

***PRIDE ACADEMY CHARTER SCHOOL***

***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***FISCAL YEAR ENDED JUNE 30, 2015***

***PRIDE ACADEMY CHARTER SCHOOL***

***Pride Academy Charter School  
Board of Trustees  
East Orange, New Jersey***

***Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2015***

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

***And***

***Barre & Company, CPAs***

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***INTRODUCTORY SECTION***



December 11, 2015

Honorable President and  
Members of the Board of Trustees  
Pride Academy Charter School  
117 Elmwood Avenue  
East Orange, New Jersey 07018

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Pride Academy Charter School (Charter School) for the fiscal year ended June 30, 2015. This CAFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board).

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Charter School. This report will provide the taxpayers of the Pride Academy Charter School with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;

- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations”, and the New Jersey State Office of Management and Budget (OMB) Circular 04-04, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid”. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

## **Charter School Organization**

An elected six member Board of Trustees serves as the governance and policy maker for the Charter School. The Board approves and adopts an annual budget and oversees all expenditures, which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

The Principal is the chief executive officer of the Charter School and is responsible to the Board for the educational and support operations. The School Business Administrator is the chief financial officer of the Charter School and is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School Funds, and investing idle funds as permitted by New Jersey Law

## **Comprehensive Annual Financial Report 2014-2015**

### **1) Reporting Entity and its Services:**

Pride Academy Charter School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

## **OUR MISSION**

Pride Academy Charter School strongly believes that every member of the staff plays a vital role in creating a safe and supportive learning community where our children can develop and grow. All members of the Pride Academy Charter School team are dedicated to the following mission:

*“Pride Academy Charter School endeavors to ignite success in middle school students of all abilities through a curriculum rooted in the values of peace, respect, integrity, determination, and empathy. By establishing a community dedicated to academic achievement, mastery of fundamental skills, positive leadership, and active service, Pride Academy Charter School strives to embolden its students to harness their own power to shape their futures and the world.”*

## **OUR CORE BELIEFS**

The foundation of Pride Academy Charter School is built upon the following core beliefs:

- Students of all abilities will thrive in a peaceful learning community that values respect, integrity, determination, and empathy for others.
- Within all students lies the power to shape their own future by making positive choices today.
- By serving individual academic needs through a cohesive skill-centered curriculum, untapped student potential will be realized.
- Through critical examination and active response to challenges facing our community, students are best able to comprehend the interconnectedness of life and the power of the individual.
- By deliberately honoring accomplishments while continuously setting new challenges, students gain the courage, confidence, and competencies needed to take academic and leadership risks.
- Adults teach students with their actions. All members of our school community--administration, faculty, and parents—must live and embody the values that the school seeks to instill in its students.
- A culture which prizes goal-setting, positive choices, and perseverance will equip students with the skills and mindset needed to seize future educational opportunities.
- By questioning, seeking, understanding, and responding, all members of our school community will be active participants in the lifelong learning cycle essential for growth.

In the power of the words quoted by Nelson Mandela: "...as we let our light shine, we unconsciously give other people permission to do the same."

## **THE PRIDE PHILOSOPHY**

PRIDE Academy is characterized by a culture that is orderly, supportive and focused on academic achievement. Our school community emphasizes mutual care and respect. Our philosophy emphasizes a positive approach to teaching and managing discipline, in which the students are gradually led towards self-discipline. Students are expected to behave respectfully towards their teachers, classmates, school staff and property. Our committed staff will likewise address students with respect and compassion. Administrators and teachers will work together to promote student achievement and to ensure that the code of conduct is consistently followed, and enforced in a timely and fair manner.

Our teachers strive to create a sense of community within our classrooms. Our students are expected to come to school on time every day and be prepared to contribute positively to the school community. Our goal is to discourage misbehavior and teach students to make better choices in the future.

Lastly, PRIDE Academy is shaped by five guiding principles, or core values. The first of these core values is peace. Violence of any type has no place at PRIDE Academy. Students, parents, staff, and administration will work together to resolve conflicts constructively and peacefully.

## THE PRIDE SCHOOL VISION

In order to develop a community of scholars and philanthropists who can excel among their peers from surrounding communities, we envision Pride Academy as a school that provides our students with a strong academic foundation, with skills to lead and the opportunities to be leaders, and with a profound understanding of their role in their communities and the world at large.

We envision Pride Academy as an integral part of the community we serve where the power of families and the collective efforts of all members of “our village” are unleashed in order to support our students as they become critical thinkers, life-long learners, and agents of change in their families, their communities, and our world.

Pride Academy will be a PLACE that ignites and fosters the following qualities in all members of our school community:

**Philanthropy**  
**Leadership**  
**Academic Achievement**  
**Cultural Awareness**  
**Excellence**

All members of our school community will:

**Philanthropy:** commit to the actions and ideals of service and social justice in our communities and our world.

**Leadership:** recognize their power as individuals to affect positive change.

**Academic Achievement:** apply the habits of questioning, seeking, understanding, and responding towards their personal growth as life-long learners, decision-makers, and problem solvers.

**Cultural Awareness:** explore and find value in their own cultural identity and the cultural identities of others.

**Excellence:** develop the knowledge, skills and resilience to achieve high expectations in their personal and professional lives.

## CORE VALUES

The Pride philosophy is based upon five core values: peace, respect, integrity, determination, and empathy. All members of our school community are expected to live by these values. Students and their parents or guardians affirm their commitment to practice the core values by signing the PRIDE Academy Charter School Parent Compact.

The five core values are characterized as follows:

**Peace:** Conflicts will be resolved in non-violent ways. Students and adults will work together to create a calm, safe environment by learning and teaching how to resolve and avoid conflicts in non-violent, non-confrontational ways.

**Respect:** All members of the school community will treat each other with respect. We treat each person as valuable, worthy of greatness and goodness. We accept individuals for who they are. We demonstrate high regard for others, for property, for differences, and for opinions different from our own. We respect the rights of our teachers to teach and of our classmates to learn.

**Integrity:** Honesty will be at the core of all that we say and do. We follow through on our obligations and commitments. We do not do things halfway.

**Determination:** We will not allow obstacles to block our pathways to excellence. We do our best in every area. We never give up.

**Empathy:** Compassion and understanding of each other's feelings will guide our choices and conduct. We will not hurt each other physically or emotionally. We are kind and supportive of one another.

We teach our students to take responsibility for their actions and to consider the impact of their actions on others. By doing so, we prepare our students to be successful in school, in our community, and in our world.

## SCHOOL DESCRIPTION

**School Name:** Pride Academy Charter School

**Startup and Current Year.** Pride Academy Charter School commenced implementation in the 2008-2009 school year and has completed its seventh year of operation.

**Address.** The school is located at 117 Elwood Ave, East Orange, NJ 07018.

**Facility.** The school is located in a three-story building that formerly served as a Catholic School and has been recently purchased from the Imani Baptist Church.

**Number of Students, Grades and Classes.** The school's original charter authorized a maximum enrollment of 240 students in grades 5-8. During our first Charter Renewal we requested and received approval for an increase in enrollment to a total of 264 students. The enrollment at the beginning of the school year was 264 students. At the end of the year the enrollment was 264 students. There are three classes totaling 66 students in each of grades 5, 6, 7, and 8.

**Class Size.** Class size is 22 students per class.

**School Day:** The school day begins at 8:00 am and ends at 4:00 pm. for a total of eight hours.

**School Year:** School began September 2<sup>nd</sup> for all students and ended June 25<sup>th</sup> for a total of 188 school days.

**Planned Expansion:** no changes in enrollment occurred in 2014-2015. An amendment to increase each grade by 6 students to move to a total of 288 students was submitted to and approved by the NJDOE for the 2015-2016 school year.

**District of Residence.** The school draws its students from the following districts: Newark, East Orange, and Orange.

**Waiting List:** 231 prospective students are currently on the waiting list (9/30/2015).

**Student/Teacher Ratio:** 8:5

**Employees.** The school employs 1 Principal, 1 Vice Principal, 1 School Business Administrator, 1 Dean of Students, 1 Coordinator of High School Placement, 20 content teachers, 11 Special Education teachers, 1 Physical Education teacher, 1 Spanish teacher, 1 Computer teacher, 1 Music teacher, 1 Nurse, and 2 Social Workers. In addition, the school employs the services of 1 Human Resources Manager, 1 Fiscal Assistant, 1 School Secretary, 1 Office Manager, and 1.5 Custodians. On a contract time basis, the school employs a learning consultant, a school psychologist, a speech therapist, and an occupational therapist.

**Lead Person.** The school's lead person is Mrs. Fiona Thomas (Tel. 973-627-3200), (Fax 973-672-3207), (email fthomas@prideacs.org).

**Board Members.** The school's organizational documents provide for seven Board of Trustee members.

**Defining Attributes.** The defining attributes reference the mission with its focus on academic achievement and mastery of fundamental skills, positive leadership, and active service.

### **Summary of Accomplishments: Board of Trustees**

This year the Board of Trustees have led and supported the following:

- Under the strong fiscal oversight and guidance of the SBA, the Board made informed and strategic decisions and guidance that resulted in a successful audit with zero findings for the fiscal year ending 2015;
- Supported the development of a facility expansion that will result in improvements to classroom and common area spaces and enhance our educational program;
- Supported hiring, professional development, and purchase of instructional services and resources that have supported teacher training in special education services and differentiation; PARCC readiness; Common Core aligned curriculum development; Cultural Responsiveness and Competency; Restorative Justice practices; and training surrounding the adoption of a state-approved Teacher/Principal Evaluation System;
- Supported parent involvement, decision making, and communication practices that have resulted in maintaining high levels of parent satisfaction in excess of 96%.

There were no amendments to the bylaws adopted during 2014-2015. A list of Critical Policies that were adopted includes the following and can be provided upon request.

<b>List of Critical Policies</b>	<b>File Code</b>	<b>Date Adopted</b>
Attendance, Absence, Excuses	5113	8/20/2014
Substance Abuse	5131:6	8/20/2014
Pride Academy Charter School Wellness Policy		3/25/2015
Classroom Aides (Paraprofessionals)	4123	5/27/2015
Non-Instructional Aides	4222	5/27/2015
Administering Medication	5141:21	5/27/2015
Intramural Competition; Interscholastic Competition	6145.1/6145:2	5/27/2015

### **Summary of Accomplishments: School Administration**

***During the 2014-2015 school year, the Administrative team continued to lead the growth and strengthening of our fifth year of operation. Some highlights in accomplishments include the following:***

- The continued strong leadership of our School Business Administrator and combined efforts, skills, and capacity of our human resources and business office personnel have sustained an efficient and professional management of critical policies and procedures, Federal grants such as NCLB, IDEA, and Race To The Top, savings in many areas, stabilization in enrollment, as well as detailed oversight and management of the school budget, facility issues, and human resources;
- Applied for and secured a Charter Dissemination Grant to support our identification and marketing of a best practice to share and implement with other school communities and developed and implemented Phase 1 grant activities that included providing compensated professional leadership opportunities for our staff, design of our Achieve Empowerment Model PR materials and website;
- Sustained a School Improvement Action Plan that addressed steps that improved the quality of instruction, school operations, retention and expansion of quality staff;
- Development and approval of state mandated plans including the Title I School Wide Unified Plan; Professional Development Plan, the Mentoring Plan, the Technology Plan, the Uniform State Memorandum of Agreement Between Education and Law Enforcement Officials, and the Harassment, Intimidation and Bullying Plan, and Comprehensive Equity Plan;
- Engaged Achievement Network to assist, guide, and strengthen the design and implementation of our data driven assessment model of instruction;
- Provided embedded in-class professional development to support our co-teaching model, peer-coaching, transition to the rigor of the Common Core, and to develop our Professional Learning Community;



- Developed and implemented an after school program that offered a wide range of athletic, academic, and culturally enriching activities and experiences that included Student Council, yearbook, cheerleading, basketball, soccer, flag football, African Dancing, MVP male empowerment, and Chess Club;
- Developed parent involvement opportunities and increased the number of parents who participated in a range of school activities throughout the course of the year in such events as: Parent Parties; participation in school leadership and planning meetings including School Safety Team meetings and Special Education meetings; Teacher-Parent Conference Nights; High School Night; Student Performance Exhibitions of Learning;
- Developed and delivered cultural and multicultural awareness building and cultural proficiency training and learning opportunities for students, parents, and staff;
- Developed existing and new partnerships with local community organizations and colleges/universities.

