238,092.00, in the government-wide financial statements, for pension expense for PERS. At June 30, 2015, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences Between Expected and Actual Experience		
Changes of Assumptions	\$ 164,266.00	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 311,314.00
Changes in Proportion and Differences Between Charter School Contributions and Proportionate Share of Contributions		165,809.00
Charter School Contributions Subsequent to the Measurement Date	<u>259,979.00</u>	
	<u>\$ 424,245.00</u>	<u>\$ 477,123.00</u>

**Note 9: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont')** - \$259,979.00 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year</b>	<b>PERS</b>
<b><u>Ending June 30,</u></b>	
2015	\$(101,342.16)
2016	(101,342.16)
2017	(101,342.16)
2018	(101,342.16)
2019	64,244.62
Thereafter	<u>28,267.63</u>
	<u><u>\$(312,856.39)</u></u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>TPAF</u></b>	<b><u>PERS</u></b>
Inflation	2.50%	3.01%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement.

Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>TPAF</u>		<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%	6.00%	0.80%
Core Fixed Income		2.19%		
Core Bonds	1.00%	1.38%	1.00%	2.49%
Short-Term Bonds		1.00%		
Intermediate-Term Bonds	11.20%	2.60%	11.20%	2.26%
Long-Term Bonds		3.23%		
Mortgages	2.50%	2.84%	2.50%	2.17%
High Yield Bonds	5.50%	4.15%	5.50%	4.82%
Non-US Fixed Income		1.41%		
Inflation-Indexed Bonds	2.50%	1.30%	2.50%	3.51%
Broad US Equities	25.90%	5.88%	25.90%	8.22%
Large Cap US Equities		5.62%		
Mid Cap US Equities		6.39%		
Small Cap US Equities		7.39%		
Developed Foreign Equities	12.70%	6.05%	12.70%	8.12%
Emerging Market Equities	6.50%	8.90%	6.50%	9.91%
Private Equity	8.25%	9.15%	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	3.85%	12.25%	4.92%
Real Estate (Property)	3.20%	4.43%	3.20%	5.80%
Real Estate (REITS)		5.58%		
Commodities	2.50%	3.60%	2.50%	5.35%
Long Credit Bonds		3.74%		
	<u>100.00%</u>		<u>100.00%</u>	

**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

**Discount Rate** - The discount rate used to measure the total pension liability was 4.68% and 4.95% for TPAF as of June 30, 2014 and 2013, respectively, and 5.39% and 5.55% for PERS as of June 30, 2014 and 2013, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of Charter School's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As indicated above, TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the net pension liability as of June 30, 2014 attributable to the Charter School is \$0 and the State's net pension liability attributable to the Charter School using a discount rate of 4.68%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<u>TPAF</u>		
	<b>1% Decrease (3.68%)</b>	<b>Current Discount Rate (4.68%)</b>	<b>1% Increase (5.68%)</b>
Charter School's Proportionate Share of the Net Pension Liability			
State's Proportionate Share of the Net Pension Liability	<u>\$ 29,498,810.55</u>	<u>\$ 24,526,395.00</u>	<u>\$ 20,390,646.01</u>
	<u>\$ 29,498,810.55</u>	<u>\$ 24,526,395.00</u>	<u>\$ 20,390,646.01</u>

**Note 9: PENSION PLANS (CONT'D)****Sensitivity of Charter School's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

**Public Employees' Retirement System (PERS)** - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2014 calculated using a discount rate of 5.39% for PERS, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<u>PERS</u>		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Charter School's Proportionate Share of the Net Pension Liability	<u>\$ 6,571,790.11</u>	<u>\$ 5,223,857.10</u>	<u>\$ 4,091,936.42</u>

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving postemployment medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

**Note 11: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2015, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs and post-retirement medical costs were \$294,555.00 and \$467,607.00, respectively.

**Note 12: RISK MANAGEMENT**

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The Charter School maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**New Jersey Unemployment Compensation Insurance** - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contribution Method". Under this plan, the Charter School is provided with an experience rate by the State of New Jersey upon which required unemployment contributions are calculated.

**Joint Insurance Pool** - The Charter School is a member of the New Jersey School Boards Association Insurance Group. The Group provides its members with the following coverage:

Workers' Compensation and Employer's Liability  
Liability other than Motor Vehicles  
Property Damage other than Motor Vehicles  
Motor Vehicles

The Group publishes its own financial report for the fiscal year ended June 30, 2015, which can be obtained from:

New Jersey Schools Insurance Group Website:  
<http://www.njsig.org/financials.php>

**Note 13: DEFERRED COMPENSATION**

The Charter School offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

AXA Advisors  
Lincoln

**Note 14: COMPENSATED ABSENCES**

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Per a LEAP Academy University Charter School, Inc. board policy adopted May of 2010, the number of days of vacation leave to be paid out for employees is capped at 10 days unless another agreement is in place for that employee. Employees are not compensated for unused sick days upon their separation from the Charter School.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, the liability for compensated absences in the governmental activities was \$83,150.98.

**Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2015 is as follows:

<b>Fund</b>	<b><u>Interfunds Receivable</u></b>	<b><u>Interfunds Payable</u></b>
General Fund	\$ 248,128.12	\$ 50,373.24
Special Revenue Fund		236,030.66
Capital Projects Fund	27,238.82	
Proprietary Fund	15,133.96	27,231.42
Fiduciary Funds	23,134.42	
	<u>\$ 313,635.32</u>	<u>\$ 313,635.32</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2016, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

Interfund Transfers:

	<b><u>Transfer In:</u></b>
	<b>Food Service Fund</b>
<b><u>Transfer Out:</u></b>	
General Fund	<u>\$ 175,921.11</u>

During the fiscal year, the General Fund budget funded a deficit in the Food Service Enterprise Fund.

**Note 16: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter School expects such amount, if any, to be immaterial.

**Note 17: CONCENTRATIONS**

The Charter School depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Charter School is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 18: COMMITMENTS**

The Charter School had a few construction projects ongoing as of the fiscal year ended June 30, 2015 that are to continue into the subsequent fiscal years. These projects, which are related to the capital projects fund, are as follows:

<u>Contract</u>	<u>Commitment Date</u>	<u>Amount Outstanding</u>
Lower School Flooring	7/30/2014	\$ 91,882.74
Wireless Network Installation	10/31/2014	<u>27,520.00</u>
		<u>\$ 119,402.74</u>

**Note 19: DEFICIT FUND BALANCES**

The Charter School had an accumulated deficit of (\$169,694.63) in the capital projects fund as of June 30, 2015. This deficit is the result of the Charter School utilizing temporary financing to fund expenditures for certain capital projects. As the Charter School permanently finances these appropriations, the Charter School will realize as revenues the proceeds of the financing. This deficit does not indicate that the Charter School is facing financial difficulties and is a permitted practice under accounting principles generally accepted in the United States of America.

**Note 20: DEFICIT IN UNRESTRICTED NET POSITION**

The Charter School has a deficit in unrestricted net position in the governmental activities of \$3,272,157.77. This deficit resulted from the reduction by \$5,528,752.00 of prior year net position (Note 22) and the current year effect from the adoption of GASB 68 explained in Note 1.

**Note 21: FUND BALANCES****RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the Charter School's fund balance are summarized as follows:

**General Fund**

**For Debt Service** - In accordance with the Charter School's debt service agreements, amounts have been restricted for future debt service of \$412,752.51 and \$1,097,586.65.

**For State Mandated Reserve** - In accordance with the New Jersey Charter School agreement, the Charter School has established an escrow that is restricted for the possible costs associated with the dissolution of the charter school. Within five years of the signing of the agreement, the reserve must reach a balance of \$75,000.00. As of June 30, 2015, the balance of the escrow is \$75,249.14.

**Note 21: FUND BALANCES (CONT'D)****RESTRICTED (CONT'D)**

**Special Revenue Fund** – As a result of the receipt of grants from local sources which have not been expended, there is a restricted fund balance in the Special Revenue Fund at June 30, 2015 in the amount of \$11,041.96.

**COMMITTED**

As stated in note 1, the committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Charter School's highest level of decision-making authority, which is the Board of Trustees. Specific commitments of the Charter School's fund balance are summarized as follows:

**General Fund** - During the fiscal year ended June 30, 2015, the Board of Trustees entered into various contract agreements that had not been paid in full at fiscal year-end. These amounts were encumbered to commit a portion of unassigned fund balance for future payment of these contract agreements. As of June 30, 2015, \$857,436.99 has been committed for this purpose.

**ASSIGNED**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the Charter School's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the Charter School's fund balance are summarized as follows:

**General Fund**

**Other Purposes** - As of June 30, 2015, the Charter School had \$99,229.16 of encumbrances outstanding for purchase orders and contracts signed by the Charter School, but not completed, as of the close of the fiscal year.

**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The Charter School's unassigned fund balance is summarized as follows:

**General Fund** - As of June 30, 2015, \$1,275,332.39 of general fund balance was unassigned.

**Capital Projects Fund** - The Charter School had a deficit of (\$169,694.63) in the capital projects fund as of June 30, 2015. As stated in note 1, when expenditures incurred for a specific purpose in this fund exceed the amounts restricted, committed, or assigned to those purposes, the deficit is presented as a negative unassigned fund balance (see note 19).

**Note 22: RESTATEMENT OF NET POSITION**

As indicated in Note 1 to the financial statements, in fiscal year 2015, the Charter School adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. As a result of implementing this new GASB statement, it was necessary to adjust unrestricted (deficit) net position in the government-wide financial statements, for this Charter School's proportionate share of the Public Employees' Retirement System (PERS) net pension liability. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

	Net Position As Previously Reported <u>June 30, 2014</u>	GASB 68 Implementation			Net Position As Restated <u>June 30, 2014</u>
		Net Pension Liability (1)	Deferred Outflows (2)	Accounts Payable (3)	
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 5,564,897.49				\$ 5,564,897.49
Reserve for:					
Debt Service	1,125,796.63				1,125,796.63
Special Revenue	4,809.33				4,809.33
Unrestricted (Deficit)	<u>1,069,967.37</u>	<u>\$ (5,528,752.00)</u>	<u>\$ 230,013.00</u>	<u>\$ (230,013.00)</u>	<u>(4,458,784.63)</u>
Total Net Position	<u>\$ 7,765,470.82</u>	<u>\$ (5,528,752.00)</u>	<u>\$ 230,013.00</u>	<u>\$ (230,013.00)</u>	<u>\$ 2,236,718.82</u>

(1) Represents the Charter School's proportionate share of the Public Employees' Retirement System (PERS) June 30, 2013 Net Pension Liability.

(2) Represents the Charter School's beginning deferred outflow of resources for contributions subsequent to the measurement date, paid on April 1, 2015.

(3) Represents the Charter School's accounts payable for contributions subsequent to the measurement date, paid on April 1, 2015. The State of New Jersey Division of Pension and Benefits has an accounts receivable recorded in the PERS Plan Audit.