## Charter School Organization

An elected 5-9 member Board of Trustees serves as the governance and policy maker for the Charter School. The Board approves and adopts an annual budget and oversees all expenditures, which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

The Principal is the chief executive officer of the Charter School and is responsible to the Board for the educational and support operations. The School Business Administrator is the chief financial officer of the Charter School and is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School Funds, and investing idle funds as permitted by New Jersey Law.

## Academic Results

Indicators	Year					
<b>1. Student Achievement (Absolute)</b>						
<b>NJASK Schoolwide</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
# Tested LAL	227	234	237	239	262	264
% Proficient & Advanced - LAL	43%	48%	51%	55%	60%	64%
# Tested Math	227	234	237	239	262	264
% Proficient & Advanced - Math	26%	29%	58%	66%	62%	66%
% Advanced Proficient - LAL	0%	3%	4%	3%	2%	3%
% Advanced Proficient - Math	4%	3%	11%	14%	16%	14%
<b>2. Comparative Performance</b>						
<b>NJASK Schoolwide</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Dist Comp - LAL (% Prof & Adv vs. Dist)	-1%	+3%	+7%	+10%	+18%	+22%
Dist Comp - Math (% Prof & Adv vs. Dist)	-28%	-27%	-2%	+11%	+11%	+18%
Peer Rank (Academic Achievement)				73	74	83
<b>3. Student Growth</b>						
<b>NJASK Schoolwide</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Schoolwide Median SGP LAL				59	51	55
Schoolwide Median SGP Math				64	52	56

Performance Framework Targets for 2011-2012	Detailed Indicators
Exceeds the Standard	0
Meets the Standard	4
Does Not Meet Standard	3
Falls Far Below Standard	1

**Describe the school's understanding of its academic status based on this report including its assessment of progress of individual subgroups of students.**

Pride Academy Charter School (PACS) analysis:

Strengths	Areas that need improvement
<ul style="list-style-type: none"> <li>- PACS has achieved Tier 1 ranking for three consecutive years</li> <li>- PACS surpassed the district average by 20%, exceeding goals for the passing rate</li> <li>- PACS mSGP was 55%, The initial goal was 50% for both areas. (LAL achieved 55%, Math achieved 56%)</li> <li>- PACS peer percentile is 83%, which exceeds the projected NJ DOE goal</li> <li>- The LAL results exceed the district in comparative performance by 22% above the district</li> <li>- Math met the goal in comparative performance by 18% above the district</li> <li>- Schoolwide passing rate in LAL has grown from 48% in 2009-2010, to 64% in 2013-2014</li> <li>- Schoolwide passing rate in math has grown from 29% in 2009-2010, to 66% in 2013-2014</li> <li>- Peer rank has grown from 73% in 2011-2012, to exceeding the goal with 83% in 2013-2014</li> <li>- LAL subgroups of 6th and 7th graders were 38% and 29% above the district in 2013-2014</li> <li>- Math subgroups of 5th and 7th graders were 27% and 33% above the district in 2013-2014</li> <li>- All three cohorts (6th-8th) grew from their previous year in LAL with a range of growth from 11%-18%</li> <li>- 7th grade and 8th grade grew from their previous year in math with increases of 5% and 13%.</li> <li>- PACS is above the state average in both ELA and Math when analyzing scores for the subgroups of students classified in the free and reduced lunch program, and as students defined as Black,</li> </ul>	<ul style="list-style-type: none"> <li>- Absolute performance (percentage of student population that is proficient or advanced proficient) is 65% - the goal is 75% or higher</li> <li>- LAL does not meet absolute performance standards and is ranked as "falls far below" in the number of advanced proficient students.</li> <li>- School Wide percentage of advanced proficient has stayed the same in LAL from 3% in 2009-2010 to 3% in 2013-2014</li> <li>- School Wide percentage of advanced proficient has only slightly increased for math from 11% in 2010-2011, to 14% in 2013-2014.</li> <li>- In Math, 6th graders decreased their scores by 18% compared to the 2013-2014 year</li> <li>- The passing rate for Special Education students in LAL is 23%, 11% below the state average</li> <li>- The passing rate for Special Education students in math is 15%, 31% below the state average</li> <li>- The mSGP for a Special Education math student was 44%, 12% below the overall school average of 56%.</li> </ul>

Overall, the school's scores are a strong indicator for being ranked as a Tier 1 school for the past three years. The data over the past 5 years, as well as the year to year comparison, reflect that

The entire student body improves from year to year. When one compares PACS to other schools in the district, one can read that the number of FRPL students are higher at PACS, whereas the number of Special Education students are the same. The overall student body scores at PACS are well above the district scores in both subjects. The absolute performance still needs improvement, and the number of students scoring advanced proficient needs to be increased. When comparing the passing rate and mSGP for special education students, one can conclude that student performance for this group needs to grow.

**Explain how the school I will close gaps and/or maintain and improve results.**

PACS will continue to implement the co-teaching model in every LAL and Math classroom, in order to support learners of all needs and abilities. PACS will also maintain the inclusion classroom with mixed ability group. In addition, the 5<sup>th</sup> through 8<sup>th</sup> grade math curriculum will be re-designed in order to support student readiness and preparation for the Algebra 1 assessment at the end of 8<sup>th</sup> grade. This may also increase the number of students at the advanced proficient level in Math, as all students will experience an accelerated math curriculum from 5<sup>th</sup> through 8<sup>th</sup> grade.

PACS has invested in Engrade, which is an online assessment tool. Engrade will also be used to create Interim Assessments in LAL. The model curriculum and the practice tests issued by NJDOE will be the framework upon which these Interim assessments will be built. With Engrade, teachers of all subject areas can create online assessments that replicate the question types that students encounter on the PARCC PBA and PARCC EOY assessments. In addition, LAL teachers will utilize this tool to expose the students to more rigorous tasks on an assessment within an online setting. By having students exposed to tasks of that complexity on a regular basis. It is anticipated that this will help develop students understanding as well as increase the absolute scores for the entire student population.

In addition to the Engrade platform, Tenmarks will be utilized to support students of all abilities in math. Tenmarks is a Common Core aligned, standards based online assignment system where Math teachers can assign assignments or assessments on math standards from K-12, Tenmarks will not only be an in-class support for teachers on a daily basis, it will also serve as the platform from which the interim assessments will be administered, and the tool that teachers use to gather data for their SGO's. The different artifacts of data collected will provide teachers with a clear understanding of areas of mastery, and areas in need of support for students. Lastly, the flexibility of the system will enable teachers to design instructional approaches to meet the needs of all learners.

The Special Education population's scores overall are lower than the regular population, and in comparison to the state average. A factor that contributed to these results may be due to the experience of teachers providing instruction within the confines of the Common Core, while being in accordance with IEP requirements for learner needs. Another factor can be attributed to the fact that PACS strictly adheres to the criteria for students to be classified with an IEP. Since PACS services students from 5<sup>th</sup> grade through 8<sup>th</sup> grade, the Special Education Department often finds that students arrive at PACS with an inaccurate IEP, or discovers that there are students who should be classified that have not gone through the process. This delays the implementation of appropriate interventions, and may impact the growth and the student's overall scores.

In recognizing the low Special Education scores, PACS will contribute to support these students through an inclusion classroom setting, as well as individualized instruction in the resource classroom for those whose IEPs identify this as the least restrictive setting. PACS has invested in the Goalbook program, the goal application book which is Common Core aligned and allows the special education teachers as well as the special education coordinator to implement and track the growth of each student. For the upcoming school year, all of the students with an IEP will have an updated goal book. In addition, there will be time allocated for professional development for teachers prior to the school year. The training will cover how to create goals, how to implement goals, how to track goals, how to measure goals, and will involve all the special education teachers as well as the case managers. In addition, throughout the year, PACS will continue to enlist the services of outside special education consultants to provide embedded coaching and mentoring in classrooms that host workshops for both general education and special education teachers.

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

As a recipient of Federal and State financial assistance, the Charter School is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the Charter School management.

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

**3. BUDGETARY CONTROLS:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

4. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to the Financial Statement” Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

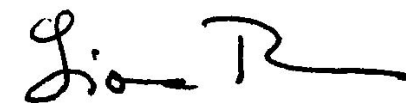
5. **RISK MANAGEMENT:** The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive collision, hazard and theft insurance on property and contents.

6. **OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, CPA’s, was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, “*Audits of State, Local Governments and Non-Profits Organizations*” and New Jersey Circular Letter 04-04 OMB, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.” The auditor’s report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

7. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Pride Academy Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,

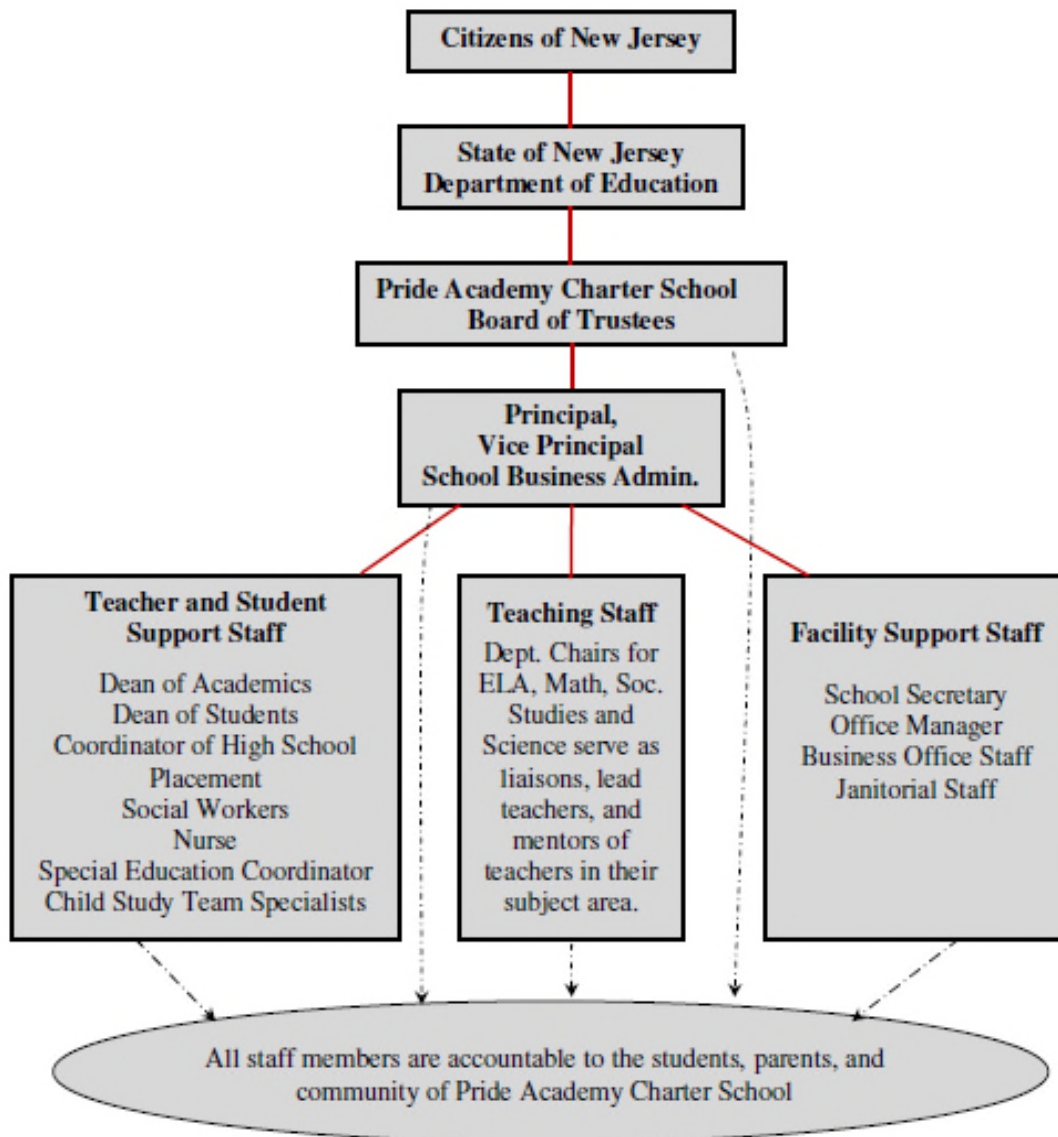


Mrs. Fiona Thomas  
School Principal



**Organizational Chart**

**2014-2015**



## Board of Trustees

<b>Board of Trustees</b>				
<b>Name</b>	<b>Affiliation</b>	<b>Date of Appointment</b>	<b>Position</b>	<b>Status: Voting, Non-Voting</b>
Mr. Robert Mitchell	Morristown-Beard School, Admissions	April - 08	President	Voting
Mr. Michael Moore	Genova Burns and Vernoia, Attorneys at Law	Dec - 09	Vice-President	Voting
Deirdre Taylor			Member	Voting
Mr. Jnanendra Ray	SBA	July - 09	Board Secretary Treasurer	Non-Voting
Dr. Morgan Black	Eagle Initiation Health Education	Sep - 12	Member	Voting
Ms Yanette Bagce	Rutgers Upward Bound Program	Dec - 10	Member	Voting

**Table 1 –Board of Trustee members and their status as of July, 2015**

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

**CONSULTANTS AND ADVISORS**

***Audit Firm***

Barre & Company  
Certified Public Accountants  
2204 Morris Avenue, Suite 206  
Union, New Jersey 07083

***Attorney***

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

***Official Depository***

Fulton Bank of New Jersey  
Suite 250  
533 Fellowship Rd  
Mt. Laurel NJ 08054



***FINANCIAL SECTION***

**BARRE & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

*2204 Morris Avenue, Suite 206*

*Union, New Jersey 07083*

*(908) 686-3484*

*FAX – (908) 686-6055*

**Independent Auditor's Report**

Honorable President  
Members of the Board of Trustees  
Pride Academy Charter School  
County of Essex  
East Orange, New Jersey

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pride Academy Charter School (Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 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***

The Charter School's 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 and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***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, each major fund, and the aggregate remaining fund information of the Pride Academy Charter School, in the County of Essex, State of New Jersey, as of June 30, 2015, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 8 to the basic financial statements, the Charter School implemented Governmental Accounting Standard Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions-An Amendment to the GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment if GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balance on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 13 to the basic financial statements.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 23 and 78, respectively, 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 response 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.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," respectively; and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 use 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 combining and individual non-major fund financial statements 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 and statistical sections 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 it.

### ***Other Reporting Required by Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015 on our consideration of the Pride Academy Charter School's internal control over financial reporting and 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 and the Division of Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.



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

December 11, 2015

***REQUIRED SUPPLEMENTARY INFORMATION – PART I***

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

The discussion and analysis of Pride Academy Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 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 basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for 2015 are as follows:

- ❖ General revenues accounted for \$4,587,707 in revenue or 93% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$331,233 or 7% percent of total revenues of \$4,918,940.
- ❖ The Charter School had \$5,181,615 in expenses; only \$331,233 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4,587,707 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$4,433,295 in revenues and \$4,624,225 in expenditures. The General Fund's fund balance decreased by \$190,930 from 2014. This decrease was anticipated by the Board of Trustees.
- ❖ During 2015, the Charter School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Pride Academy Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Pride Academy Charter School, the General Fund is by far the most significant fund.

**Reporting the Charter School as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2015?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

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



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

In the *Statement of Net Position* and the *Statement of Activities*, the Charter School is divided into two kinds of activities:

- ❖ **Governmental Activities** — All of the Charter School's programs and services are reported here including instruction, administration, support services and capital outlay.
- ❖ **Business-Type Activities** — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the Charter School's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund, and Special Revenue Fund.

**Governmental Funds**

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds are reconciled in the financial statements.

**Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 45 of this report.

**The Charter School as a Whole**

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined net position were \$201,003 for 2015 and \$1,021,714 for 2014.

**Governmental Activities**

The Charter School's total revenues were \$4,719,111 for 2015 and \$4,697,705 for 2014 , this includes \$474,888 for 2015 and 404,488 for 2014 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was \$4,991,969 for 2015 and \$4,889,569 for 2014. Instruction comprises 48% for 2015 and 47% for 2014 of Charter School expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents school instructional and or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**Business-Type Activities**

Revenues for the Charter School's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service revenues exceeded expenses by \$10,183 and \$4,473 in 2015 and 2014 respectively.
- ❖ Charges for services represent \$6,916 for 2015 and \$4,998 in 2014 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced breakfast and lunches, were \$192,913 for 2015 and \$187,354 for 2014.

**The Charter School's Funds**

All governmental funds (i.e. general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$4,719,111 for 2015 and \$4,697,705 for 2014 and expenditures were \$4,910,041 for 2015 and \$4,895,948 for 2014. The net change in fund balance was most significant in the general fund, a decrease of \$190,930 for 2015 and decrease of \$198,243 for 2014.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2014	Percent of Increase/ (Decrease)
Local Sources	\$ 465,860	9.87%	\$ (14,506)	-3.02%
State Sources	3,967,435	84.07%	(4,188)	-0.11%
Federal Sources	285,816	6.06%	40,100	16.32%
<b>Total</b>	<b>\$ 4,719,111</b>	<b>100.00%</b>	<b>\$ 21,406</b>	

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**The Charter School's Funds (Continued)**

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2015 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2014	Percent of Increase/ (Decrease)
Instruction	\$ 1,891,652	38.52%	\$ 38,517	2.08%
Administration	2,357,934	48.02%	(70,432)	-2.90%
Support Services	609,835	12.42%	113,415	22.85%
Capital Outlay	50,620	1.04%	(67,407)	-57.11%
<b>Total</b>	<b>\$ 4,910,041</b>	<b>100.00%</b>	<b>\$ 14,093</b>	

Changes in expenditures were the result of varying factors. Current expense increased due to salary increases, additional staff and students, and increased health benefits and utility costs.

**General Fund Budgeting Highlights**

The Charter School's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

- ♣ Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

**Capital Assets (Net of Depreciation)**

The Charter School had \$49,989 invested in buildings, building improvements, and equipment at the end of the fiscal year 2015 and \$80,436 for 2014.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**For the Future**

The Pride Academy Charter School is in good financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, the Pride Academy Charter School has committed itself to financial excellence for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

**Contacting the Charter School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mrs. Fiona Thomas, Principal at Pride Academy Charter School, 117 Elmwood Avenue, East Orange, New Jersey 07018.

***BASIC FINANCIAL STATEMENTS***

**SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS**

*The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.*

**PRIDE ACADEMY CHARTER SCHOOL**  
Statement of Net Position  
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 639,326	\$ 42,171	\$ 681,497
Interfund Receivables	389,343	7,757	397,100
Receivables	90,979	16,001	106,980
Prepaid Expenses	54,000		54,000
Capital Assets, Net	49,989		49,989
<b>Total Assets</b>	<b>1,223,637</b>	<b>65,929</b>	<b>1,289,566</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pensions	111,208		111,208
<b>Total Deferred Outflows of Resources</b>	<b>111,208</b>	<b>-</b>	<b>111,208</b>
<b>LIABILITIES:</b>			
Interfund Payable	269,660	30,000	299,660
Payable to State Government	51,070		51,070
Payable to District	99,948		99,948
Accounts Payable	15,644	12,724	28,368
Noncurrent Liabilities:			
Pensions	680,176		680,176
<b>Total Liabilities</b>	<b>1,116,498</b>	<b>42,724</b>	<b>1,159,222</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pensions	40,549		40,549
<b>Total Deferred Inflows of Resources</b>	<b>40,549</b>	<b>-</b>	<b>40,549</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	49,989		49,989
General Fund			
Unassigned	127,809	23,205	151,014
<b>Total Net Position</b>	<b>\$ 177,798</b>	<b>\$ 23,205</b>	<b>\$ 201,003</b>

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



**PRIDE ACADEMY CHARTER SCHOOL**  
 Statement of Activities  
 For The Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Indirect Expenses Allocation	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
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 1,918,226	\$ 464,196	\$ -	\$ 131,404	\$ -	\$ (2,251,018)	\$ -	\$ (2,251,018)
Administration	1,625,833	319,386				(1,945,219)		(1,945,219)
Support Services	609,835					(609,835)		(609,835)
Capital Outlay	50,620					(50,620)		(50,620)
Unallocated Depreciation	3,873					(3,873)		(3,873)
<b>Total Governmental Activities</b>	<b>4,208,387</b>	<b>\$ 783,582</b>	<b>-</b>	<b>131,404</b>	<b>-</b>	<b>(4,860,565)</b>	<b>-</b>	<b>(4,860,565)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	189,646		6,916	192,913			10,183	10,183
Total Business-Type Activities	189,646		6,916	192,913	-	-	10,183	10,183
Total Primary Government	\$ 4,398,033		\$ 6,916	\$ 324,317	\$ -	\$ (4,860,565)	\$ 10,183	\$ (4,850,382)
<b>GENERAL REVENUES</b>								
General Purposes			\$	450,397	\$		\$	450,397
Federal and State Aid Not Restricted				4,121,847				4,121,847
Investment Earnings				2,284				2,284
Miscellaneous Income				13,179				13,179
Total General Revenues				4,587,707				4,587,707
Change in Net Position				(272,858)			10,183	(262,675)
Net Position - Beginning of Year- Restated				450,656			13,022	463,678
Net Position - Ending				177,798			23,205	201,003

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

**SECTION B – FUND FINANCIAL STATEMENTS**

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

***GOVERNMENTAL FUNDS***

## PRIDE ACADEMY CHARTER SCHOOL

## Governmental Funds

## Balance Sheet

June 30, 2015

	General Fund	Special Revenue Fund	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 369,666	\$ 269,660	\$ 639,326
Interfund Receivables	389,343		389,343
Receivables From Other Governments	18,979		18,979
Other Receivables	72,000		72,000
Other Assets	54,000		54,000
Total Current Assets	<u>903,988</u>	<u>269,660</u>	<u>1,173,648</u>
Total Assets	<u>\$ 903,988</u>	<u>\$ 269,660</u>	<u>\$ 1,173,648</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Interfund Payables	\$ -	\$ 269,660	\$ 269,660
Payable to State Government	51,070		51,070
Payable to District	99,948		99,948
Accounts Payable	15,644		15,644
Total Liabilities	<u>166,662</u>	<u>269,660</u>	<u>436,322</u>
Fund Balances:			
Unassigned:			
General Fund	<u>737,326</u>		<u>737,326</u>
Total Fund Balances	<u>737,326</u>	<u>-</u>	<u>737,326</u>
Total Liabilities and Fund Balances	<u>\$ 903,988</u>	<u>\$ 269,660</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$210,327 and the accumulated depreciation is \$160,338.