**Note 23: SUBSEQUENT EVENTS****Line of Credit**

On September 29, 2015, the Charter School drew the remaining balance of the line of credit issued to temporary fund a capital project for the replacement of the flooring in the lower school. The total loan payable in the amount of \$275,000.00 at an interest rate of 4.5% is expected to be converted to permanent financing for this project on January 1, 2016. (See note 6)

**Bonds Payable**

On October 5, 2015, the Charter School issued \$5,940,000.00 Charter School Refunding Bonds through the New Jersey Economic Development Authority. The proceeds were used to refund the balance of the 2003 Charter School Project Bonds for \$5,825,000.00 and \$115,000.00 for the cost of issuance on the refunding bonds. Through the refunding, the Charter School will realize a savings of \$1,018,701.31 over the term of the bonds. (See note 7)

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Levy/Equalization Aid:					
Local Share				\$ 1,543,422.00	\$ 1,543,422.00
State Share	\$ 17,556,000.00	\$ 1,940,155.00	\$ 19,496,155.00	17,020,917.00	(2,475,238.00)
<b>Total - Local Levy</b>	<u>17,556,000.00</u>	<u>1,940,155.00</u>	<u>19,496,155.00</u>	<u>18,564,339.00</u>	<u>(931,816.00)</u>
Categorical Aid:					
Special Education Aid	350,000.00	(350,000.00)		330,886.00	330,886.00
Security Aid	518,407.00	(518,407.00)		544,514.00	544,514.00
<b>Total - Categorical Aid</b>	<u>868,407.00</u>	<u>(868,407.00)</u>		<u>875,400.00</u>	<u>875,400.00</u>
Other State Aid:					
TPAF Pension On Behalf Payments				294,555.00	294,555.00
TPAF Pension On Behalf Payments- Post Retirement Medical				467,607.00	467,607.00
TPAF Social Security Reimbursed				529,892.03	529,892.03
<b>Total - Other State Aid</b>				<u>1,292,054.03</u>	<u>1,292,054.03</u>
Federal Sources:					
Medicaid Reimbursement	16,728.00		16,728.00	34,995.00	18,267.00
Revenue from Other Sources:					
Rutgers Preschool Contract	228,000.00	(1,243.64)	226,756.36	93,165.00	(133,591.36)
Miscellaneous Revenue				36,289.84	36,289.84
Interest and Other Revenue				1,685.65	1,685.65
<b>Total - Revenue from Other Sources</b>	<u>228,000.00</u>	<u>(1,243.64)</u>	<u>226,756.36</u>	<u>131,140.49</u>	<u>(95,615.87)</u>
<b>Total Revenues</b>	<u>18,669,135.00</u>	<u>1,070,504.36</u>	<u>19,739,639.36</u>	<u>20,897,928.52</u>	<u>1,158,289.16</u>

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 6,244,686.88	\$ (41,931.78)	\$ 6,202,755.10	\$ 5,912,210.06	\$ 290,545.04
Other Salaries for Instruction	190,641.67	(37,952.07)	152,689.60	152,553.00	136.60
Purchased Professional and Technical Services	190,583.37	(12,326.37)	178,257.00	70,367.25	107,889.75
General Supplies	177,478.05	144,870.98	322,349.03	302,318.22	20,030.81
Textbooks	123,508.90	(61,530.53)	61,978.37	60,167.81	1,810.56
Miscellaneous	23,860.00	9,859.75	33,719.75	29,759.25	3,960.50
<b>Total Instructional Expenses</b>	<b>6,950,758.87</b>	<b>989.98</b>	<b>6,951,748.85</b>	<b>6,527,375.59</b>	<b>424,373.26</b>
Administration:					
Salaries - Administration	1,414,493.85	(161,999.75)	1,252,494.10	1,251,792.85	701.25
Salaries of Secretarial and Clerical Assistants	694,828.73	(40,444.10)	654,384.63	653,956.75	427.88
Total Benefits Costs	2,688,557.42	(78,828.26)	2,609,729.16	2,534,604.96	75,124.20
Purchased Professional and Technical Services	1,131,580.69	(129,055.79)	1,002,524.90	857,164.43	145,360.47
Other Purchased Services	74,148.00	1,414.20	75,562.20	73,033.20	2,529.00
Communications	125,560.19	(68,427.15)	57,133.04	43,056.59	14,076.45
Supplies and Materials	53,487.43	72,861.05	126,348.48	122,597.49	3,750.99
Judgments Against Charter School	100,000.00	(100,000.00)			
Interest on Loans	14,200.00	(1,563.12)	12,636.88	12,000.53	636.35
Interest on Lease Purchase Agreements		6,462.73	6,462.73	6,462.73	
Interest on Mortgage and Other Capital Debt	618,528.99	180,286.40	798,815.39	798,755.96	59.43
Miscellaneous	35,721.25	17,951.95	53,673.20	49,893.75	3,779.45
<b>Total Administrative Expenses</b>	<b>6,951,106.55</b>	<b>(301,341.84)</b>	<b>6,649,764.71</b>	<b>6,403,319.24</b>	<b>246,445.47</b>

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Support Services:					
Salaries	\$ 975,648.18	\$ 792,797.50	\$ 1,768,445.68	\$ 1,716,635.25	\$ 51,810.43
Purchased Professional and Technical Services	534,806.00	60,583.50	595,389.50	527,686.50	67,703.00
Other Purchased Services	1,231,698.20	(360,936.85)	870,761.35	700,500.12	170,261.23
Rental of Land and Buildings	383,055.60	(57,680.68)	325,374.92	325,374.92	
Insurance for Property, Liability and Fidelity	85,200.00	2,174.29	87,374.29	87,374.29	
Supplies and Materials	65,289.13	128,798.00	194,087.13	183,396.55	10,690.58
Transportation - Other than to and from School	141,165.40	13,345.00	154,510.40	149,035.32	5,475.08
Energy Costs (Heat and Electricity)	550,200.00	(107,608.83)	442,591.17	350,156.49	92,434.68
Miscellaneous	275,997.63	(23,165.22)	252,832.41	139,724.61	113,107.80
<b>Total Support Services Expenses</b>	<b>4,243,060.14</b>	<b>448,306.71</b>	<b>4,691,366.85</b>	<b>4,179,884.05</b>	<b>511,482.80</b>
Capital Outlay:					
Non-instructional Equipment	17,000.00	488,658.01	505,658.01	137,120.26	368,537.75
Lease Purchase Agreements - Principal		35,758.29	35,758.29	32,863.31	2,894.98
Capital Debt Service Principal	1,033,994.87	(168,471.59)	865,523.28	865,523.28	
Other Purchased Professional Services - Construction	12,546.25		12,546.25	12,546.25	
	<b>1,063,541.12</b>	<b>355,944.71</b>	<b>1,419,485.83</b>	<b>1,048,053.10</b>	<b>371,432.73</b>
Assets Acquired Under Capital Lease (Non-Budget):					
Laptop Computers				268,433.51	(268,433.51)
				268,433.51	(268,433.51)
<b>Total Capital Outlay</b>	<b>1,063,541.12</b>	<b>355,944.71</b>	<b>1,419,485.83</b>	<b>1,316,486.61</b>	<b>102,999.22</b>

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Non-budgeted Expenditures					
TPAF Pension On Behalf Payments				\$ 294,555.00	\$ (294,555.00)
TPAF Pension On Behalf Payments- Post Retirement Medical				467,607.00	(467,607.00)
TPAF Social Security Reimbursed				529,892.03	(529,892.03)
				<u>1,292,054.03</u>	<u>(1,292,054.03)</u>
Total Expenditures	<u>\$ 19,208,466.68</u>	<u>\$ 503,899.56</u>	<u>\$ 19,712,366.24</u>	<u>\$ 19,719,119.52</u>	<u>\$ (6,753.28)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(539,331.68)</u>	<u>566,604.80</u>	<u>27,273.12</u>	<u>1,178,809.00</u>	<u>1,151,535.88</u>
Other Financing Sources (Uses):					
Assets Acquired by Capital Lease				268,433.51	268,433.51
Recovery and Adjustments for Prior Year Special Revenue Fund Activity				(125,697.68)	(125,697.68)
Transfer to Cover Deficit in Food Service Enterprise Fund				(175,921.11)	(175,921.11)
Deposits Held for Sinking Fund:					
Sinking Fund Deposits				292,235.04	292,235.04
Interest on Sinking Fund Deposits				718.75	718.75
Deposits Held for Debt Service:					
Interest Earn on Deposit Held for Debt Service				26.97	26.97
Interest on Bonds Deposited				276,579.64	276,579.64
Bond Principal Deposited				323,748.22	323,748.22
Payment of Interest on Bonds by Trustee				(281,770.00)	(281,770.00)
Payment of Bond Principal by Trustee				(310,000.00)	(310,000.00)
Total Other Financing Sources (Uses)				<u>268,353.34</u>	<u>268,353.34</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(539,331.68)</u>	<u>566,604.80</u>	<u>27,273.12</u>	<u>1,447,162.34</u>	<u>1,419,889.22</u>
Fund Balances, July 1	<u>2,370,424.50</u>		<u>2,370,424.50</u>	<u>2,370,424.50</u>	
Fund Balances, June 30 (Carried Forward)	<u>\$ 1,831,092.82</u>	<u>\$ 566,604.80</u>	<u>\$ 2,397,697.62</u>	<u>\$ 3,817,586.84</u>	<u>\$ 1,419,889.22</u>

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Fund Balances, June 30 (Brought Forward)	\$ 1,831,092.82	\$ 566,604.80	\$ 2,397,697.62	\$ 3,817,586.84	\$ 1,419,889.22
Recapitulation:					
Restricted Fund Balance:					
Debt Service Reserve				\$ 412,752.51	
Sinking Fund Reserve				1,097,546.66	
State Mandated Reserve				75,249.14	
Committed Fund Balance:					
Year-End Encumbrances				857,436.99	
Assigned Fund Balance:					
Year-End Encumbrances				99,229.16	
Unassigned Fund Balance				<u>1,275,372.38</u>	
				<u>\$ 3,817,586.84</u>	

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Special Revenue Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Arter Charter Grant		\$ 3,859.33	\$ 3,859.33	\$ 1,543.10	\$ (2,316.23)
College Access		1,000.00	1,000.00	543.99	(456.01)
NJSIG Safety Gratr	\$ 9,095.00		9,095.00	9,019.48	(75.52)
	<u>9,095.00</u>	<u>4,859.33</u>	<u>13,954.33</u>	<u>11,106.57</u>	<u>(2,847.76)</u>
Federal Sources:					
Title I, Part A	1,082,940.00	154,512.00	1,237,452.00	1,095,341.16	(142,110.84)
Title II, Part A	66,784.00	2,146.00	68,930.00	67,056.00	(1,874.00)
Title III	15,225.00	3,782.00	19,007.00	7,156.03	(11,850.97)
I.D.E.A., Part B	291,974.00	123,598.00	415,572.00	331,476.52	(84,095.48)
Race to the Top		27,372.52	27,372.52	9,459.33	(17,913.19)
Instructional Improvement System -- (edConnectNJ) - Race to the Top Phase Three		50,000.00	50,000.00	42,600.90	(7,399.10)
Farm to School Grant		33,468.52	33,468.52	29,370.69	(4,097.83)
Total - Federal Sources	<u>1,456,923.00</u>	<u>394,879.04</u>	<u>1,851,802.04</u>	<u>1,582,460.63</u>	<u>(269,341.41)</u>
Total Revenue	<u>1,466,018.00</u>	<u>399,738.37</u>	<u>1,865,756.37</u>	<u>1,593,567.20</u>	<u>(272,189.17)</u>

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Special Revenue Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u> (Continued)
EXPENDITURES:					
Instruction:					
Salaries for Instruction	\$ 439,024.00	\$ 12,491.89	\$ 451,515.89	\$ 422,204.37	\$ 29,311.52
Purchased Professional and Technical Services	222,400.00	(7,400.00)	215,000.00	193,075.58	21,924.42
Other Purchased Services (400-500 series)		8,280.00	8,280.00	880.90	7,399.10
General Supplies	<u>72,202.00</u>	<u>99,046.34</u>	<u>171,248.34</u>	<u>98,408.18</u>	<u>72,840.16</u>
Total Instruction	<u>733,626.00</u>	<u>112,418.23</u>	<u>846,044.23</u>	<u>714,569.03</u>	<u>131,475.20</u>
Support Services:					
Salaries of Program Directors	80,000.00	(9,065.21)	70,934.79	68,839.60	2,095.19
Support Services - Salaries	10,600.00	16,676.11	27,276.11	13,850.00	13,426.11
Personal Services - Employee Benefits	270,835.00	(15,816.53)	255,018.47	230,874.23	24,144.24
Purchased Professional and Technical Services	303,939.00	52,505.51	356,444.51	303,866.20	52,578.31
Other Purchased Services (400-500 series)	4,600.00	26,957.09	31,557.09	17,764.12	13,792.97
Travel	2,500.00	15,577.69	18,077.69	8,393.10	9,684.59
Supplies and Materials	58,718.00	199,157.42	257,875.42	235,410.92	22,464.50
Other Objects	<u>1,200.00</u>	<u>1,328.06</u>	<u>2,528.06</u>	<u>2,528.06</u>	<u>2,528.06</u>
Total Support Services	<u>732,392.00</u>	<u>287,320.14</u>	<u>1,019,712.14</u>	<u>878,998.17</u>	<u>140,713.97</u>
Facilities Acquisition and Construction Services:					
Total Expenditures	<u>1,466,018.00</u>	<u>399,738.37</u>	<u>1,865,756.37</u>	<u>1,593,567.20</u>	<u>272,189.17</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2015

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

	General	Special Revenue
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 20,897,928.52	\$ 1,593,567.20
Difference between the local grant award amounts and the amounts realized as revenue on a budgetary basis		6,232.63
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		<u>(166,243.97)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 20,897,928.52</u>	<u>\$ 1,433,555.86</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 19,719,119.52	\$ 1,593,567.20
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(166,243.97)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 19,719,119.52</u>	<u>\$ 1,427,323.23</u>

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**ACCOUNTING AND REPORTING FOR PENSIONS  
(GASBS NO. 68) SCHEDULES**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Required Supplementary Information  
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Two Fiscal Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
Charter School's Proportion of the Net Pension Liability	0.0279011432%	0.0289281896%
Charter School's Proportionate Share of the Net Pension Liability	\$ 5,223,857.00	\$ 5,528,752.00
Charter School's Covered-Employee Payroll	\$ 1,776,453.00	\$ 1,803,902.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	294.06%	306.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Required Supplementary Information  
 Schedule of the Charter School's Contributions  
 Public Employees' Retirement System (PERS)  
 Last Two Fiscal Years

	<u>Fiscal Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 259,979.00	\$ 230,013.00
Contributions in Relation to the Contractually Required Contribution	<u>(259,979.00)</u>	<u>(230,013.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Charter School's Covered-Employee Payroll	\$ 1,977,716.00	\$ 1,776,453.00
Contributions as a Percentage of Charter School's Covered-Employee Payroll	13.15%	12.95%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Required Supplementary Information  
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability  
 Teachers' Pension and Annuity Fund (TPAF)  
 Last Two Fiscal Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
Charter School's Proportion of the Net Pension Liability	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the Charter School	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>
Charter School's Proportionate Share of the Net Pension Liability		
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>\$ 24,526,395.00</u>	<u>\$ 20,511,366.00</u>
	<u>\$ 24,526,395.00</u>	<u>\$ 20,511,366.00</u>
Charter School's Covered-Employee Payroll	\$ 5,930,851.00	\$ 5,101,905.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll		
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	413.54%	402.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Required Supplementary Information  
Schedule of Charter School Contributions  
Teachers' Pension and Annuity Fund (TPAF)  
Last 10 Fiscal Years

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This schedule is not applicable.

The Charter School is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2015

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

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

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

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2015

	N.C.L.B.			I.D.E.A. Part B, Basic	ARRA Race to the Top	Instructional Improvement System (edConnectNJ) Race to the Top Phase Three	Total Carried Forward
	Title, Part A	Title II, Part A	Title III				
<b>REVENUES:</b>							
Federal Sources	\$ 1,095,341.16	\$ 67,056.00	\$ 7,156.03	\$331,476.52	\$ 9,459.33	\$ 42,600.90	\$ 1,553,089.94
Local Sources							
<b>Total Revenues</b>	<b>1,095,341.16</b>	<b>67,056.00</b>	<b>7,156.03</b>	<b>331,476.52</b>	<b>9,459.33</b>	<b>42,600.90</b>	<b>1,553,089.94</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries for Instruction	295,595.48		2,803.89	123,805.00			422,204.37
Purchased Professional and Technical Services	193,075.58						193,075.58
Other Purchased Services (400-500 series)						880.90	880.90
General Supplies	97,705.60		167.70	534.88			98,408.18
<b>Total Instruction</b>	<b>586,376.66</b>		<b>2,971.59</b>	<b>124,339.88</b>		<b>880.90</b>	<b>714,569.03</b>
<b>Support Services:</b>							
Salaries of Program Directors				68,509.60			68,509.60
Support Services - Salaries	4,685.00		1,965.00		7,200.00		13,850.00
Personal Services - Employee Benefits	149,461.71		349.65	81,062.87			230,874.23
Purchased Professional and Technical Services	133,427.50	65,898.00		49,500.01		26,000.00	274,825.51
Travel	8,333.77				59.33		8,393.10
Supplies and Materials	200,215.40		974.79	7,394.16		15,720.00	224,304.35
<b>Total Support Services</b>	<b>508,964.50</b>	<b>67,056.00</b>	<b>4,184.44</b>	<b>207,136.64</b>	<b>9,459.33</b>	<b>41,720.00</b>	<b>838,520.91</b>
<b>Total Expenditures</b>	<b>1,095,341.16</b>	<b>67,056.00</b>	<b>7,156.03</b>	<b>331,476.52</b>	<b>9,459.33</b>	<b>42,600.90</b>	<b>1,553,089.94</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2015

	<u>Total Brought Forward</u>	<u>Farm to School Grant</u>	<u>Arter Charter Grant</u>	<u>College Access</u>	<u>NJSIG Safety Grant</u>	<u>Total</u>
<b>REVENUES:</b>						
Federal Sources	\$ 1,553,089.94	\$ 29,370.69				\$ 1,582,460.63
Local Sources			\$ 1,543.10	\$ 543.99	\$ 9,019.48	11,106.57
<b>Total Revenues</b>	<u>1,553,089.94</u>	<u>29,370.69</u>	<u>1,543.10</u>	<u>543.99</u>	<u>9,019.48</u>	<u>1,593,567.20</u>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries for Instruction	422,204.37					422,204.37
Purchased Professional and Technical Services	193,075.58					193,075.58
Other Purchased Services (400-500 series)	880.90					880.90
General Supplies	98,408.18					98,408.18
	<u>714,569.03</u>					<u>714,569.03</u>
<b>Support Services:</b>						
Salaries of Program Directors	68,509.60	330.00				68,839.60
Support Services - Salaries	13,850.00					13,850.00
Personal Services - Employee Benefits	230,874.23					230,874.23
Purchased Professional and Technical Services	274,825.51	29,040.69				303,866.20
Travel	8,393.10					8,393.10
Supplies and Materials	224,304.35		1,543.10	543.99	9,019.48	235,410.92
<b>Total Support Services</b>	<u>838,520.91</u>	<u>29,370.69</u>	<u>1,543.10</u>	<u>543.99</u>	<u>9,019.48</u>	<u>878,998.17</u>
<b>Total Expenditures</b>	<u>1,553,089.94</u>	<u>29,370.69</u>	<u>1,543.10</u>	<u>543.99</u>	<u>9,019.48</u>	<u>1,593,567.20</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CAPITAL PROJECTS FUND**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**CAPITAL PROJECTS FUND**  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2015

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Apropiations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2015</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Lower School Flooring Project	10/23/2014	\$ 275,000.00		\$ 169,810.44	\$ 105,189.56
Wireless Installation	11/20/2014	<u>105,000.00</u>	<u>                    </u>	<u>104,884.19</u>	<u>115.81</u>
		<u>\$ 380,000.00</u>	<u>\$ -</u>	<u>\$ 274,694.63</u>	<u>\$ 105,305.37</u>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**CAPITAL PROJECTS FUND**  
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 For the Fiscal Year Ended June 30, 2015

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<b>Revenues and Other Financing Sources</b>	
Local Source - Loan Proceeds	<u>\$ 105,000.00</u>
	<u>105,000.00</u>
<b>Expenditures and Other Financing Uses</b>	
<b>Expenditures:</b>	
Construction Services	<u>274,694.63</u>
Total Expenditures	<u>274,694.63</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,694.63)
Fund Balance, July 1	<u>                    </u>
Fund Balance, June 30 (Deficit)	<u><u>\$ (169,694.63)</u></u>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**CAPITAL PROJECTS FUND**  
 Schedule of Revenues, Expenditures, Project Balance and Project Status  
 Lower School Flooring Project  
 From Inception and For the Fiscal Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Local Source - Loan Proceeds				\$ 275,000.00
Total Revenues				275,000.00
<b>Expenditures and Other Financing Uses</b>				
Construction Services		\$ 169,810.44	\$ 169,810.44	275,000.00
Total Expenditures		169,810.44	169,810.44	275,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (169,810.44)	\$ (169,810.44)	\$ -
Undesignated Deficit			<u>\$ (169,810.44)</u>	
<b>Additional Project Information</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$	275,000.00		
Additional Authorized Cost				
Revised Authorized Cost		275,000.00		
Percentage Increase over Original Authorized Cost				
Percentage Completion	62%			
Original Target Completion Date	8/31/2015			
Revised Target Completion Date	8/31/2015			

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**CAPITAL PROJECTS FUND**  
 Schedule of Revenues, Expenditures, Project Balance and Project Status  
 Wireless Installation  
 From Inception and For the Fiscal Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Local Source - Loan Proceeds		\$ 105,000.00	\$ 105,000.00	\$ 105,000.00
Total Revenues		105,000.00	105,000.00	105,000.00
<b>Expenditures and Other Financing Uses</b>				
Construction Services		104,884.19	104,884.19	105,000.00
Total Expenditures		104,884.19	104,884.19	105,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 115.81	\$ 115.81	\$ -
Designated for Subsequent Years Expenditures			<u>\$ 115.81</u>	
<b>Additional Project Information</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	105,000.00		
Additional Authorized Cost				
Revised Authorized Cost		105,000.00		
Percentage Increase over Original Authorized Cost				
Percentage Completion	100%			
Original Target Completion Date	1/31/2015			
Revised Target Completion Date	1/31/2015			

**PROPRIETARY FUNDS**

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Proprietary Fund  
Statement of Net Position  
June 30, 2015

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash	\$ 17,262.20
Intergovernmental Accounts Receivable:	
State	1,496.00
Federal	87,489.66
Other	111,026.55
Interfund Accounts Receivable:	
Due Special Revenue Fund	15,133.96
Inventories	<u>13,616.15</u>
Total Current Assets	<u>246,024.52</u>
Noncurrent Assets:	
Furniture, Fixtures and Equipment	276,680.55
Less Accumulated Depreciation	<u>(126,907.33)</u>
Total Noncurrent Assets	<u>149,773.22</u>
Total Assets	<u>395,797.74</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	218,793.10
Due to General Fund	<u>27,231.42</u>
Total Current Liabilities	<u>246,024.52</u>
NET POSITION:	
Net Investment in Capital Assets	149,773.22
Unrestricted	<u>                    </u>
Total Net Position	<u><u>\$ 149,773.22</u></u>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Proprietary Fund  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 66,002.97
Daily Sales - Non-Reimbursable Programs	43,641.39
Special Functions	2,181.16
Rutgers - ELRA Contract	131,444.00
	243,269.52
<b>Total Operating Revenues</b>	<b>243,269.52</b>
<b>OPERATING EXPENSES:</b>	
Salaries	482,866.67
Employee Benefits	71,287.76
Other Purchased Services	44,764.47
General Supplies	49,719.11
Depreciation	15,250.33
Cost of Sales	580,890.54
Miscellaneous Expenses	72.75
	1,244,851.63
<b>Total Operating Expenses</b>	<b>1,244,851.63</b>
<b>Operating Income / (Loss)</b>	<b>(1,001,582.11)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
State Sources:	
State School Lunch Program	13,377.66
Federal Sources:	
National School Lunch Program	642,686.18
National School Breakfast Program	214,121.68
After School Snack Program	6,573.94
Food Distribution Program	56,936.57
Fresh Fruit and Vegetables Program	32,754.50
School Meals Equipment and School Breakfast Expansion	8,952.99
Interest and Investment Revenue	30.70
	975,434.22
<b>Total Nonoperating Revenues (Expenses)</b>	<b>975,434.22</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>(26,147.89)</b>
<b>Operating Transfer In - General Fund</b>	<b>175,921.11</b>
<b>Change in Net Position</b>	<b>149,773.22</b>
<b>Net Position -- July 1</b>	<b>149,773.22</b>
<b>Net Position -- June 30</b>	<b>\$ 149,773.22</b>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Proprietary Fund  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Customers	\$ 178,471.52
Payments to Employees	(482,866.67)
Payments for Employee Benefits	(71,287.76)
Payments to Suppliers	<u>(518,763.76)</u>
Net Cash Provided by (used for) Operating Activities	<u>(894,446.67)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
State Sources	12,979.64
Federal Sources	960,468.63
Operating Subsidies and Transfers to Other Funds	<u>(58,748.53)</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>914,699.74</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases of Capital Assets	<u>(8,717.55)</u>
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(8,717.55)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and Dividends	<u>30.70</u>
Net Cash Provided by (used for) Investing Activities	<u>30.70</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,566.22
Balance -- July 1	<u>5,695.98</u>
Balance -- June 30	<u>\$ 17,262.20</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	\$ (1,001,582.11)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation	15,250.33
Food Distribution Program	56,936.57
(Increase) Decrease in Accounts Receivable, net	(64,798.00)
(Increase) Decrease in Inventories	(6,519.12)
Increase (Decrease) in Accounts Payable	<u>106,265.66</u>
Total Adjustments	<u>107,135.44</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (894,446.67)</u>