49,989

Net pension liability of \$680,176 ,deferred inflows of resources of \$40,549 less deferred outflows of resources of \$111,208 related to pensions are not reported in the governmental funds

(609,517)

Net Position of Governmental Activities

\$ 177,798

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

**PRIDE ACADEMY CHARTER SCHOOL**  
 Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Total
<b>REVENUES:</b>			
Local Sources:			
Local Tax Levy	\$ 450,397	\$ -	\$ 450,397
Interest on Investments	2,284		2,284
Miscellaneous	13,179		13,179
Total Local Sources	465,860	-	465,860
State Sources	3,967,435		3,967,435
Federal Sources		285,816	285,816
Total Revenues	4,433,295	285,816	4,719,111
<b>EXPENDITURES:</b>			
Current:			
Instruction	1,715,005	176,647	1,891,652
Administration	2,357,934		2,357,934
Support Services	505,666	104,169	609,835
Capital Outlay	45,620	5,000	50,620
Total Expenditures	4,624,225	285,816	4,910,041
NET CHANGE IN FUND BALANCES	(190,930)	-	(190,930)
FUND BALANCE, JULY 1	928,256	-	928,256
FUND BALANCE, JUNE 30	\$ 737,326	\$ -	\$ 737,326

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

**PRIDE ACADEMY CHARTER SCHOOL**  
 Reconciliation of the Statement of Revenues, Expenditures  
 And Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Fiscal Year Ended June 30, 2015

Total net change in fund balances - governmental fund (from B-2)	\$ (190,930)
Amounts reported for governmental activities in the statement of activities (A-2) which are different because:	
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense in the current fiscal year.</p>	
Depreciation Expense	(30,447)
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized</p>	
	<u>(51,481)</u>
Change in net position of governmental activities	<u><u>\$ (272,858)</u></u>

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

***PROPRIETARY FUNDS***

**PRIDE ACADEMY CHARTER SCHOOL**  
 Proprietary Fund  
 Statement of Net Position  
 June 30, 2015

	Business-Type Activities
	Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 42,171
Due From Other Funds	7,757
Intergovernmental Accounts Receivable:	
Federal	15,844
State	157
	65,929
Total Current Assets	65,929
Total Assets	\$ 65,929
<b>LIABILITIES AND NET POSITION:</b>	
Current Liabilities:	
Interfund Accounts Payable	\$ 30,000
Accounts Payable	12,724
	42,724
Total Current Liabilities	42,724
Net Position:	
Unassigned	23,205
	23,205
Total Liabilities and Net Position	\$ 65,929

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



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

	Business-Type Activities
	Food Service
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales Non-reimbursable Program	\$ 6,916
Total Operating Revenues	6,916
<b>OPERATING EXPENSES:</b>	
Salaries	30,000
Supplies and Materials	2,411
Cost of Sales	157,235
Total Operating Expenses	189,646
<b>OPERATING LOSS</b>	<b>(182,730)</b>
<b>NONOPERATING REVENUES:</b>	
State Source:	
State School Breakfast and Lunch Programs	1,974
Federal Source:	
National School Breakfast and Lunch Programs	190,939
Total Nonoperating Revenues	192,913
<b>CHANGE IN NET POSITION</b>	10,183
<b>TOTAL NET POSITION, JULY 1</b>	<b>13,022</b>
<b>TOTAL NET POSITION, JUNE 30</b>	<b>\$ 23,205</b>

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

**PRIDE ACADEMY CHARTER SCHOOL**  
Proprietary Fund  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities
	Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	\$ 6,916
Cash Payments to Suppliers and Employees	(198,832)
	(191,916)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash Received From State And Federal Reimbursements	192,913
	192,913
Net Increase In Cash And Cash Equivalents	997
Cash And Cash Equivalents, Beginning Of Year	41,174
Cash And Cash Equivalents, End Of Year	\$ 42,171
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>	
Operating Loss Used in Operating Activities	\$ (182,730)
Change In Assets And Liabilities:	
Decrease In Due From Other Funds	(7,757)
Increase In Receivables From Other Governments	(1,923)
Increase In Interfund Payable	15,481
Increase In Accounts Payable	(14,987)
	(191,916)
Net Cash Used In Operating Activities	\$ (191,916)

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

***FIDUCIARY FUNDS***

**PRIDE ACADEMY CHARTER SCHOOL**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2015

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 194,439
Total Assets	\$ 194,439
<b>LIABILITIES:</b>	
Interfund Payable	\$ 97,440
Payroll Deductions and Withholdings	93,652
Due to Student Groups	3,347
Total Liabilities	\$ 194,439

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

***NOTES TO THE FINANCIAL STATEMENTS***

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

The financial statements of the Pride Academy Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Charter School are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (Statement No. 34). This Statement provides for the most significant change in financial reporting in over twenty years and was implemented for the fiscal year ending June 30, 2004. In addition, the Charter School has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*.

Starting on fiscal year ended June 30, 2013, the Charter School implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net position, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Charter School's June 30, 2013 fiscal year financial statements; however, there was no effect on beginning net position/fund balance.

**a) Reporting Entity**

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. Its mission is to establish a character school to serve as a neighborhood resource and as a model for other similar schools. The Pride Academy Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School.

**b) Basis of Presentation**

The Charter School's basic financial statements consist of Charter School-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

*Charter school-wide Statements:* The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the Charter School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. business segment is self-financing or draws from the general revenues of the Charter School.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

*Fund Financial Statements:* During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental, proprietary, and fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

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

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. 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 unassigned revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.



**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: Not applicable.

The Charter School reports the following proprietary fund:

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and includes Student Activities Fund, Payroll and Payroll Agency Funds.

**c) Basis of Accounting – Measurement Focus**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements*: The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**d) Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$	285,816
Adjustments:		
Less Encumbrances at June 30, 2015		-
Plus Encumbrances at June 30, 2014		-
Total Revenues and Expenditures (GAAP Basis)		285,816

**e) Encumbrances Accounting**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenues fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Encumbrances Accounting (Continued)**

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**f) Assets, Liabilities, and Equity**

**Interfund Transactions:**

Transfers between governmental and business-type activities on the Charter School – wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

**Allowance for Uncollectible Accounts:**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Office & Computer Equipment	5-10

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are recorded as deferred revenue.

Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the Charter School – wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unassigned net position is available.

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances in accordance with N.J.S.A. 18:7.

Revenues — Exchange and Non-Exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

**Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**Allocation of Indirect Expenses:**

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accrued Salaries and Wages:

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

**g) 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 pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.



**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

**Deposits**

New Jersey statutes require that charter schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Deposits (Continued)**

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments**

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase
- c. Bonds or other obligations of the Charter School.

As of June 30, 2015, cash and cash equivalents and investments of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 369,666	\$ 269,660	\$ 42,171	\$ 194,439	\$ 875,936

The investments recorded in the statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter school-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2015 was \$875,936 and the bank balance was \$922,448. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Risk Category**

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 — Insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

As of June 30, 2015, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

**New Jersey Cash Management Fund**

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2015, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2015 consisted of accounts, intergovernmental grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follow:

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 18,979	\$ 19,136
Federal Aid	-	15,844
Other	72,000	72,000
Gross Receivables	90,979	106,980
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 90,979</u>	<u>\$ 106,980</u>

**NOTE 4: INTERFUND TRANSFERS AND BALANCES**

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 389,343	\$ -
Special Revenue Fund		269,660
Proprietary Fund	7,757	30,000
Fiduciary Fund		97,440
Total	<u>\$ 397,100</u>	<u>\$ 397,100</u>

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5: CAPITAL ASSETS**

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

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 77,457	\$ -	\$ -	\$ 77,457
Equipment	132,870	-	-	132,870
Totals at Historical Cost	<u>210,327</u>	<u>-</u>	<u>-</u>	<u>210,327</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	7,937	3,873	-	11,810
Equipment	121,954	26,574	-	148,528
Total Accumulated Depreciation	<u>129,891</u>	<u>30,447</u>	<u>-</u>	<u>160,338</u>
Total Capital Assets Being Depreciated,				
Net of Accumulated Depreciation	80,436	(30,447)	-	49,989
Government Activity Capital Assets, Net	<u>\$ 80,436</u>	<u>\$ (30,447)</u>	<u>\$ -</u>	<u>\$ 49,989</u>

In January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by Charter Schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense of \$30,447 was charged to functions as follows:

Instruction	\$ 26,574
Unallocated	<u>3,873</u>
	<u>\$ 30,447</u>

**NOTE 6: RENTAL LEASE**

The school leases space at 117 Elmwood Ave, East Orange, New Jersey under a lease agreement for four (4) years commencing July 1, 2008 and ending June 30, 2012. The building was sold in April, 2011. On April 21, 2011 a new lease was entered with Shining Schools Inc. for one (1) year and shall automatically renew for additionally periods of five (5) years

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6: RENTAL LEASE (CONTINUED)**

each after the expiration of the initial term. The Base Rent for the initial year is \$324,000 per annum payable in equal monthly installments. Each year thereafter, the Base Rent shall be increased by 1% of the prior year's Base Rent paid. The School also leases additional office space at 115 Elmwood Avenue for a monthly rental of \$1,181. The lease for the office space expired on June 30, 2014 and has been extended for one (1) year at the same rental. Rent expense for the year amounted to \$408,730.

**NOTE 7: OBLIGATIONS UNDER EQUIPMENT LEASE**

In March, 2013, the Charter School leased three (3) copier machines for 48 months with monthly payments in the amount of \$1,400.00. The following is a schedule of the future minimum lease payments under the capital leases at June 30, 2015:

<u>Year</u>	<u>Amount</u>
2016	\$ 16,800
2017	<u>12,914</u>
Total Minimum Lease Payments	<u>\$ 29,714</u>

**NOTE 8: PENSION PLANS**

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

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

**Plan Description**

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Benefits Provided**

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS 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 PERS. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> 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 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of 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 50 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.