**FIDUCIARY FUNDS**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2015

	<u>Trust Fund</u>	<u>Agency Funds</u>		
	Private Purpose Scholarship <u>Fund</u>	Student <u>Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 2,495.25	\$ 29,780.01	\$ 5,251.66	\$ 37,526.92
Interfund Accounts Receivable:				
Due from General Fund		19,415.66	3,718.76	23,134.42
<b>Total Assets</b>	<u>2,495.25</u>	<u>\$ 49,195.67</u>	<u>\$ 8,970.42</u>	<u>60,661.34</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings			\$ 8,970.42	8,970.42
Accounts Payable		\$ 13,395.24		13,395.24
Payable to Student Groups		29,733.81		29,733.81
Payable to Parent Unit		6,066.62		6,066.62
<b>Total Liabilities</b>		<u>\$ 49,195.67</u>	<u>\$ 8,970.42</u>	<u>58,166.09</u>
<b>NET POSITION:</b>				
Held for Scholarships	<u>2,495.25</u>			<u>2,495.25</u>
<b>Total Net Position</b>	<u>\$ 2,495.25</u>			<u>\$ 2,495.25</u>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2015

	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS:</b>	
Program Revenues	\$ 100.00
Total Contributions	<u>100.00</u>
Investment Earnings: Interest	<u>2.57</u>
Total Additions	<u>102.57</u>
<b>DEDUCTIONS:</b>	
Program Expenditures	<u>300.00</u>
Total Deductions	<u>300.00</u>
Change in Net Position	(197.43)
Net Position -- July 1	<u>2,692.68</u>
Net Position -- June 30	<u><u>\$ 2,495.25</u></u>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015

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	<u>Balance</u> <u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
LEAP Academy University Charter School:				
Student Groups	\$ 28,814.04	\$ 84,352.34	\$ 83,432.57	\$ 29,733.81
Parent Unit	<u>7,184.53</u>	<u>30,726.44</u>	<u>31,844.35</u>	<u>6,066.62</u>
	<u>\$ 35,998.57</u>	<u>\$ 115,078.78</u>	<u>\$ 115,276.92</u>	<u>\$ 35,800.43</u>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 June 30, 2015

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 9,959.16	\$ 10,730,176.90	\$ 10,734,884.40	\$ 5,251.66
Interfund Accounts Receivable: Due General Fund	<u>1,868.50</u>	<u>236,172.82</u>	<u>234,322.56</u>	<u>3,718.76</u>
Total Assets	<u>\$ 11,827.66</u>	<u>\$ 10,966,349.72</u>	<u>\$ 10,969,206.96</u>	<u>\$ 8,970.42</u>
<b>LIABILITIES:</b>				
Intrafund Accounts Payable Due Unemployment Trust Fund	\$ 5,004.56		\$ 5,004.56	
Payroll Deductions and Withholdings Net Payroll	<u>6,823.10</u>	<u>\$ 4,373,257.16</u> <u>6,593,092.56</u>	<u>4,371,109.84</u> <u>6,593,092.56</u>	<u>\$ 8,970.42</u>
Total Liabilities	<u>\$ 11,827.66</u>	<u>\$ 10,966,349.72</u>	<u>\$ 10,969,206.96</u>	<u>\$ 8,970.42</u>

**LONG-TERM DEBT**

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Schedule of Serial Bonds  
For the Fiscal Year Ended June 30, 2015

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>					
Serial Bonds:									
Charter School Project Bonds	10/2/2003	\$ 8,500,000.00	9/1/2015	\$ 325,000.00	4.00%				
			9/1/2016	335,000.00					
			9/1/2017	350,000.00					
			9/1/2018	370,000.00	4.10%				
			9/1/2019	385,000.00	4.25%				
			9/1/2020	400,000.00	4.35%				
			9/1/2021	420,000.00	4.45%				
			9/1/2022	440,000.00	4.50%				
			9/1/2023	460,000.00	4.60%				
			9/1/2024	485,000.00	4.75%				
			9/1/2025	505,000.00					
			9/1/2026	530,000.00					
			9/1/2027	560,000.00					
			9/1/2028	585,000.00		\$ 6,460,000.00		\$ 310,000.00	\$ 6,150,000.00
Charter School Revenue Bonds:									
Series 2014A (Tax Exempt)	9/29/2014	9,500,000.00	10/1/2020	120,000.00	8.00%				
Series 2014B (Taxable)	9/29/2014	500,000.00	10/1/2021	125,000.00					
			10/1/2022	140,000.00					
			10/1/2023	150,000.00					
			10/1/2024	165,000.00	5.125%				
			10/1/2025	170,000.00	6.00%				
			10/1/2026	180,000.00					
			10/1/2027	190,000.00					
			10/1/2028	200,000.00					
			10/1/2029	210,000.00					
			10/1/2030	225,000.00					
			10/1/2031	240,000.00					
			10/1/2032	250,000.00					
			10/1/2033	265,000.00					
			10/1/2034	280,000.00					
			10/1/2035	300,000.00	6.20%				
			10/1/2036	320,000.00					
			10/1/2037	340,000.00					
			10/1/2038	360,000.00					
			10/1/2039	380,000.00					
			10/1/2040	405,000.00					
			10/1/2041	430,000.00					

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2015

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
Charter School Revenue Bonds (Cont'd):									
Series 2014A (Tax Exempt)	9/29/2014	\$ 9,500,000.00	10/1/2042	\$ 455,000.00	6.20%				
Series 2014B (Taxable)	9/29/2014	500,000.00	10/1/2043	485,000.00					
			10/1/2044	515,000.00					
			10/1/2045	550,000.00	6.30%				
			10/1/2046	580,000.00					
			10/1/2047	620,000.00					
			10/1/2048	655,000.00					
			10/1/2049	695,000.00					
						<u>\$ 10,000,000.00</u>			<u>\$ 10,000,000.00</u>
						<u>\$ 6,460,000.00</u>	<u>\$ 10,000,000.00</u>	<u>\$ 310,000.00</u>	<u>\$ 16,150,000.00</u>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Schedule of Obligations Under Capital Leases  
 For the Fiscal Year Ended June 30, 2015

<u>SERIES</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding July 1, 2014</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2015</u>
				<u>Principal</u>	<u>Interest</u>				
2011 IC Corp 54 Passenger Bus	March 30, 2010	June 30, 2010 to December 31, 2014	4.00%	\$ 82,115.00	\$ 8,971.80	\$ 8,930.04		\$ 8,930.04	
Laptop Computers	December 1, 2014	January 1, 2015 to December 31, 2019	5.00%	268,433.51	35,504.14	<u>                    </u>	<u>\$ 268,433.51</u>	<u>23,933.27</u>	<u>\$ 244,500.24</u>
						<u>\$ 8,930.04</u>	<u>\$ 268,433.51</u>	<u>\$ 32,863.31</u>	<u>\$ 244,500.24</u>

## **STATISTICAL SECTION**

## **Financial Trends Information**

Financial trends information is intended to assist the user in understanding and assessing how the Charter School's financial position has changed over time. Please refer to the following exhibits for a historical view of the Charter School's financial performance.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Net Position by Component  
 Last Ten Fiscal Years (accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30.									
	2015*	2014	2013	2012	2011	2010	2009	2008	2007	2006 (1)
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 3,866,545.72	\$ 5,564,897.49	\$ 5,540,432.23	\$ (512,995.84)	\$ 4,847,133.82	\$ 3,286,633.42	\$ 3,112,842.13	\$ 3,251,012.41	\$ 3,425,178.43	\$ 3,980,887.54
Restricted	2,895,846.81	1,130,605.96	806,270.22	6,955,011.41	370,916.10	368,286.58	365,752.47	352,093.37	362,413.34	
Unrestricted	(3,272,117.93)	1,069,967.37	726,198.06	575,314.99	1,709,409.29	2,417,645.35	1,549,213.43	475,014.33	178,375.06	320,396.94
<b>Total Governmental Activities Net Position</b>	<b>\$ 3,490,274.60</b>	<b>\$ 7,765,470.82</b>	<b>\$ 7,072,900.51</b>	<b>\$ 7,017,330.56</b>	<b>\$ 6,927,459.21</b>	<b>\$ 6,072,565.35</b>	<b>\$ 5,027,808.03</b>	<b>\$ 4,078,120.11</b>	<b>\$ 3,965,966.83</b>	<b>\$ 4,301,284.48</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 149,773.22	\$ 156,306.00	\$ 156,306.00	\$ 71,483.00	\$ 87,857.62	\$ 90,309.67	\$ 85,992.06	\$ 94,756.72	\$ 103,802.54	\$ 34,705.81
Unrestricted (Deficit)		(156,306.00)	(266,916.20)	(343,724.66)					(63,514.15)	(14,030.38)
<b>Total Business-type Activities Net Position</b>	<b>\$ 149,773.22</b>	<b>\$ -</b>	<b>\$ (110,610.20)</b>	<b>\$ (272,241.66)</b>	<b>\$ 87,857.62</b>	<b>\$ 90,309.67</b>	<b>\$ 85,992.06</b>	<b>\$ 94,756.72</b>	<b>\$ 40,288.39</b>	<b>\$ 20,675.43</b>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 4,016,318.94	\$ 5,721,203.49	\$ 5,696,738.23	\$ (441,512.84)	\$ 4,934,991.44	\$ 3,376,943.09	\$ 3,198,834.19	\$ 3,345,769.13	\$ 3,528,980.97	\$ 4,015,593.35
Restricted	2,895,846.81	1,130,605.96	806,270.22	6,955,011.41	370,916.10	368,286.58	365,752.47	352,093.37	362,413.34	
Unrestricted (Deficit)	(3,272,117.93)	913,661.37	459,281.86	231,590.33	1,709,409.29	2,417,645.35	1,549,213.43	475,014.33	114,860.91	306,366.56
<b>Total District-wide Net Position</b>	<b>\$ 3,640,047.82</b>	<b>\$ 7,765,470.82</b>	<b>\$ 6,962,290.31</b>	<b>\$ 6,745,088.90</b>	<b>\$ 7,015,316.83</b>	<b>\$ 6,162,875.02</b>	<b>\$ 5,113,800.09</b>	<b>\$ 4,172,876.83</b>	<b>\$ 4,006,255.22</b>	<b>\$ 4,321,959.91</b>

(1) Change in fiscal year from July 31 to June 30. For 2006, the amounts reported are for an eleven month period.