**Contributions**

The contribution policy for PERS is set by N.J.S.A. 15A and required contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Contributions (Contributions)**

contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$ 29,949 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased on over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the Charter School reported a liability of \$ 680,176 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 which was rolled forward to 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 members, actuarially determined. At June 30, 2014, the Charter School's proportion was 0.003632887%, which was a decrease of 0.00055636% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2014, the Charter School recognized pension expense of \$ 680,176. At June 30, 2014, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.



**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 21,388	\$ -
Changes in Proportion	89,820	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	40,549
	<u>\$ 111,208</u>	<u>\$ 40,549</u>

Amounts reported as deferred outflows of resources and deferred inflows resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2015	\$ (8,786)
2016	(8,786)
2017	(8,786)
2018	(8,786)
2019	6,896
Thereafter	3,034
	<u>\$ (25,213)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuations as of July 1, 2013. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40% based on age
Thereafter	3.15-5.40% based on age
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**Long Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on pension 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 return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgage	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and June 30, 2013, respectively. This single blended discount rate was 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 June 30, 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 rate assumed that contributions from plan members will be made at the current member contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, 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-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2014			
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Charter School's proportionate share of the Net Pension Liability	\$ 855,684	\$ 680,176	\$ 532,793

Fiscal Year Ended June 30, 2013			
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Charter School's proportionate share of the Net Pension Liability	\$ 731,964	\$ 587,985	\$ 467,350

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

**B. Teacher's Pension Annuity Fund (TPAF)**

**Pension Description**

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**Benefit Provided**

The vesting and benefit provision 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 of 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to the member's accounts. The following represents the membership tiers for TPAF:

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

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Contributions**

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included 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 actuarially determined amount.

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2015, the State of New Jersey contributed \$ 65,016 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 85,634 .

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

As June 30, 2015, the State's proportionate share of the net pension liability associated with the Charter School was \$ 10,774,437 . 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 which was rolled forward to June 30, 2014.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

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

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 members, actuarially determined. At June 30, 2014, Charter School's proportion was 0.0201592%, which was a decrease of 0.0045899% from its proportion measured as of June 30, 2013.

Charter School's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>10,774,437</u>
Total	\$	<u><u>10,774,437</u></u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the Charter School in the amount of \$ 85,634 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	\$ -
Difference Between Expected and Actual Experience		21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,741,236,574</u>
	<u>\$ 2,306,623,861</u>	<u>\$ 1,763,205,593</u>

The \$ 2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$ 1,763,205,593 reported as a deferred inflow of resources resulting from the difference between projected and actual.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

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

Fiscal Year Ending June 30,	Total
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,498)
2020	304,620,646
Thereafter	761,551,612
	\$ 543,418,266

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2013. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 200 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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Long Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on pension 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 return for each major asset class included in TPAF' target asset allocation as of June 30, 2014 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%



**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Discount Rate – TPAF**

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and June 30, 2013, respectively. This single blended discount rate was 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 June 30, 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2014			
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Charter School's proportionate share of the Net Pension Liability	\$ 13,047,637	\$ 10,848,285	\$ 9,018,999

Fiscal Year Ended June 30, 2013			
	1% Decrease (3.95%)	Current Discount Rate (4.95%)	1% Increase (5.95%)
Charter School's proportionate share of the Net Pension Liability	\$ 9,500,025	\$ 7,907,740	\$ 6,593,868

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Pension Plan Fiduciary Net Position – TPAF**

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

**C. Defined Contribution Retirement Program (DCRP)**

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School recognized no DCRP pension expense for the fiscal year ended June 30, 2015. There were no employee contributions to DCRP for the fiscal year ended June 30, 2015.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9: POST-RETIREMENT BENEFITS**

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014 there were 103,432 retirees receiving post-retirement 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 benefits 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 retired 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 10: RISK MANAGEMENT**

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

**Property and Liability Insurance**

The charter school maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**NOTE 11: FUND BALANCE APPROPRIATED**

**General Fund**

The General Fund balance at June 30, 2015 is \$737,326 and is unassigned and undesignated.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 12: SUBSEQUENT EVENTS**

The Pride Academy Charter School’s management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of the audit.

**NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For fiscal year 2015, the Charter School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014.

Net Position at June 30, 2014	\$	1,008,692
Adjustments:		
Net Pension Liability		(587,985)
Deferred Outflow - Payments Subsequent to Measurement Date		29,949
		(558,036)
Total Adjustments		(558,036)
Restated Net Position June 30, 2014	\$	450,656

Other than employer contributions subsequent to the measurement date, the Charter School made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

***REQUIRED SUPPLEMENTARY INFORMATION – PART II***

***SECTION C – BUDGETARY COMPARISON SCHEDULES***

**PRIDE ACADEMY CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
"Local Levy" Local Share-Charter School Aid	\$ 450,397	\$ -	\$ 450,397	\$ 450,397	\$ -
Total Local Sources	450,397	-	450,397	450,397	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	3,181,714		3,181,714	3,181,714	-
Non-Public Aid - State Share	51,713		51,713	51,713	-
Special Education	131,404		131,404	131,404	-
Security Aid	127,716		127,716	127,716	-
Total Categorical Aid	3,492,547	-	3,492,547	3,492,547	-
Other Sources:					
Interest Income	-	-	-	2,284	2,284
Donations and Contributions	-	-	-	13,179	13,179
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	294,595	294,595
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	180,293	180,293
Total Other Sources	-	-	-	490,351	490,351
Total Revenues	3,942,944	-	3,942,944	4,433,295	490,351
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	1,666,327	(157,000)	1,509,327	1,509,101	226
Other Salaries for Instruction	114,000	-	114,000	113,699	301
Purchased Prof/Tech Services	60,000	(20,000)	40,000	23,139	16,861
General Supplies	25,283		25,283	14,566	10,717
Textbooks	30,000		30,000	27,668	2,332
Miscellaneous	30,000	(2,500)	27,500	26,832	668
Total Instruction	1,925,610	(179,500)	1,746,110	1,715,005	31,105
Administration:					
Salaries - General Administration	1,086,803	37,000	1,123,803	1,086,556	37,247
Salaries of Secretarial/Clerical Assistants	40,000	(32,000)	8,000		8,000
Total Benefits Cost	390,000	(79,730)	310,270	308,693	1,577
Other Purchased Professional Services	140,000	83,000	223,000	200,860	22,140
Other Purchased Services	188,000	41,000	229,000	225,347	3,653
Communications/Telephone	30,000	16,500	46,500	44,420	2,080
Supplies and Materials	12,000	-	12,000	8,327	3,673
Miscellaneous Expenses	10,000	-	10,000	8,843	1,157
Total Administration	1,896,803	65,770	1,962,573	1,883,046	79,527

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**PRIDE ACADEMY CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Rental of Land and Buildings	\$ 300,000	\$ 108,730	\$ 408,730	\$ 408,730	\$ -
Insurance for Property, Liability and Fidelity	70,000	(5,000)	65,000	52,294	12,706
Supplies and Materials	20,000	-	20,000	15,401	4,599
Energy Costs (Heat and Electricity)	20,000	10,000	30,000	29,241	759
<b>Total Support Services</b>	<b>410,000</b>	<b>113,730</b>	<b>523,730</b>	<b>505,666</b>	<b>18,064</b>
Capital Outlay:					
Instructional Equipment	10,000		10,000	4,567	5,433
Non-Instructional Equipment	45,000		45,000	41,053	3,947
Purchase of Land/Improvements	10,000		10,000	-	10,000
<b>Total Capital Outlay</b>	<b>65,000</b>	<b>-</b>	<b>65,000</b>	<b>45,620</b>	<b>19,380</b>
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	294,595	(294,595)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	180,293	(180,293)
<b>Total Expenditures</b>	<b>4,297,413</b>	<b>-</b>	<b>4,297,413</b>	<b>4,624,225</b>	<b>(326,812)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(354,469)		(354,469)	(190,930)	163,539
<b>FUND BALANCE, JULY 1</b>	<b>928,256</b>		<b>928,256</b>	<b>928,256</b>	<b>-</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 573,787</b>	<b>\$ -</b>	<b>\$ 573,787</b>	<b>\$ 737,326</b>	<b>\$ 163,539</b>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures: Budgeted Fund Balance	\$ 573,787	\$ -	\$ 573,787	\$ 737,326	\$ 163,539
<b>Total</b>	<b>\$ 573,787</b>	<b>\$ -</b>	<b>\$ 573,787</b>	<b>\$ 737,326</b>	<b>\$ 163,539</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.



**PRIDE ACADEMY CHARTER SCHOOL**  
Special Revenue Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE SOURCES:</b>					
Federal	\$ 285,816	\$ -	\$ 285,816	\$ 285,816	\$ -
Total Revenues	<u>285,816</u>	<u>-</u>	<u>285,816</u>	<u>285,816</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	165,060		165,060	165,060	-
Purchased Prof/Tech Services	1,870		1,870	1,870	-
General Supplies	9,717		9,717	9,717	-
Total Instruction	<u>176,647</u>	<u>-</u>	<u>176,647</u>	<u>176,647</u>	<u>-</u>
Support Services:					
Salaries	28,250	(6,100)	22,150	22,150	-
Personal Services - Employee Benefits	45,077	(467)	44,610	44,610	-
Purchased Technical Services	31,438	(1,918)	29,520	29,520	-
Other Purchased Services	2,900	(261)	2,639	2,639	-
Supplies and Materials	5,250		5,250	5,250	-
Total Support Services	<u>112,915</u>	<u>(8,746)</u>	<u>104,169</u>	<u>104,169</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	5,000		5,000	5,000	-
Total Facilities Acquisition and Construction Services	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Expenditures	<u>294,562</u>	<u>(8,746)</u>	<u>285,816</u>	<u>285,816</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (8,746)</u>	<u>\$ 8,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION***

**PRIDE ACADEMY CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 Fiscal Year Ended June 30, 2015

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

		General Fund		Special Revenue Fund
<b>Sources/Inflows of Resources</b>				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 4,433,295	[C-2]	\$ 285,816
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				-
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	\$ 4,433,295	[B-2]	\$ 285,816
 <b>Uses/Outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 4,624,225	[C-2]	\$ 285,816
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.				-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 4,624,225	[B-2]	\$ 285,816

***REQUIRED SUPPLEMENTARY INFORMATION – PART III***

***SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR  
PENSIONS (GASB 68)***

#VALUE!  
**REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES**  
**SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST 2 FISCAL YEARS**  
**UNAUDITED**

	Fiscal Year Ending June 30,	
	2014	2015
Charter School's proportion of the net pension liability	0.00307653%	0.003632887%
Charter School's proportionate share of the net pension liability	\$ 587,985	\$ 680,176
Charter School's covered employees payroll	\$ 266,826	\$ 263,818
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	220%	258%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**#VALUE!**  
**REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES**  
**SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST 2 FISCAL YEARS**  
**UNAUDITED**

	Fiscal Year Ending June 30,	
	2014	2015
Contractually required contribution	\$ 23,181	\$ 29,949
Contributions in relation to the contractually required contribution	<u>(23,181)</u>	<u>(29,949)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 266,826	\$ 263,818
Contributions as a percentage of covered employee payroll	8.69%	11.35%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

#VALUE!  
**REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES**  
**SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHER'S PENSION AND ANNUITY FUND**  
**LAST 2 FISCAL YEARS**  
**UNAUDITED**

	Fiscal Year Ending June 30,	
	2014	2015
State's proportion of the net pension liability attributable of the Charter School	0.1556932%	0.02015920%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 7,868,614	\$ 10,774,437
Charter School's covered employees payroll	\$ 2,093,908	\$ 2,331,809
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	375.79%	462.06%
Plan fiduciary net position as a p ercentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.