\*Amounts for the year 2015 include the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Source: Comprehensive Annual Financial Report Exhibit A-1

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Changes in Net Position  
Last Nine Fiscal Years (accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2015*	2014	2013	2012	2011	2010	2009	2008	2007	2006 (1)
<b>Expenses</b>										
Governmental Activities										
Instruction	\$ 8,092,058.48	\$ 8,377,052.13	\$ 8,123,628.90	\$ 6,162,700.29	\$ 5,218,477.56	\$ 4,766,178.72	\$ 4,273,627.54	\$ 4,119,025.29	\$ 4,602,168.06	\$ 3,529,394.65
Administration	7,950,283.88	6,804,647.11	5,543,619.01	3,275,635.42	2,969,821.70	3,170,749.46	2,631,365.92	2,692,493.55	2,133,831.62	1,849,790.72
Support Services	5,261,626.38	4,593,787.61	4,437,863.61	4,478,028.68	3,652,161.40	3,129,000.76	3,180,982.01	2,713,035.73	2,951,983.26	2,041,076.66
Interest on Long Term Debt	1,342,285.33	841,420.17	572,294.65	786,648.55	406,797.79	432,223.95	444,170.33	455,366.18	487,270.65	448,953.64
Unallocated Amortization and Depreciation				5,678.66	8,616.02	18,847.55	29,439.32	29,439.32	29,439.33	370,597.81
Total Governmental Activities Expenses	<u>22,646,254.07</u>	<u>20,616,907.02</u>	<u>18,677,406.17</u>	<u>14,708,691.60</u>	<u>12,255,874.47</u>	<u>11,517,000.44</u>	<u>10,559,585.12</u>	<u>10,009,360.07</u>	<u>10,204,692.92</u>	<u>8,239,813.48</u>
Business-type Activities:										
Food Service	1,244,851.63	1,145,665.68	1,091,167.24	1,027,915.73	1,145,665.68	680,342.86	564,600.54	608,639.88	645,744.03	547,608.26
Total Business-type Activities Expense	<u>1,244,851.63</u>	<u>1,145,665.68</u>	<u>1,091,167.24</u>	<u>1,027,915.73</u>	<u>1,145,665.68</u>	<u>680,342.86</u>	<u>564,600.54</u>	<u>608,639.88</u>	<u>645,744.03</u>	<u>547,608.26</u>
Total Government-Wide Expenses	<u>\$ 23,891,105.70</u>	<u>\$ 21,762,572.70</u>	<u>\$ 19,768,573.41</u>	<u>\$ 15,736,607.33</u>	<u>\$ 13,401,540.15</u>	<u>\$ 12,197,343.30</u>	<u>\$ 11,124,185.66</u>	<u>\$ 10,617,999.95</u>	<u>\$ 10,850,436.95</u>	<u>\$ 8,787,421.74</u>
<b>Program Revenues</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 3,750,804.89	\$ 2,913,464.88	\$ 1,833,393.50	\$ 2,491,184.79	\$ 1,225,257.26	\$ 1,500,923.91	\$ 1,432,949.12	\$ 1,164,496.05	\$ 1,163,938.67	\$ 965,988.36
Capital Grants and Contributions						258,960.42				
Total Governmental Activities Program Revenues	<u>3,750,804.89</u>	<u>2,913,464.88</u>	<u>1,833,393.50</u>	<u>2,491,184.79</u>	<u>1,225,257.26</u>	<u>1,759,884.33</u>	<u>1,432,949.12</u>	<u>1,164,496.05</u>	<u>1,163,938.67</u>	<u>965,988.36</u>
Business-type activities:										
Charges for services										
Food Service	243,269.52	126,754.65	202,013.15	189,619.42	77,400.96	53,084.59	43,366.14	56,294.63	59,930.99	65,552.41
Operating Grants and Contributions	975,403.52	917,782.55	760,758.05	486,275.38	518,191.92	539,501.54	440,686.82	461,037.20	435,685.92	393,667.95
Total Business-type Activities Program Revenues	<u>1,218,673.04</u>	<u>1,044,537.20</u>	<u>962,771.20</u>	<u>675,894.80</u>	<u>595,592.88</u>	<u>592,586.13</u>	<u>484,052.96</u>	<u>517,331.83</u>	<u>495,616.91</u>	<u>459,220.36</u>
Total Government-Wide Program Revenues	<u>\$ 4,969,477.93</u>	<u>\$ 3,958,002.08</u>	<u>\$ 2,796,164.70</u>	<u>\$ 3,167,079.59</u>	<u>\$ 1,820,850.14</u>	<u>\$ 2,352,470.46</u>	<u>\$ 1,917,002.08</u>	<u>\$ 1,681,827.88</u>	<u>\$ 1,659,555.58</u>	<u>\$ 1,425,208.72</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (18,895,449.18)	\$ (17,703,442.14)	\$ (16,844,012.67)	\$ (12,217,506.81)	\$ (11,030,617.21)	\$ (9,757,116.11)	\$ (9,126,636.00)	\$ (8,844,864.02)	\$ (9,040,754.25)	\$ (7,273,825.12)
Business-type Activities	<u>(26,178.59)</u>	<u>(101,128.48)</u>	<u>(128,396.04)</u>	<u>(352,020.93)</u>	<u>(550,072.80)</u>	<u>(87,756.73)</u>	<u>(80,547.58)</u>	<u>(91,308.05)</u>	<u>(150,127.12)</u>	<u>(88,387.90)</u>
Total Government-Wide Net Expense	<u>\$ (18,921,627.77)</u>	<u>\$ (17,804,570.62)</u>	<u>\$ (16,972,408.71)</u>	<u>\$ (12,569,527.74)</u>	<u>\$ (11,580,690.01)</u>	<u>\$ (9,844,872.84)</u>	<u>\$ (9,207,183.58)</u>	<u>\$ (8,936,172.07)</u>	<u>\$ (9,190,881.37)</u>	<u>\$ (7,362,213.02)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Local Levy	\$ 18,564,339.00	\$ 17,502,834.00	\$ 16,039,557.00	\$ 11,167,658.00	\$ 10,770,723.00	\$ 9,853,628.00	\$ 9,029,352.00	\$ 6,809,193.00	\$ 6,560,406.00	\$ 5,773,255.00
Categorical Aid and Other State and Federal Aid - Not Restricted	910,395.00	1,004,955.85	1,067,406.68	695,724.00	979,962.66	927,862.52	926,792.65	2,166,141.05	2,127,210.50	1,677,268.68
Loan Proceeds										
Investment Earnings	3,765.44	58,290.26		56,369.54	3,610.87	3,633.08	10,824.65	28,537.43	45,142.77	22,174.87
Miscellaneous Income	846,426.63	170,033.56	84,423.91	232,666.46	173,212.44	108,690.12	180,515.80	97,141.79	429,065.38	182,895.39
Special Items										(185,784.40)
Transfers	(175,921.11)	(188,671.98)	(200,000.00)		(41,997.91)	(91,940.30)	(71,161.19)	(143,995.97)	(90,000.00)	(89,455.00)
Total Governmental Activities	<u>\$ 20,149,004.96</u>	<u>\$ 18,547,441.69</u>	<u>\$ 16,991,387.59</u>	<u>\$ 12,152,418.00</u>	<u>\$ 11,885,511.06</u>	<u>\$ 10,801,873.42</u>	<u>\$ 10,076,323.91</u>	<u>\$ 8,957,017.30</u>	<u>\$ 9,071,824.65</u>	<u>\$ 7,380,354.54</u>
Business-type Activities:										
Investment Earnings	30.70	28.13	11.82	57.80	193.11	134.04	621.73	1,780.41	1,597.57	1,153.41
Transfers	175,921.11	188,671.98	200,000.00		41,997.91	91,940.30	71,161.19	143,995.97	90,000.00	89,455.00
Total Business-type Activities	<u>175,951.81</u>	<u>188,700.11</u>	<u>200,011.82</u>	<u>57.80</u>	<u>42,191.02</u>	<u>92,074.34</u>	<u>71,782.92</u>	<u>145,776.38</u>	<u>91,597.57</u>	<u>90,608.41</u>
Total Government-Wide	<u>\$ 20,324,956.77</u>	<u>\$ 18,736,141.80</u>	<u>\$ 17,191,399.41</u>	<u>\$ 12,152,475.80</u>	<u>\$ 11,927,702.08</u>	<u>\$ 10,893,947.76</u>	<u>\$ 10,148,106.83</u>	<u>\$ 9,102,793.68</u>	<u>\$ 9,163,422.22</u>	<u>\$ 7,470,962.95</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,253,555.78	\$ 843,999.55	\$ 147,374.92	\$ (65,088.81)	\$ 854,893.85	\$ 1,044,757.31	\$ 949,687.91	\$ 112,153.28	\$ 31,070.40	\$ 106,529.42
Business-type Activities	<u>149,773.22</u>	<u>87,571.63</u>	<u>71,615.78</u>	<u>(351,963.13)</u>	<u>(507,881.78)</u>	<u>4,317.61</u>	<u>(8,764.66)</u>	<u>54,468.33</u>	<u>(58,529.55)</u>	<u>2,220.51</u>
Total Government-Wide	<u>\$ 1,403,329.00</u>	<u>\$ 931,571.18</u>	<u>\$ 218,990.70</u>	<u>\$ (417,051.94)</u>	<u>\$ 347,012.07</u>	<u>\$ 1,049,074.92</u>	<u>\$ 940,923.25</u>	<u>\$ 166,621.61</u>	<u>\$ (27,459.15)</u>	<u>\$ 108,749.93</u>

(1) Change in fiscal year from July 31 to June 30. For 2006, the amounts reported are for an eleven month period.

\*Amounts for the year 2015 include the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Source: Comprehensive Annual Financial Report Exhibit A-2

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years (modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011 (2)	2010	2009	2008	2007	2006 (1)
Fund Balances										
Restricted:										
Debt Service Reserve	\$ 412,752.51	\$ 404,167.68	\$ 395,334.08	\$ 390,916.98	\$ 381,650.03					
Sinking Fund Reserve	1,097,546.66	804,592.87	511,691.63	505,231.02						
State Mandated Reserve	75,249.14									
Committed:										
Other Purposes	857,436.99	406,541.17	390,647.47	459,863.93	421,098.46					
Assigned:										
Other Purposes	99,229.16	268,318.44	179,153.27	45,367.09	47,467.41					
Unassigned:										
General Fund	1,275,372.38	486,804.34	230,442.76	148,306.66	1,327,729.05					
Reserved						\$ 507,231.21	\$ 437,054.99	\$ 385,501.99	\$ 496,557.42	\$ 169,118.43
Unreserved						2,385,028.34	1,598,022.82	545,303.74	121,086.94	10,986.68
Total General Fund	<u>\$ 3,817,586.84</u>	<u>\$ 2,370,424.50</u>	<u>\$ 1,707,269.21</u>	<u>\$ 1,549,685.68</u>	<u>\$ 2,177,944.95</u>	<u>\$ 2,892,259.55</u>	<u>\$ 2,035,077.81</u>	<u>\$ 930,805.73</u>	<u>\$ 617,644.36</u>	<u>\$ 180,105.11</u>
All Other Governmental Funds										
Restricted	\$ 11,041.96									
Unassigned, Reported in:										
Capital Projects Fund	<u>(169,694.63)</u>			<u>\$ 6,357,700.74</u>						
Total All Other Governmental Funds	<u>\$ (158,652.67)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,357,700.74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Charter Schools Records

- (1) Change in fiscal year from July 31 to June 30. For 2006, the amounts reported are for an eleven month period.  
(2) Beginning for the fiscal year ended June 30, 2011, the Charter School began reporting fund balances under GASB 54.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years (modified accrual basis of accounting)  
 Unaudited

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006 (1)
<b>Revenues</b>										
Equalization Aid - Local Levy	\$ 18,564,339.00	\$ 17,502,834.00	\$ 16,039,557.00	\$ 11,167,658.00	\$ 10,770,723.00	\$ 9,853,628.00	\$ 9,029,352.00	\$ 6,809,193.00	\$ 6,560,406.00	\$ 5,773,255.00
Revenue From Other Sources	141,235.49	169,003.26	82,752.01	182,452.54	172,010.81	180,044.94	190,603.97	119,920.77	319,555.21	205,070.36
State Sources	2,167,454.03	2,007,516.52	2,051,321.29	1,342,774.28	979,962.66	927,862.52	926,792.65	2,174,633.55	2,127,210.50	1,680,968.68
Federal Sources	1,458,455.86	1,900,904.21	846,358.21	1,844,134.51	1,225,257.26	1,759,884.33	1,432,949.12	1,162,252.55	1,163,938.67	962,288.36
<b>Total Revenue</b>	<b>22,331,484.38</b>	<b>21,580,257.99</b>	<b>19,019,988.51</b>	<b>14,537,019.33</b>	<b>13,147,953.73</b>	<b>12,721,419.79</b>	<b>11,579,697.74</b>	<b>10,265,999.87</b>	<b>10,171,110.38</b>	<b>8,621,582.40</b>
<b>Expenditures</b>										
Instruction	7,186,530.87	7,321,896.38	6,568,589.29	5,761,428.62	4,724,651.78	4,274,367.77	3,736,005.77	3,576,770.86	4,053,251.68	3,491,066.06
Administration	6,878,154.05	6,787,372.48	5,025,145.65	3,258,950.46	3,368,388.38	3,160,929.04	2,626,142.81	2,673,666.76	2,135,521.44	1,835,550.61
Support Services	4,948,052.00	4,843,084.84	4,616,241.31	4,509,327.75	3,686,375.81	3,219,889.61	3,241,944.15	2,830,641.09	3,039,653.54	2,100,220.68
General Fund Debt	1,715,605.81	1,663,937.88	1,674,840.64	1,225,086.25	881,954.58	882,201.87	878,816.67	867,599.58	867,597.19	853,131.40
Capital Outlay	692,794.65	597,736.63	7,209,893.52	4,567,187.58	1,205,710.28	258,960.42				101,426.15
<b>Total Expenditures</b>	<b>21,421,137.38</b>	<b>21,214,028.21</b>	<b>25,094,710.41</b>	<b>19,321,980.66</b>	<b>13,867,080.83</b>	<b>11,796,348.71</b>	<b>10,482,909.40</b>	<b>9,948,678.29</b>	<b>10,096,023.85</b>	<b>8,381,394.90</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	910,347.00	366,229.78	(6,074,721.90)	(4,784,961.33)	(719,127.10)	925,071.08	1,096,788.34	317,321.58	75,086.53	240,187.50
<b>Other Financing Sources (Uses)</b>										
Trustee Payment of Bond Payments	(591,770.00)	(588,870.00)	(590,470.00)	440,251.95	(587,170.00)	(587,370.00)	(582,070.00)	(581,270.00)	(585,170.00)	
Deposits Held with Trustee for Debt Service	600,354.83	597,703.60	594,887.10	(430,985.00)	591,982.50	592,221.66	589,553.74	583,358.79	947,583.34	
Trustee Payments made from Sinking Fund				(185.00)						
Deposits Held with Trustee for Sinking Fund	292,953.79	292,901.24	292,610.52	219,266.11						
Loan Proceeds	105,000.00			10,000,000.00						
Assets Acquired by Capital Lease	268,433.51									
Adjustment to Prior Year Federal Grant Receivable										
Recognition of Prior Year State Aid Adjustment								(6,249.00)		
Recovery and Adjustments for Special Revenue Fund	(125,697.68)		(136,368.19)			(72,741.00)				
Transfer to Fund Deficit in Food Service Enterprise Fund	(175,921.11)									
Payment of Prior Year Bills										(185,784.40)
<b>Total Other Financing Sources (Uses)</b>	<b>373,353.34</b>	<b>301,734.84</b>	<b>160,659.43</b>	<b>10,228,348.06</b>	<b>4,812.50</b>	<b>(67,889.34)</b>	<b>7,483.74</b>	<b>(4,160.21)</b>	<b>362,413.34</b>	<b>(185,784.40)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,283,700.34</b>	<b>\$ 667,964.62</b>	<b>\$ (5,914,062.47)</b>	<b>\$ 5,443,386.73</b>	<b>\$ (714,314.60)</b>	<b>\$ 857,181.74</b>	<b>\$ 1,104,272.08</b>	<b>\$ 313,161.37</b>	<b>\$ 437,499.87</b>	<b>\$ 54,403.10</b>
Debt Service as a Percentage of Noncapital Expenditures	9.0%	8.8%	10.3%	9.1%	7.5%	8.3%	9.2%	9.6%	9.4%	11.5%

Source: Charter Schools Records

(1) Change in fiscal year from July 31 to June 30. For 2006, the amounts reported are for an eleven month period.

**LEAP Academy University Charter School, Inc.**  
 General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years (modified accrual basis of accounting)  
 Unaudited

	<u>2015</u>	<u>2014</u>	<u>2013</u> *	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Donations	\$ 418.96		\$ 11,772.00							
E-Rate Reimbursements		\$ 22,271.12								
Miscellaneous	24,806.77	3,776.77	6,519.75							
Refunds	6,852.26	21,514.73	34,741.24							
Cancellation of Prior Year Accounts Payable	4,211.85	10,727.64	29,719.02							
	<u>\$ 36,289.84</u>	<u>\$ 58,290.26</u>	<u>\$ 82,752.01</u>	-	-	-	-	-	-	-

\* - 2013 was the first year exhibit J-5 was required, therefore prior year information is not applicable.

Source: District Records.

## **Debt Capacity Information**

Debt capacity information is intended to assist users in understanding and assessing the Charter School's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the Charter School's outstanding debt and its debt capacity.

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Charter School	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Mortgages Payable	Capital Leases	Loan Payable	Capital Leases			
2015	\$ 16,157,992.83	\$ 1,111,304.03	\$ 244,500.24	\$ 10,095,768.80		\$ 27,609,565.90	Unavailable	Unavailable
2014	6,460,000.00	2,855,169.51	8,930.04	10,000,000.00		19,324,099.55	Unavailable	249.88
2013	6,755,000.00	1,582,514.38	26,268.33	10,000,000.00		18,363,782.71	0.53%	239.16
2012	7,040,000.00	1,804,376.92	51,021.60	10,000,000.00		18,895,398.52	0.54%	244.53
2011	7,310,000.00	2,017,554.27	66,725.42			9,394,279.69	0.27%	121.34
2010	7,570,000.00	2,222,386.42	82,115.00			9,874,501.42	0.30%	125.33
2009	7,820,000.00	2,419,200.11				10,239,200.11	0.31%	128.76
2008	8,055,000.00	2,608,309.19				10,663,309.19	0.32%	134.53
2007	8,280,000.00	2,790,015.26				11,070,015.26	0.34%	139.77
2006 (1)	8,500,000.00	2,964,608.17				11,464,608.17	0.37%	144.01

**Note:** Details regarding the charter school's outstanding debt can be found in the notes to the financial statements.

(1) Change in fiscal year from July 31 to June 30. For 2006, the amounts reported are for an eleven month period.

(2) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: Charter School CAFR Exhibits I-1, I-2 and Notes to the Financial Statements

## **Demographic and Economic Information**

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the Charter School operates and (2) to provide information that facilitates comparisons of financial statement information over time and among Charter Schools. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the Charter School operates.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Demographic and Economic Statistics (1)  
Last Ten Fiscal Years  
Unaudited

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<u>Year</u>	<u>Population (2)</u>	<u>Personal Income (3)</u>	<u>Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2015	Unavailable	Unavailable	Unavailable	Unavailable
2014	77,332	Unavailable	Unavailable	12.7%
2013	76,783	\$ 3,497,004,952.00	\$ 45,544.00	16.0%
2012	77,271	3,482,063,073.00	45,063.00	18.5%
2011	77,423	3,424,341,867.00	44,229.00	19.6%
2010	78,790	3,327,301,700.00	42,230.00	18.6%
2009	79,519	3,342,660,684.00	42,036.00	17.8%
2008	79,263	3,333,484,728.00	42,056.00	11.8%
2007	79,201	3,231,242,398.00	40,798.00	11.8%
2006	79,611	3,134,603,514.00	39,374.00	10.7%

**Source:**

- (1) Data provided for Camden, New Jersey
- (2) Population information provided by the NJ Dept of Labor and Workforce Development
- (3) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (4) Per Capita personal income is based upon the US Bureau of Economic Analysis CA04 data table.
- (5) Unemployment data provided by the NJ Dept. of Education

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Principal Employers  
Current Year and Nine Years Ago  
Unaudited

<u>Employer (1)</u>	<u>2015</u>			<u>2006 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Cooper Health Care/ Cooper Health System	12,128	1	51.45%			
Our Lady of Lourdes Healthcare Services, Inc	2,217	2	9.41%			
The New Jersey Transit Corporation	1,734	3	7.36%			
Diocese of Camden New Jersey Inc.	1,260	4	5.35%			
Campbell Soup Company	1,200	5	5.09%			
L-3 Communications Ilex Systems, Inc.	800	6	3.39%			
Delaware River Port Authority	623	7	2.64%			
Will-Son Corp	200	8	0.85%			
Consolidated Rail Corporation	185	9	0.78%			
Catelli Bros., Inc.	180	10	0.76%			
	<u>20,527</u>		<u>87.08%</u>	<u>-</u>		<u>-</u>

(1) Source: D&B Regional Business Directory (2014)

(2) Data was not available from sources contacted.

## **Operating Information**

Operating information is intended to provide contextual information about the Charter School's operations and resources to assist readers in using financial statement information to understand and assess the Charter School's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the Charter School's operations.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Full-time Equivalent Charter School Employees by Function/Program  
 Last Ten Fiscal Years  
 Unaudited

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006 (1)</u>
Instruction	113	102	93	78	64	63	63	64	76	76
Administration	16	21	17	15	14	10	10	15	13	9
Support Services	38	40	36	30	24	22	18	14	11	9
Total	167	163	146	123	102	95	91	93	100	94

**Source:** Charter School Personnel Records

(1) Change in fiscal year from July 31 to June 30. For 2006, the quantities reported are for an eleven month period.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Operating Statistics  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ending June 30,	Enrollment	Operating Expenditures (2)	Cost Per Pupil	Percentage Change	Teaching Staff (3)	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) (4)	Average Daily Attendance (ADA) (4)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary (K-5)	Middle School (6-8)	High School (9-12)				
2015	1,373	\$ 19,012,736.92	\$ 13,847.59	-4.07%	113	1:20	1:20	1:20	1,375	1,301	5.11%	94.64%
2014	1,313	18,952,353.70	14,434.39	6.32%	102	1:20	1:20	1:20	1,308	1,233	9.36%	94.27%
2013	1,194	16,209,976.25	13,576.19	-13.70%	93	1:20	1:20	1:20	1,196	1,137	38.86%	95.07%
2012	860	13,529,706.83	15,732.22	0.30%	78	1:20	1:20	1:20	861	815	15.30%	94.59%
2011	751	11,779,415.97	15,684.97	13.50%	64	1:20	1:20	1:20	747	707	-3.23%	94.65%
2010	771	10,655,186.42	13,819.96	8.93%	60	1:20	1:20	1:20	772	721	1.97%	93.44%
2009	757	9,604,092.73	12,687.04	8.83%	60	1:20	1:20	1:20	757	704	-1.17%	93.00%
2008	779	9,081,078.71	11,657.35	-2.23%	60	1:20	1:20	1:20	766	713	6.24%	93.08%
2007	774	9,228,426.66	11,923.03	15.59%	69	1:20	1:20	1:20	721	756	3.95%	104.85%
2006 (1)	720	7,426,837.35	10,315.05	-2.11%	69	1:20	1:20	1:18	694	652	2.00%	93.99%

**Sources:** District records and enrollment counts.

**Note:** Enrollment based on annual October enrollment count.

- (1) Change in fiscal year to June 30. For 2006, the amounts and information reported are for an eleven month period.
- (2) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- (3) Teaching staff includes only full-time equivalents of certificated staff.
- (4) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- (5) Enrollment amount is from the end of the school year. Data for October 15 count is not available.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 School Building Information  
 Last Ten Fiscal Years  
 Unaudited

	<u>2015 (1)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Leap Academy- Lower School (2000)										
Square Feet	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Capacity (students)	480	480	480	420	420	420	420	420	405	
Enrollment	480	480	431	419	423	422	420	420	422	432
<b><u>High School</u></b>										
Leap Academy- Upper School (2005)										
Square Feet	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736
Capacity (students)	380	380	380	380	380	380	380	380	375	
Enrollment	352	352	343	440 (2)	328	349	337	346	352	270
<b><u>STEM School</u></b>										
STEM Program (2012)										
Square Feet	39,000	39,000	39,000							
Capacity (students)	480	480	480							
Enrollment	481	481	420							

Number of Schools at June 30, 2015

Elementary = 1  
 High School = 1  
 STEM = 1

**Source:** District records, ASSA

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

- (1) Subsequent to June 30, 2015, the Dr. Gloria Bonilla-Santiago Building which was purchased in fiscal year 2014 was formally dedicated as the LEAP Academy S.T.E.A.M. Campus.
- (2) During fiscal year 2011-12, 100 STEM High School 9th and 10th graders were housed at a satellite facility on the Camden County College campus in Blackwood, NJ. Therefore, the breakout of students housed at Upper School was 340 and students housed at STEM High School was 100.