#VALUE!  
**REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES**  
**SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS**  
**TEACHER'S PENSION AND ANNUITY FUND**  
**LAST FISCAL YEAR**  
**UNAUDITED**

	<i>Fiscal year</i> Ending June 30, <u>2015</u>
Contractually required contribution	\$ 85,634
Contributions in relation to the contractually required contribution	<u>(65,016)</u>
Contribution deficiency/(excess)	<u>\$ 20,618</u>
Charter School's covered employee payroll	\$ 2,093,908
Contributions as a percentage of covered employee payroll	4.09%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III***

**PRIDE ACADEMY CHARTER SCHOOL**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**FOR FISCAL YEAR ENDED JUNE 30, 2014**

**A. Benefit Changes**

There were none.

**B. 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.

**PRIDE ACADEMY CHARTER SCHOOL**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**TEACHER'S PENSION AND ANNUITY FUND**  
**FOR FISCAL YEAR ENDED JUNE 30, 2014**

**A. Benefit Changes**

There were none.

**B. 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***

**SECTION E – SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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

**PRIDE ACADEMY CHARTER SCHOOL**

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2015

	NCLB Title I	NCLB Title II	I.D.E.A. Part B	Dissemination Grant	Race to Top Grant	Grand Total
<b>REVENUE SOURCES:</b>						
Federal	\$ 171,063	\$ 1,870	\$ 66,629	\$ 41,254	\$ 5,000	\$ 285,816
<b>Total Revenues</b>	171,063	1,870	66,629	41,254	5,000	285,816
<b>EXPENDITURES:</b>						
Instruction:						
Salaries	112,778		52,282			165,060
Purchased Prof/Tech Services	-	1,870	-			1,870
General Supplies	8,963		754			9,717
<b>Total Instruction</b>	121,741	1,870	53,036	-	-	176,647
<b>Support Services:</b>						
Salaries				22,150		22,150
Personal Services - Employee Benefits	29,322		13,593	1,695		44,610
Purchased Prof/Tech Services	15,000			14,520		29,520
Other Purchased Services	2,000			639		2,639
Supplies and Materials	3,000			2,250		5,250
<b>Total Support Services</b>	49,322	-	13,593	41,254	-	104,169
<b>Facilities Acquisition and Construction Services:</b>						
Non-Instructional Equipment					5,000	5,000
<b>Total Facilities Acquisition and Construction Services</b>					5,000	5,000
<b>Total Expenditures</b>	171,063	1,870	66,629	41,254	5,000	285,816
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS  
DETAIL STATEMENTS**

*Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the charter school’s board is that the costs of providing goods or services be financed through user charges.*

*Food Services Fund – This fund provides for the operation of food services in all schools within the Charter School.*

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



**SECTION H – FIDUCIARY FUNDS  
DETAIL STATEMENTS**

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

***Unemployment Insurance Compensation Trust Fund – This expendable trust fund is used to account for deduction from employee’s salaries which are utilized to pay unemployment compensation claims as they arise.***

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

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

***Payroll Fund – this agency fund is used to account for payroll transactions of the Charter School.***

**PRIDE ACADEMY CHARTER SCHOOL**  
Trust and Agency Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2015

	Payroll Agency	Net Payroll	Student Activities	Total Agency Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 185,418	\$ 5,674	\$ 3,347	\$ 194,439
<b>Total Assets</b>	<b>\$ 185,418</b>	<b>\$ 5,674</b>	<b>\$ 3,347</b>	<b>\$ 194,439</b>
<b>LIABILITIES:</b>				
Interfund Payable	\$ 91,766	\$ 5,674	\$ -	\$ 97,440
Payroll Deductions and Withholdings	93,652			93,652
Due to Student Groups			3,347	3,347
<b>Total Liabilities</b>	<b>\$ 185,418</b>	<b>\$ 5,674</b>	<b>\$ 3,347</b>	<b>\$ 194,439</b>

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Student Groups	<u>\$ 9,193</u>	<u>21,960</u>	<u>\$ 27,806</u>	<u>\$ 3,347</u>
Total	<u><u>\$ 9,193</u></u>	<u><u>\$ 21,960</u></u>	<u><u>\$ 27,806</u></u>	<u><u>\$ 3,347</u></u>

**PRIDE ACADEMY CHARTER SCHOOL**  
 Fiduciary Funds  
 Payroll and Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 198,218	\$ 3,223,020	\$ 3,230,146	\$ 191,092
<b>Total Assets</b>	<b>\$ 198,218</b>	<b>\$ 3,223,020</b>	<b>\$ 3,230,146</b>	<b>\$ 191,092</b>
<b>LIABILITIES:</b>				
Interfund Payable	\$ 107,892	\$ 1,737,055	\$ 1,747,507	\$ 97,440
Payroll Deductions and Withholdings	90,326	1,485,965	1,482,639	93,652
<b>Total Liabilities</b>	<b>\$ 198,218</b>	<b>\$ 3,223,020</b>	<b>\$ 3,230,146</b>	<b>\$ 191,092</b>

**STATISTICAL SECTION**

**(UNAUDITED)**

***Pride Academy Charter School has been in operation for seven (7) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for seven (7) years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years of data is presented.***

## **Contents**

### **Financial Trends**

These schedules contain trend information to help the reader understand how the charter school's financial performance and well-being have changed over time.

### **Revenue Capacity (Not Applicable To Charter School)**

These schedules contain information to help the reader assess the Charter School's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the Charter School provides and the activities it performs.

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2009; schedules presenting charter school-wide information include information beginning in that year.*

***FINANCIAL TRENDS***

**PRIDE ACADEMY CHARTER SCHOOL**

Net Assets/Position by Component  
Last Seven Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2015	2014	2013	2012	2011	2010	2009
<b>Governmental Activities</b>							
Invested in Capital Assets, Net of Related Debt Restricted	\$ 49,989	\$ 80,436	\$ 74,057	\$ 81,083	\$ 105,373	\$ 89,032	\$ -
Unassigned	-	-	-	-	500,000	500,000	-
Total Governmental Activities Net Assets/Position	\$ 127,809	\$ 928,256	\$ 1,126,499	\$ 1,100,639	\$ 1,158,677	\$ 843,542	\$ 792,480
	\$ 177,798	\$ 1,008,692	\$ 1,200,556	\$ 1,181,722	\$ 1,764,050	\$ 1,432,574	\$ 792,480
<b>Business-Type Activities</b>							
Net Invested in Capital Assets/Unrestricted	\$ 23,205	\$ 13,022	\$ 8,549	\$ 12,766	\$ 9,600	\$ (2,165)	\$ -
Total Business-Type Activities Net Assets/Position	\$ 23,205	\$ 13,022	\$ 8,549	\$ 12,766	\$ 9,600	\$ (2,165)	\$ -
<b>Charter School-wide</b>							
Invested in Capital Assets, Net of Related Debt Restricted	\$ 49,989	\$ 80,436	\$ 74,057	\$ 81,083	\$ 105,373	\$ 89,032	\$ -
Unrestricted	-	-	-	-	500,000	500,000	-
Total Charter School-wide Net Assets/Position	\$ 151,014	\$ 941,278	\$ 1,135,048	\$ 1,113,405	\$ 1,168,277	\$ 841,377	\$ 792,480
	\$ 201,003	\$ 1,021,714	\$ 1,209,105	\$ 1,194,488	\$ 1,773,650	\$ 1,430,409	\$ 792,480



**PRIDE ACADEMY CHARTER SCHOOL**  
 Changes in Net Assets/Position  
 Last Seven Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,						
	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>							
Governmental Activities:							
Instruction	\$ 2,382,422	\$ 2,280,493	\$ 2,388,042	\$ 2,113,011	\$ 1,853,383	\$ 1,700,070	\$ 1,137,418
Administration	1,945,219	2,027,581	1,744,982	1,577,495	1,295,020	1,006,856	679,838
Support Services	609,835	496,420	513,522	426,075	478,781	541,550	607,330
Capital Outlay	50,620	81,202	55,511	613,658	1,775	90,745	59,955
Unallocated Depreciation	3,873	3,873	2,032	2,915	2,915	2,759	-
Total Governmental Activities Expenses	4,991,969	4,889,569	4,704,089	4,733,154	3,631,874	3,341,980	2,484,541
Business-Type Activities:							
Food Service	\$ 189,646	\$ 187,878	\$ 164,192	\$ 92,829	\$ 97,973	\$ 96,613	\$ 67,842
Total Business-Type Activities Expenses	189,646	187,878	164,192	92,829	97,973	96,613	67,842
Total Charter School Expenses	\$ 5,181,615	\$ 5,077,447	\$ 4,868,281	\$ 4,825,983	\$ 3,729,847	\$ 3,438,593	\$ 2,552,383
<b>Program Revenues</b>							
Governmental Activities:							
Operating Grants and Contributions	\$ 131,404	\$ 158,773	\$ 150,708	\$ 148,270	\$ 126,826	\$ 95,005	\$ 80,436
Total Governmental Activities Expenses	131,404	158,773	150,708	148,270	126,826	95,005	80,436
Business-Type Activities:							
Charges for Services	\$ 6,916	\$ 4,997	\$ 4,763	\$ 3,080	\$ 5,118	\$ 3,065	\$ 7,648
Operating Grants and Contributions	192,913	187,354	155,212	92,915	104,620	91,383	37,458
Total Business-Type Activities Expenses	199,829	192,351	159,975	95,995	109,738	94,448	45,106
Total Charter School Program Revenues	\$ 351,233	\$ 351,124	\$ 310,683	\$ 244,265	\$ 236,564	\$ 189,453	\$ 125,542
<b>Net (Expense)/Revenue</b>							
Governmental Activities	\$ (4,860,565)	\$ (4,730,796)	\$ (4,553,381)	\$ (4,584,884)	\$ (3,505,048)	\$ (3,246,975)	\$ (2,404,105)
Business-Type Activities	10,183	4,473	(4,217)	3,166	11,765	(2,165)	(22,736)
Total Charter School-wide Net Expense	\$ (4,850,382)	\$ (4,726,323)	\$ (4,557,598)	\$ (4,581,718)	\$ (3,493,283)	\$ (3,249,140)	\$ (2,426,841)
<b>General Revenues and Other Changes in Net Assets/Position</b>							
Governmental Activities:							
General Purposes	\$ 450,397	\$ 475,126	\$ 467,747	\$ 407,757	\$ 394,189	\$ 400,626	\$ 303,905
Federal and State Aid Not Restricted	4,121,847	4,058,566	4,055,079	3,586,788	3,398,638	3,463,459	2,821,196
Investment Earnings	2,284	142	998	1,448	2,497	1,799	-
Miscellaneous Income	13,179	5,098	48,391	6,563	41,200	21,184	71,484
Total Governmental Activities	4,587,707	4,538,932	4,572,215	4,002,556	3,836,524	3,887,068	3,196,585
Business-Type Activities:							
Miscellaneous Income	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-
Total Charter School-wide	\$ 4,587,707	\$ 4,538,932	\$ 4,572,215	\$ 4,002,556	\$ 3,836,524	\$ 3,887,068	\$ 3,219,321
<b>Change in Net Assets/Position</b>							
Governmental Activities	\$ (272,858)	\$ (191,864)	\$ 18,834	\$ (582,328)	\$ 331,476	\$ 640,093	\$ 792,480
Business-Type Activities	10,183	4,473	(4,217)	3,166	11,765	(2,165)	-
Total Charter School	\$ (262,675)	\$ (187,391)	\$ 14,617	\$ (579,162)	\$ 343,241	\$ 637,928	\$ 792,480