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2015

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group		
Burlington and Camden County Educators Insurance Consortium		
Property		
Blanket Real and Personal Property (per occurrence)	\$ 350,000,000.00	
Blanket Extra Expense	50,000,000.00	
Blanket Valuable Papers and Records	10,000,000.00	
Demolition and Increased Cost of Construction (Per occurrence)	10,000,000.00	
Loss of Rents	Not covered	
Loss of Business Income/Tuition	15,923,186.00	
Builder's Risk	Not covered	
Fire Department Service Charge	10,000.00	
Arson Reward	10,000.00	
Pollutant Cleanup and Removal	250,000.00	
Fine Arts	Not covered	
Sublimits: Special Flood Hazard Area Flood Zones (Per occurrence/ NJSBAIG annual aggregate)	15,000,000.00	
Accounts Receivable	250,000.00	
All Other Flood Zones (Per occurrence/NJSBAIG annual aggregate)	75,000,000.00	
Earthquake (per occurrence, NJSBAIG annual aggregate)	50,000,000.00	
Terrorism (per occurrence, NJSBAIG annual aggregate)	1,000,000.00	
Deductibles (per occurrence):		
Real & Personal		\$ 1,000.00
Extra Expense		1,000.00
Valuable Papers		1,000.00
Flood Deductibles (Special Flood Hazard Area):		
Per building		500,000.00
Per building contents		500,000.00
Flood Deductibles (All other flood zones):		
Per member/ per occurrence		10,000.00
Electronic Data Processing		
Hardware/ Software (per occurrence)	858,801.00	
Blanket Extra Expense	Included	
Coverage Extensions:		
Transit	25,000.00	
Loss of Income	10,000.00	
Terrorism	Included in property	
Deductible (per occurrence)		1,000.00
Special Flood Hazard Area Flood Deductible (per building contents)		500,000.00
Flood Deductibles (All other flood zones):		
Per member/ per occurrence		10,000.00

(Continued)

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2015

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Equipment Breakdown		
Combined Single Limit per Accident for Property Damage and Business Income	\$ 100,000,000.00	
Sublimits:		
Property Damage	Included	
Off Premises Property Damage	100,000.00	
Business Income	Included	
Extra Expense	10,000,000.00	
Service Interruption	10,000,000.00	
Perishable Goods	500,000.00	
Data Restoration	100,000.00	
Contingent Business Income	100,000.00	
Demolition	1,000,000.00	
Ordinance or Law	1,000,000.00	
Expediting Expenses	500,000.00	
Hazardous Substances	500,000.00	
Newly Acquired Locations (60 days notice)	250,000.00	
Terrorism	Included	
Interruption of Service Waiting Period 24 hours		
Deductibles:		
Per accident for property damage		\$ 1,000.00
12 hours per accident for business interruption/extra expense		
Newly Acquired Locations waiting period 60 days		
Crime		
Public Employees Dishonesty with Faithful Performance	100,000.00	1,000.00
Theft, Disappearance and Destruction -		
Loss of Money & Securities On or Off Premises	50,000.00	500.00
Theft, Disappearance and Destruction -		
Money Orders & Counterfeit Paper Currency	50,000.00	500.00
Forgery or Alteration	100,000.00	500.00
Computer Fraud	100,000.00	1,000.00
Comprehensive General Liability		
Bodily Injury and Property Damage (Combined single limit)	10,000,000.00	
Bodily Injury form Products and Completed Operations (annual aggregate)	10,000,000.00	
Sexual Abuse		
Per occurrence	10,000,000.00	
Annual pool aggregate	17,000,000.00	
Personal injury and advertising injury (per occurrence, annual aggregate)	10,000,000.00	
Employees Benefits Liability (per occurrence/ annual aggregate)	10,000,000.00	
Deductible (each claim)		1,000.00
Premises Medical Payments		
Per accident	10,000.00	
Limit per person	5,000.00	
Terrorism (per occurrence/annual NJSBAIG aggregate)	1,000,000.00	

(Continued)

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2015

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Automobile		
Liability:		
Symbol 1 Any Auto		
Combined Single Limit for Bodily Injury and Property Damage (per accident)	\$ 10,000,000.00	
Symbol 6:		
Uninsured/ underinsured motorists - private passenger auto (Combined)	1,000,000.00	
Uninsured/ underinsured motorists - all other vehicles:		
Bodily Injury per person	15,000.00	
Bodily Injury per accident	30,000.00	
Property damage per accident	5,000.00	
Symbol 5:		
Personal Injury Protection (including pedestrians)	250,000.00	
Medical Payments:		
Private passenger vehicles	10,000.00	
All other vehicles	5,000.00	
Terrorism (per occurrence/annual NJSBAIG aggregate)	1,000,000.00	
Physical Damage (scheduled vehicles only):		
Symbol 7:		
Comprehensive		\$ 1,000.00
Collision		1,000.00
Hired Car Physical Damage	110,000.00	1,000.00
Replacement cost	Not covered	
Garage Keepers	Included	
Workers' Compensation and Employers' Liability:		
Bodily Injury by Accident (Each accident)	2,000,000.00	
Bodily Injury by Disease ( Each employee)	2,000,000.00	
Bodily Injury by Disease ( Aggregate Limit)	2,000,000.00	
Public Officials Bonds (Ohio Casualty Insurance Company)		
Treasurer	260,000.00	
School Business Administrator	50,000.00	

Source: Charter Schools Records

## **Charter School Performance Framework - Financial Indicators**

The New Jersey Department of Education (NJDOE) developed the comprehensive Performance Framework to ensure that each and every NJ charter school is serving students with a high-quality public education. The Performance Framework – Financial Indicators set the fiscal standards by which all NJ public charter schools will be evaluated, informing both NJDOE and individual school officials about school performance and sustainability. By utilizing the Performance Framework throughout the charter school's life cycle, NJDOE officials will expand the rigorous standards and metrics by which each and every public charter school is evaluated. Please refer to the following exhibit for the Charter School's Performance Framework Financial Indicators.

**LEAP Academy University Charter School, Inc.**  
Charter School Performance Framework  
Financial Indicators - Fiscal Ratios  
Unaudited

	2013 Audit	2014 Audit	2015 Audit	Source
Cash	\$ 1,542,133.87	\$ 3,030,097.34	\$ 6,210,008.55	Audit: Exhibit A-1
Current Assets	2,393,601.33	3,049,413.87	5,106,513.20	Audit: Exhibit A-1
Total Assets	26,875,798.22	28,899,309.78	38,677,960.77	Audit: Exhibit A-1
Current Liabilities	2,114,903.98	2,556,815.78	2,712,862.07	Audit: Exhibit A-1
Total Liabilities	20,203,523.59	21,133,838.96	34,985,034.95	Audit: Exhibit A-1
Net Position	6,872,274.63	7,765,470.82	3,640,047.82	Audit: Exhibit A-1
Total Revenue	18,178,434.70	19,748,175.32	20,324,956.77	Audit: Exhibit A-2
Total Expenses	17,959,444.00	18,816,604.14	18,921,627.77	Audit: Exhibit A-2
Change in Net Position	218,990.70	931,571.18	1,403,329.00	Audit: Exhibit A-2
Depreciation Expense	862,480.91	1,091,700.57	1,047,393.39	Financial Statements/Audit Workpapers
Interest Expense	856,411.44	864,462.03	1,342,285.33	Financial Statements/Audit Workpapers
Principal Payments	536,382.17	534,431.85	592,403.33	Financial Statements/Audit Workpapers
Interest Payments	866,584.86	868,843.17	1,160,683.01	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	1,196	1,310	1,373	DOE Enrollment Reports
March 30th Budgeted Enrollment	1,170	1,264	1,330	Charter School Budget

**RATIOS ANALYSIS...**

Near Term Indicators	2013	2014	2015	3 YR CUM.	Source:
1a. Current Ratio	1.13	1.19	1.88	1.40	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	31.34	58.78	119.79	69.97	Cash/(Total Expenses/365)
1c. Enrollment Variance	102%	104%	103%	103%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	No	No	No	No	Audit
Sustainability Indicators					
2a. Total Margin	1.2%	4.7%	6.9%	4.3%	Change in Net Position/Total Revenue
2b. Debt to Asset	0.75	0.73	0.90	0.79	Total Liabilities/Total Assets
2c. ** Cash Flow	(5,652,305.67)	1,487,963.47	3,179,911.21	(328,143.66)	Net change in cash flow from prior years (Change in Net Position+Depreciation+Interest Expense)/(Principal & Interest Payments)
2d. Debt Service Coverage Ratio	1.38	2.06	2.16	1.87	

\* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No

\*\* 2015 =2015 Cash - 2014 Cash; 2014 =2014 Cash-2013 Cash; 2013 =2013 Cash-2012 Cash

**SINGLE AUDIT SECTION**

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND  
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
LEAP Academy University Charter School, Inc.  
County of Camden  
Camden, New Jersey 08102

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

We have audited the LEAP Academy University Charter School, Inc.'s, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2015. The Charter School's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and 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 Division of Administration and 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 Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the LEAP Academy University Charter School, Inc.'s, State of New Jersey, 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 federal and state program. However, our audit does not provide a legal determination of the Charter School's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the LEAP Academy University Charter School, Inc., State of New Jersey, 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 federal and state programs for the fiscal year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of the LEAP Academy University Charter School, Inc., State of New Jersey, 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 the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *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 federal or 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 results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Scott P. Barron  
Certified Public Accountant  
Public School Accountant No. CS 02459

Voorhees, New Jersey  
December 18, 2015

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	
				From	To
<b>General Fund:</b>					
U.S. Department of Health and Human Services: Medical Assistance Program (SEMI)	93.778	N/A	\$ 34,995.00	7/1/14	6/30/15
<b>Special Revenue Fund:</b>					
U.S. Department of Education Passed-through State Department of Education:					
Reading First	84.357A	08000067	213,089.00	7/1/07	6/30/08
Comprehensive School Reform	84.332A	07000294	326,375.00	1/1/07	9/30/08
Twenty-First Century Community Learning Centers	84.287C	10000167	500,000.00	9/1/09	8/31/10
Twenty-First Century Community Learning Centers	84.287C	11000167	500,000.00	9/1/10	8/31/11
Twenty-First Century Community Learning Centers	84.287C	12000167	500,000.00	9/1/11	8/31/12
Total 21st Century Community Learning Centers					
<b>No Child Left Behind (N.C.L.B.):</b>					
Title I Cluster:					
Title I, Part A (P.L. 103-382)	84.010	NCLB710910	640,058.00	9/1/09	8/31/10
Title I, Part A (P.L. 103-382)	84.010	NCLB710911	629,375.00	9/1/10	8/31/11
Title I, Part A (P.L. 103-382)	84.010	NCLB070912	693,605.00	9/1/11	8/31/12
Title I, Part A (P.L. 103-382)	84.010	NCLB070914	1,256,253.00	7/1/13	6/30/14
Title I, Part A (P.L. 103-382)	84.010	NCLB070915	1,237,452.00	7/1/14	6/30/15
ARRA, Title I, Part A	84.389A	NCLB710910	384,166.00	7/1/09	8/31/11
Total Title I Cluster					
Title I School Improvement Cluster:					
ARRA, Title I, School Improvement, Part A,	84.388	NCLB710910	29,951.00	7/1/09	8/31/11
Title II, Part A	84.367	NCLB710911	72,297.00	9/1/10	8/31/11
Title II, Part A	84.367	NCLB710912	65,812.00	9/1/11	8/31/12
Title II, Part A	84.367	NCLB710914	92,962.00	7/1/13	6/30/14
Title II, Part A	84.367	NCLB710915	68,930.00	7/1/14	6/30/15
Total Title IIA					
Title II, Part D	84.318	NCLB710910	6,369.00	9/1/09	8/31/10
Title III	84.365	NCLB710914	12,368.00	7/1/13	6/30/14
Title III	84.365	NCLB710915	19,007.00	7/1/14	6/30/15
Total Title III					
Title IV	84.186	NCLB710910	8,459.00	9/1/09	8/31/10
Title V	84.298	NCLB710909	2,444.00	9/1/07	8/31/08
Total No Child Left Behind (N.C.L.B)					
<b>I.D.E.A. Part B Cluster:</b>					
I.D.E.A. Part B, Basic Regular	84.027	IDEA710910	188,116.00	9/1/09	8/31/10
I.D.E.A. Part B, Basic Regular	84.027	IDEA710911	193,047.00	9/1/10	8/31/11
I.D.E.A. Part B, Basic Regular	84.027	IDEA710912	209,365.00	9/1/11	8/31/12
I.D.E.A. Part B, Basic Regular	84.027	IDEA710914	262,851.00	7/1/13	6/30/14
I.D.E.A. Part B, Basic Regular	84.027	IDEA710915	415,572.00	7/1/14	6/30/15
Total I.D.E.A. Part B Cluster					
ARRA - Race to the Top	84.413A	N/A	55,239.00	7/1/12	11/30/15
Instructional Improvement System (edConnectNJ) Grant Program -- Race to the Top Phase Three	84.413A	N/A	50,000.00	2/1/15	11/30/15
Total Race to the Top					
Total U.S. Department of Education					
U.S. Department of Agriculture Farm to School Program	10.575	N/A	44,460.00	12/01/13	11/30/14
Total U.S. Department of Agriculture					
Total Special Revenue Fund					

Balance June 30, 2014	Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments (A)	Repayment of Prior Years' Balances	Balance, June 30, 2015		Due to Grantor at June 30, 2015
						(Accounts Receivable)	Unearned Revenue	
		\$ 34,995.00	\$ (34,995.00)					
\$ 80.00				\$ (80.00)				
45,702.66				(45,702.66)				
(121,515.26)				121,515.26				
213,570.15				(213,570.15)				
14,477.77				(580.77)				\$ 13,897.00
106,532.66				(92,635.66)				13,897.00
(56,800.63)				56,800.63				
(5,929.03)				5,929.03				
(220,451.78)				220,451.78				
(262,595.58)		165,014.00		97,581.58				
18,080.19		646,036.00	(1,095,341.16)	(18,080.19)		\$ (449,305.16)		
(527,696.83)		811,050.00	(1,095,341.16)	362,682.83		(449,305.16)		
29,951.00				(29,951.00)				
(1,680.00)				1,680.00				
(677.75)				677.75				
(21,802.83)		21,179.00		773.83			\$ 150.00	
		48,798.00	(67,056.00)			(18,258.00)		
(24,160.58)		69,977.00	(67,056.00)	3,131.58		(18,258.00)	150.00	
(365.00)				365.00				
(2,636.14)		2,583.00		53.14				
		3,109.00	(7,156.03)			(4,047.03)		
(2,636.14)		5,692.00	(7,156.03)	53.14		(4,047.03)		
8,459.00				(8,459.00)				
917.39				(917.39)				
(515,531.16)		886,719.00	(1,169,553.19)	326,905.16		(471,610.19)	150.00	
(36,004.52)				36,004.52				
2,048.87				(2,048.87)				
(1,621.57)				1,621.57				
(112,081.79)		109,451.00		2,630.79				
		230,539.00	(331,476.52)			(100,937.52)		
(147,659.01)		339,990.00	(331,476.52)	38,208.01		(100,937.52)		
(9,060.91)		9,460.00	(9,459.33)	46.43		(9,013.81)		
			(42,600.90)			(42,600.90)		
(9,060.91)		9,460.00	(52,060.23)	46.43		(51,614.71)		
(519,935.76)		1,236,169.00	(1,553,089.94)	226,741.28		(624,162.42)	150.00	13,897.00
(10,991.48)		16,764.32	(29,370.69)			(23,597.85)		
(10,991.48)		16,764.32	(29,370.69)			(23,597.85)		
(530,927.24)		1,252,933.32	(1,582,460.63)	226,741.28		(647,760.27)	150.00	13,897.00

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2015

<u>Federal Grantor/ Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	
				<u>From</u>	<u>To</u>
Enterprise Fund:					
U.S. Department of Agriculture					
Passed-through State Department of Education:					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555	N/A	\$ 56,936.57	07/01/14	06/30/15
Non-Cash Assistance Subtotal					
Cash Assistance:					
National School Lunch Program	10.555	N/A	611,129.56	07/01/13	06/30/14
National School Lunch Program	10.555	N/A	642,686.18	07/01/14	06/30/15
After School Snack Program	10.555	N/A	6,573.94	07/01/14	06/30/15
School Breakfast Program	10.553	N/A	208,790.87	07/01/13	06/30/14
School Breakfast Program	10.553	N/A	214,121.68	07/01/14	06/30/15
Cash Assistance Subtotal					
Total Child Nutrition Cluster					
Passed-through State Department of Agriculture:					
Fresh Fruits and Vegetables Program	10.582	N/A	35,996.41	07/01/13	06/30/14
Fresh Fruits and Vegetables Program	10.582	N/A	32,754.50	07/01/14	06/30/15
Total Fresh Fruits and Vegetables Program					
School Meals Equipment and School Breakfast Expansion	10.579	N/A	9,970.00	02/06/15	09/30/15
Total U.S. Department of Agriculture					
Total Enterprise Fund					
Total Federal Financial Assistance					

(A) See Note 5 to the Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

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

Balance June 30, 2014	Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments (A)	Repayment of Prior Years' Balances	Balance, June 30, 2015		Due to Grantor at June 30, 2015
						(Accounts Receivable)	Unearned Revenue	
		\$ 56,936.57	\$ (56,936.57)					
		56,936.57	(56,936.57)					
\$ (56,613.41)		56,613.41						
		582,674.58	(642,686.18)			\$ (60,011.60)		
		6,573.94	(6,573.94)					
(21,814.07)		21,814.07						
		193,601.90	(214,121.68)			(20,519.78)		
(78,427.48)		861,277.90	(863,381.80)			(80,531.38)		
(78,427.48)		918,214.47	(920,318.37)			(80,531.38)		
(7,504.95)		7,504.95						
		32,749.21	(32,754.50)			(5.29)		
(7,504.95)		40,254.16	(32,754.50)			(5.29)		
		2,000.00	(8,952.99)			(6,952.99)		
(85,932.43)		960,468.63	(962,025.86)			(87,489.66)		
(85,932.43)		960,468.63	(962,025.86)			(87,489.66)		
\$ (616,859.67)	\$ -	\$ 2,248,396.95	\$ (2,579,481.49)	\$ 226,741.28	\$ -	\$ (735,249.93)	\$ 150.00	\$ 13,897.00

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2015

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2014	Carryover / (Walkover) Amount
			From	To		
General Fund:						
New Jersey Department of Education:						
Current Expense:						
State Aid - Public Cluster:						
Local Levy-Equalization Aid (State and Local Share)	14-495-034-5120-078	\$ 17,502,834.00	7/1/13	6/30/14	\$ (36,605.63)	
Local Levy-Equalization Aid (State and Local Share)	15-495-034-5120-078	18,564,339.00	7/1/14	6/30/15		
District Special Education Aid	15-495-034-5120-089	330,886.00	7/1/14	6/30/15		
District Security Aid	14-495-034-5120-084	510,903.00	7/1/13	6/30/14	(138.00)	
District Security Aid	15-495-034-5120-084	544,514.00	7/1/14	6/30/15		
Total State Aid - Public Cluster					(36,743.63)	
Non-Public State Aid (Charter School Aid)	14-495-034-5120-071	226,118.00	7/1/13	6/30/14	4,533.00	
Total Non-Public State Aid					4,533.00	
T.P.A.F. Social Security Aid	14-495-034-5094-003	487,001.52	7/1/13	6/30/14	(23,402.23)	
T.P.A.F. Social Security Aid	15-495-034-5094-003	529,892.03	7/1/14	6/30/15		
Total Reimbursed TPAF Social Security Contributions					(23,402.23)	
Total General Fund					(55,612.86)	
Enterprise Fund:						
New Jersey Department of Agriculture:						
State School Lunch Program	14-100-010-3350-023	13,264.51	7/1/13	6/30/14	(1,097.98)	
State School Lunch Program	15-100-010-3350-023	12,720.61	7/1/14	6/30/15		
Total Enterprise Fund					(1,097.98)	
Total State Financial Assistance subject to Major Program Determination for State Single Audit					(56,710.84)	
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:						
General Fund (Non-Cash Assistance):						
New Jersey Department of the Treasury:						
On-behalf T.P.A.F. Pension Contributions - Normal Cost	15-495-034-5094-006	294,555.00	7/1/14	6/30/15		
On-behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	15-495-034-5094-001	467,607.00	7/1/14	6/30/15		
Total General Fund (Non-Cash Assistance)						
Total State Financial Assistance					\$ (56,710.84)	\$ -

(A) See Note 5 to the Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

(B) Amounts represent Intergovernmental Accounts Receivable or Payable to/ from the enrolled students' District of Residence.

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

Cash Received	Budgetary Expenditures	Adjustments (A)	Repayment of Prior Years' Balances	Balance, June 30, 2015			Memo	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor at June 30, 2015	Budgetary Receivable June 30, 2015	Cumulative Total Expenditures
\$ 105,718.63			\$ (69,113.00)					\$ 17,502,834.00
18,565,520.52	\$ (18,564,339.00)					\$ 1,181.52		18,564,339.00
330,886.00	(330,886.00)							330,886.00
138.00								510,903.00
544,514.00	(544,514.00)							544,514.00
19,546,777.15	(19,439,739.00)		(69,113.00)	-		1,181.52	(B) -	37,453,476.00
		\$ (4.00)	(4,529.00)					226,118.00
		(4.00)	(4,529.00)					226,118.00
23,402.23								487,001.52
504,611.37	(529,892.03)			\$ (25,280.66)			\$ 25,280.66	529,892.03
528,013.60	(529,892.03)			(25,280.66)			25,280.66	1,016,893.55
20,074,790.75	(19,969,631.03)	(4.00)	(73,642.00)	(25,280.66)		1,181.52	25,280.66	38,696,487.55
1,755.03	(657.05)							13,264.51
11,224.61	(12,720.61)			(1,496.00)				12,720.61
12,979.64	(13,377.66)			(1,496.00)				25,985.12
20,087,770.39	(19,983,008.69)	(4.00)	(73,642.00)	(26,776.66)		1,181.52	25,280.66	38,722,472.67
294,555.00	(294,555.00)							294,555.00
467,607.00	(467,607.00)							467,607.00
762,162.00	(762,162.00)							762,162.00
\$ 20,849,932.39	\$ (20,745,170.69)	\$ (4.00)	\$ (73,642.00)	\$ (26,776.66)	\$ -	\$ 1,181.52	\$ 25,280.66	\$ 39,484,634.67

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2015

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**Note 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the LEAP Academy University Charter School, Inc. (hereafter referred to as the "Charter School"). The Charter School is defined in note 1 to the Charter School's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**Note 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the food service fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the Charter School's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is (\$160,011.34) for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$166,243.97) for the special revenue fund. There are no net adjustments required to reconcile revenue or expenditures from budgetary basis to the GAAP basis in the general fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)**

Awards and financial assistance expenditures reported in the Charter School's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 34,995.00	\$ 20,731,793.03	* \$ 20,766,788.03
Special Revenue	1,423,460.86		1,423,460.86
Food Service	962,025.86	13,377.66	975,403.52
	<u>\$ 2,420,481.72</u>	<u>\$ 20,745,170.69</u>	<u>\$ 23,165,652.41</u>

\* Includes Equalization Aid and Categorical Aid passed through students' districts of residence.

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 5: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represents the cancelation of several prior year grant balances and favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2013-2014.

**Note 6: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2015, the Charter School was the recipient of federal and state assistance that represented either a reimbursement to the Charter School or payments made on-behalf of the Charter School. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the Charter School's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF members.

**Note 7: MAJOR PROGRAMS**

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2015

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?      yes   X   no

Significant deficiency(ies) identified?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?      yes   X   no

Significant deficiency(ies) identified?      yes   X   none reported

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

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

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
<u>84.010</u>	<u>Title I, Part A</u>
<u>84.027</u>	<u>I.D.E.A., Part B, Basic, Regular</u>
<u>    </u>	<u>Child Nutrition Cluster:</u>
<u>10.553</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.555</u>	<u>After School Snack Program</u>
<u>10.555</u>	<u>Food Distribution Program</u>

Dollar threshold used to determine Type A programs \$                  300,000.00

Auditee qualified as low-risk auditee?      yes   X   no

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2015

**Section 1- Summary of Auditor's Results (Cont'd)**

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified? \_\_\_ yes X no

Significant deficiency(ies) identified? \_\_\_ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 15-08-OMB? \_\_\_ yes X no

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

\_\_\_\_\_  
 15-495-034-5120-078  
 \_\_\_\_\_  
 15-495-034-5120-089  
 \_\_\_\_\_  
 15-495-034-5120-084  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

State Aid Public Cluster:  
 \_\_\_\_\_  
 Equalization Aid  
 \_\_\_\_\_  
 Special Education Aid  
 \_\_\_\_\_  
 Security Aid  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Dollar threshold used to determine Type A programs \$ 599,490.26

Auditee qualified as low-risk auditee? \_\_\_ yes X no

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

None.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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***Section 4- Schedule of State Financial Assistance Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

None.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2014-001**

**Condition**

During our examination of the Charter School's special revenue fund, there exists several aged accounts receivable and unearned revenue balances which had limited to no apparent activity during the fiscal year.

**Current Status**

This condition has been resolved.

**FEDERAL AWARDS**

Not applicable.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

Not applicable.