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

	Fiscal Year Ending June 30,						
	2015	2014	2013	2012	2011	2010	2009
General Fund							
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ -
Unassigned	737,326	928,256	1,126,499	1,100,639	1,158,677	843,542	792,480
Total General Fund	<u>\$ 737,326</u>	<u>\$ 928,256</u>	<u>\$ 1,126,499</u>	<u>\$ 1,100,639</u>	<u>\$ 1,658,677</u>	<u>\$ 1,343,542</u>	<u>\$ 792,480</u>

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

Fiscal Year Ending June 30,	2015	2014	2013	2012	2011	2010	2009
<b>Revenues:</b>							
Local Sources:							
Local Tax Levy	\$ 450,397	\$ 475,126	\$ 467,747	\$ 407,757	\$ 394,189	\$ 400,626	\$ 303,905
Interest in Investments	2,284	142	998	1,448	2,497	1,799	-
Miscellaneous	13,179	5,098	48,391	6,563	41,200	21,185	71,484
State Sources	3,967,435	3,971,623	3,960,826	3,486,089	3,242,500	3,093,882	2,542,186
Federal Sources	285,816	245,716	244,961	248,969	282,964	464,582	359,446
<b>Total Revenues</b>	<b>4,719,111</b>	<b>4,697,705</b>	<b>4,722,923</b>	<b>4,150,826</b>	<b>3,963,350</b>	<b>3,982,074</b>	<b>3,277,021</b>
<b>Expenditures:</b>							
Instruction	1,891,652	1,853,135	1,926,833	1,868,396	1,530,297	1,455,078	984,983
Administration	2,357,934	2,428,366	2,179,617	1,800,735	1,596,731	1,232,349	832,273
Support Services	609,835	496,420	513,522	426,075	478,781	541,550	607,330
Capital Outlay	50,620	118,028	77,091	613,658	42,406	202,035	59,955
<b>Total Expenditures</b>	<b>4,910,041</b>	<b>4,895,949</b>	<b>4,697,063</b>	<b>4,708,864</b>	<b>3,648,215</b>	<b>3,431,012</b>	<b>2,484,541</b>
<b>Net Change in Fund Balance</b>	<b>\$ (190,930)</b>	<b>\$ (198,244)</b>	<b>\$ 25,860</b>	<b>\$ (558,038)</b>	<b>\$ 315,135</b>	<b>\$ 551,062</b>	<b>\$ 792,480</b>

**Source: Charter School records**

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

Fiscal Year Ending June 30,	Donations	Miscellaneous Revenue	Annual Total
2015	\$ 13,179	\$ -	\$ 13,179
2014	5,098	142	5,240
2013	48,391	-	48,391
2012	6,563	-	6,563
2011	41,200	-	41,200
2010	21,185	-	21,185
2009	71,484	-	71,484

Source: Charter School records

***DEMOGRAPHIC AND ECONOMIC INFORMATION***

***OPERATING INFORMATION***

**PRIDE ACADEMY CHARTER SCHOOL**  
 Full-Time Equivalent Charter School Employees by Function  
 Last Seven Fiscal Years

Function	2015	2014	2013	2012	2011	2010	2009
Instruction	32	30	32	31	26	24	24
Administrative	8	3	3	3	3	1	1
Support Services	7	11	12	11	9	6	6
<b>Total</b>	<b>47</b>	<b>44</b>	<b>47</b>	<b>45</b>	<b>38</b>	<b>31</b>	<b>31</b>

**Source:** Charter School Personnel Records

**PRIDE ACADEMY CHARTER SCHOOL**  
 Operating Statistics  
 Last Seven Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary/Middle	School				
2015	263	\$ 4,859,421	\$ 18,477	1.71%	32	8.2:1	264.0	256.0	0.38%	96.97%	
2014	263	4,777,921	18,167	3.81%	30	8.8:1	263.0	255.1	-0.34%	97.00%	
2013	264	4,619,972	17,500	2.56%	32	8.5:1	263.9	253.0	9.28%	95.87%	
2012	240	4,095,206	17,063	13.10%	31	7.7:1	239.4	232.6	2.63%	97.16%	
2011	239	3,605,809	15,087	9.33%	26	10:1	233.1	219.0	0.00%	93.95%	
2010	234	3,228,977	13,799	30.90%	24	10:1	233.1	219.0	5.02%	93.95%	
2009	230	2,424,586	10,542	0.00%	24	15:1	221.4	216.4	100.00%	97.74%	

**Sources:** Charter School records

**Note:** Enrollment based on annual final Charter School count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certified staff.

c Average daily enrollment and average daily attendance are obtained from School Register Summary (SRS).



**PRIDE ACADEMY CHARTER SCHOOL**  
Insurance Schedule  
June 30, 2015

PACKAGE POLICY DECLARATION	Coverage	Deductible
<b>NJSBAIG - \$11,183</b>		
<b>Article I - Property</b>		
Blanket Real & Personal Property	400,000,000 per occurrence	
Blanket Extra Expense	\$50,000,000	
Blanket Valuable Papers and Records	\$10,000,000	
Demolition and Increased Cost of Construction	10,000,000 per occurrence	
Loss of Rents	Not Covered	
Loss of Business Income/Tuition	\$1,000,000	
Builder's Risk	Not Covered	
Fire Department Service Charge	\$10,000	
Arson Reward	\$10,000	
Pollutant Cleanup and Removal	\$250,000	
Fine Arts	Not Covered	
Sublimits: Flood Zones (SFHA)	10,000,000 per occurrence	
	10,000,000 NJSBAIG aggregate	
Accounts Receivable	250,000 per occurrence	
All Other Flood Zones	50,000,000 per occurrence/NJSBAIG annual aggregate	
Earthquake	50,000,000 per occurrence/NJSBAIG annual aggregate	
Terrorism	1,000,000 per occurrence	
	1,000,000 per NJSBAIG annual aggregate	
Deductibles: Real and Personal		\$1,000 per occurrence
Extra Expense		\$1,000 per occurrence
Valuable Papers		\$1,000 per occurrence
Flood Deductibles: Zones Prefix A & V		\$500,000 per building
		\$500,000 per building contents
		\$10,000 per member/per occurrence
		subject to a maximum retained deductible of \$1,000,000 to NJSBAIG
All Other Flood Zones		
<b>Article II - Electronic Data Processing (premium included in above)</b>		
Blanket Hardware/Software	\$100,000 per occurrence	\$1,000 per occurrence
Blanket Extra Expense	included	
Transit	\$25,000	
Loss of Income	10,000	
Terrorism	Included in Property	
Flood	1,000,000 per occurrence	
Flood Deductibles	Zone A & V	500,000 per building content
	All other Flood Zones	10,000 per member/per occurrence
		subject to a maximum retained deductible of \$1,000,000 to NJSBAIG
<b>Article III - Equipment Breakdown (premium included in above)</b>		
Combined Single Limit per Accident for Property Damage and Business Income		
Combined Single Limit per Accident for Property Damage and Business Income	\$100,000,000	
Sublimits: Property Damage	Included	
Off Premises Property Damage	\$100,000	
Business Income	Included	
Extra Expense	\$10,000,000	
Service Interruption	\$10,000,000	
Perishable Goods	\$500,000	
Data Restoration	\$100,000	
Contingent Business Income	\$100,000	
Demolition	\$1,000,000	
Ordinance or Law	\$1,000,000	
Expediting Expenses	\$500,000	
Hazardous Substances	\$500,000	
Newly Acquired Locations (60 days notice)	\$250,000	
Terrorism	Included	
Interruption of Service Waiting Period - 24 hours		
Deductibles:		Not covered per Accident for Property Damage
		12 hours per accident for vbusiness interruption/extra expense
		Newly acquired locations waiting period 60 days
<b>Article IV - Crime (premium included in above)</b>		
Public Employee Dishonesty with Faithful Performance	\$250,000	\$500
Theft, Disappearance and Destruction	\$50,000	\$500
- Loss of Money & Securities On or Off Premises		
Theft, Disappearance and Destruction	\$50,000	\$500
- Money Orders & Counterfeit Paper Currency		
Forgery or Alteration	\$50,000	\$500
Computer Fraud	\$250,000	\$500
Public Officials Bond: Board Secretary/Business Administrator	\$500,000	
Board Treasurer	\$250,000	
<b>Article V - Comprehensive General Liability (premium included above)</b>		
Bodily Injury and Property Damage	\$16,000,000 Combined Single Limit for Bodily Injury & Property Damage	
	\$16,000,000 annual aggregate	
Bodily Injury from Products and Completed Operations	\$16,000,000 per occurrence	
Sexual Abuse	\$17,000,000 annual pool aggregate	
Personal Injury and Advertising Injury	\$16,000,000 per occurrence	
	\$16,000,000 annual aggregate	
Employee Benefits Liability	\$6,000,000 per occurrence/annual aggregate	
Employee Benefits Deductible		\$1,000 each claim
Premises Medical Payments	\$10,000 per accident	
	\$5,000 limit per person	
Terrorism	\$1,000,000 per occurrence/annual NJSBAIG aggregate	
<b>Article VI - Automobile Liability</b>		
Symbol 8&9 Hired/Non-owned		
Combined Single Limit for Bodily Injury & Property Damage	\$16,000,000 per accident	
Symbol 6 Uninsured/Underinsured Motorists-Pvt. Passanger Auto	Not Covered Combined Single Limit	
Symbol 6 Uninsured/Underinsured Motorists-All Other Vehicles	Not Covered Bodily Injury Per Person	
	Not Covered Bodily Injury Per Accident	
	Not Covered Property Damage Per Accident	

**PRIDE ACADEMY CHARTER SCHOOL**  
Insurance Schedule  
June 30, 2015

	<u>Coverage</u>	<u>Deductible</u>
Symbol 5 Personal Injury Protection (including pedestrians)	Not Covered	
Medical Payments	Not Covered private passanger	
	Not Covered all other vehicles	
Terrorism	\$1,000,000 per occurrence/annual NJSBAIG aggregate	
Deductible		N/A
<b>School Leaders Errors &amp; Omissions Liability Policy Declarations</b>		
<i>NJSBAIG - \$4,268</i>		
<b>Coverage A</b>		
Limit of Liability	\$16,000,000 each policy period	
Deductible	\$5,000 each claim	
<b>Coverage B</b>		
Limit of Liability	\$100,000 each claim	
	\$300,000 each policy period	
Deductible	\$5,000 each claim	
<b>WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY DECLARATIONS</b>		
<i>NJSBAIG - \$7,756</i>		
Bodily Injury by Accident	\$2,000,000 each accident	
Bodily Injury by Disease	\$2,000,000 each employee	
Bodily Injury by Disease	\$2,000,000 aggregate limit	
<b>Supplemental Indemnity</b>		
<i>NJSBAIG - \$500</i>		
Maximum Benefit Period	52 Weeks	
Maximum Weekly Benefit	\$1,750	
Waiting Period: 7 days		
<b>Student Accident</b>		
<i>NJSBAIG/McCloskey - \$1,332</i>		
Full Excess	\$1,000,000	

**PRIDE ACADEMY CHARTER SCHOOL**  
 Charter School Performance Framework Financial Indicators  
 Near Term and Sustainability Indicators  
 Last Three Fiscal Years

	2013 Audit	2014 Audit	2015 Audit	Source
Cash	\$ 1,089,345	\$ 761,879	\$ 681,497	Audit: Exhibit A-1
Current Assets	\$ 1,402,962	\$ 1,163,798	\$ 1,239,577	Audit: Exhibit A-1
Total Assets	1,477,019	1,244,234	1,289,566	Audit: Exhibit A-1
Current Liabilities	267,914	222,520	479,046	Audit: Exhibit A-1
Total Liabilities	267,914	222,520	1,159,222	Audit: Exhibit A-1
Net Assets	1,209,105	1,021,714	201,003	Audit: Exhibit A-1
Total Revenue	4,882,898	4,890,055	4,918,940	Audit: Exhibit A-2
Total Expenses	4,868,282	5,077,448	5,181,615	Audit: Exhibit A-2
Change in Net Assets	14,616	(187,393)	(262,675)	Audit: Exhibit A-2
Depreciation Expense	28,606	30,447	30,447	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	239.40	263.90	263.20	DOE Enrollment Reports
March 30th Budgeted Enrollment	240	264	263	Charter School Budget

RATIOS ANALYSIS...				
Near Term Indicators	2013	2014	2015	3 YR CUM
1a. Current Ratio	5.24	5.23	2.59	Source: Current Assets/Current Liabilities
1b. Unrestricted Days Cash	81.67	54.77	48.01	Cash/(Total Expenses/365)
1c. Enrollment Variance	100%	100%	100%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	Audit
<b>Sustainability Indicators</b>				
2a. Total Margin	0%	-4%	-5%	Change in Net Assets/Total Revenue
2b. Debt to Asset	0.18	0.18	0.90	Total Liabilities/Total Assets
2c.** Cash Flow	\$ 76,029	\$ (327,466)	\$ (80,382)	Net change in cash flow from prior years
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)

\* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? No  
 \*\* 2015 = 2015 Cash - 2014 Cash; 2014 = 2014 Cash - 2013 Cash; 2013 = 2013 Cash - 2012 Cash

Refer questions to [charterfinance@doe.state.nj.us](mailto:charterfinance@doe.state.nj.us)

***SINGLE AUDIT SECTION***

**BARRE & COMPANY**  
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**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with “Government Auditing Standards**

Honorable President and  
Members of the Board of Trustees  
Pride Academy Charter School  
County of Essex  
East Orange, New Jersey

We have audited, in accordance with the 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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pride Academy Charter School (Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 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, and have issued our report thereon dated September 15, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School’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 Charter School’s internal control.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter School'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 matter that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We also noted other matters that we reported to the Board of Trustees of the Pride Academy Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated December 11, 2015.

### **Purpose of this Report**

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



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

December 11, 2015

**BARRE & COMPANY**  
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**Independent Auditor’s Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and New Jersey OMB Circular 04-04**

Honorable President and  
Members of the Board of Trustees  
Pride Academy Charter School  
County of Essex  
East Orange, New Jersey

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

We have audited the Pride Academy Charter School’s compliance with the types of compliance requirements described in the New Jersey Compliance Manual “State Grant Compliance Supplement” 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. The Pride Academy 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***

The Charter School’s management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the Charter School’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB’s Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program

occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major State Program***

In our opinion, the Pride Academy Charter School, in the County of Essex, 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 state programs for the year ended June 30, 2015.

### **Report on Internal Control over Compliance**

Management of Pride Academy Charter School 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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



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

***Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pride Academy Charter School, 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. We issued our report thereon dated December 11, 2015, which contained unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and schedule of relation to the basic financial statements as a whole.

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 that the testing based on the requirements of OMB A-133 and NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.



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

December 11, 2015

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Expenditures of Federal Awards  
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		Balance at June 30, 2014	Cash Received	Budgetary Expenditures	Balance at June 30, 2015	
				From	To				Accounts Receivable	Due to Grantor
<b>U.S. Department of Education</b>										
<b>Passed-through State Department of Education</b>										
Special Revenue Fund:										
No Child Left Behind Cluster:										
Title I Part A	84.010A	NCLB - 6020 - 15	\$ 171,063	7/1/14	6/30/15	\$ -	\$ 171,063	\$ (171,063)	\$ -	\$ -
Title II Part A Carryover	84.367A	NCLB - 6020 - 14	1,870	7/1/13	6/30/14	(164)	2,034	(1,870)	-	-
Total No Child Left Behind Cluster						(164)	173,097	(172,933)	-	-
Individuals with Disabilities Cluster:										
I.D.E.A. Part B Basic	84.027	IDEA - 6020 - 15	66,629	7/1/14	6/30/15	(18,600)	85,229	(66,629)	-	-
Total Individuals with Disabilities Cluster						(18,600)	85,229	(66,629)	-	-
Other Special Revenue Funds:										
Public Charter Schools (CSP Grant)	84.282	N/A	41,254	7/1/14	6/30/15		41,254	(41,254)		
Race to the Top	84.412	N/A	5,000	7/1/12	6/30/15		5,000	(5,000)		
Total Other Special Revenue Funds						-	46,254	(46,254)		
Total Special Revenue Fund						(18,764)	304,580	(285,816)		
<b>U.S. Department of Agriculture</b>										
<b>Passed-through State Department of Agriculture</b>										
Enterprise Fund:										
School Breakfast Program	10.553	N/A	61,460	7/1/14	6/30/15		55,970	(61,460)		(5,490)
School Breakfast Program	10.553	N/A	-	7/1/13	6/30/14	(5,550)	5,550			
National School Lunch Program	10.555	N/A	100,023	7/1/14	6/30/15		92,074	(100,023)		(7,949)
National School Lunch Program	10.555	N/A	-	7/1/13	6/30/14	(7,221)	7,221			
Child Care Food Program	10.558	N/A	29,456	7/1/14	6/30/15		27,051	(29,456)		(2,405)
Child Care Food Program	10.558	N/A	-	7/1/13	6/30/14	(1,162)	1,162			
Total Enterprise Fund						(13,933)	189,028	(190,939)		(15,844)
Sub-Total Federal Financial Awards						(32,697)	493,608	(476,755)		(15,844)

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

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014			Balance at June 30, 2015			MEMO
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	
<b>State Department of Education</b>											
General Fund:											
"Local Levy" State Share - Charter School Aid	15-495-034-5120-071	\$ 3,181,714	7/1/14	6/30/15	\$ -	\$ -	\$ 3,171,088	\$ (3,181,714)	\$ (10,626)	\$ -	\$ 3,181,714
"Local Levy" State Share - Charter School Aid	14-495-034-5120-071	-	7/1/13	6/30/14	(39,359)	-	39,359	(131,404)	-	-	131,404
Special Education Aid	15-495-034-5120-089	131,404	7/1/14	6/30/15	-	-	131,404	(127,716)	-	-	127,716
Security Aid	15-495-034-5120-084	127,716	7/1/14	6/30/15	-	-	127,716	(294,585)	-	-	294,585
Nonpublic Aid	15-100-034-5068-042	51,713	7/1/14	6/30/15	-	-	51,713	(180,293)	-	-	180,293
On-Behalf TPAF Pension Contributions	15-100-034-5095-006	294,585	7/1/14	6/30/15	-	-	294,585	(18,979)	-	-	18,979
Reimbursed TPAF - Social Security	15-495-034-5095-002	180,293	7/1/14	6/30/15	-	-	171,940	(3,967,425)	-	-	3,967,425
<b>Total General Fund</b>					(39,359)	-	3,987,805	(3,967,425)	(18,979)	-	3,967,425
Enterprise Fund:											
National School Lunch Program (State Share)	15-100-010-3350-023	1,974	7/1/14	6/30/15	(145)	-	1,817	(1,974)	(157)	-	1,974
National School Lunch Program (State Share)	14-100-010-3350-023	-	7/1/13	6/30/14	-	-	145	-	-	-	-
<b>Total Enterprise Fund</b>					(145)	-	1,962	(1,974)	(157)	-	1,974
<b>Total All Funds</b>					<b>\$ (39,504)</b>	<b>\$ -</b>	<b>\$ 3,989,767</b>	<b>\$ (3,969,399)</b>	<b>\$ (19,136)</b>	<b>\$ -</b>	<b>\$ 3,969,399</b>
<b>State Financial Assistance Not Subject To Major Program Determination:</b>											
General Funds:											
On-Behalf TPAF Pension Contributions	15-495-034-5095-006	294,585	7/1/14	6/30/15	-	-	(294,585)	294,585	-	-	(294,585)
<b>Total State Financial Assistance Subject to Single Audit</b>					<b>(39,504)</b>	<b>-</b>	<b>3,695,182</b>	<b>(3,674,814)</b>	<b>(19,136)</b>	<b>-</b>	<b>3,674,814</b>

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

**PRIDE ACADEMY CHARTER SCHOOL**  
Notes to Schedules of Expenditures Of Awards and Financial Assistance  
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 Board of Trustees, Pride Academy Charter School. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

**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 with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent

**PRIDE ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures Of Awards and Financial Assistance  
June 30, 2015

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**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*. The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ -	\$ 3,967,435	\$ 3,967,435
Special Revenue Fund	285,816	-	285,816
Food Service Fund	190,939	1,974	192,913
Total Awards & Financial Assistance	<u>\$ 476,755</u>	<u>\$ 3,969,409</u>	<u>\$ 4,446,164</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING**

Pride Academy Charter School has no loan balances outstanding at June 30, 2015.

**PRIDE ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures Of Awards and Financial Assistance  
June 30, 2015

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**NOTE 6. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

**NOTE 7. ON BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payment are subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter's School's basic financial statements and the amount subject to State single audit and major program determination.

**NOTE 8. SCHOOLWIDE PROGRAM FUNDS**

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total	2014
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 171,063	\$ 173,578
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	<u>1,870</u>	<u>164</u>
Total	<u>\$ 172,933</u>	<u>\$ 173,742</u>

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

**Section I – Summary of Auditor’s Results**

**Financial Statements**

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

**State Awards**

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
<u>15-495-034-5120-071</u>	<u>Local Levy – State Share</u>
_____	_____
_____	_____



**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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***Section II – Financial Statement Findings***

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

**Finding**

There were no matters reported.

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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***Section III –State Financial Assistance  
Findings and Questioned Costs***

This section identifies audit findings required to be reported by NJOMB Circular Letter 04-04.

**STATE AWARDS**

**Findings**

There were no matters reported.

**PRIDE ACADEMY CHARTER SCHOOL**  
Summary Schedule of Prior Year Audit Findings  
And Questioned Costs As Prepared by Management  
For the Fiscal Year Ended June 30, 2015

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**STATUS OF PRIOR YEAR FINDINGS**

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

**Findings**

There were no matters reported.