

PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY

COMPREHESIVE ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

***PRIDE ACADEMY CHARTER SCHOOL***

***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***FISCAL YEAR ENDED JUNE 30, 2017***

***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, 2017***

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
PRIDE ACADEMY CHARTER SCHOOL  
EAST ORANGE, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

***Prepared by***

***Pride Academy Charter School  
Finance Department***

***And***

***Meshinsky & Associates LLC, CPAs***

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***INTRODUCTORY SECTION***





November 30, 2017

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

Dear Board Members:

The comprehensive annual financial report of Pride Academy Charter School (Charter School) for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

- The Introductory Section 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;

## **Charter School Organization**

An elected five to nine 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 2016-2017**

### **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 ninth 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 was 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. We requested for and received approval for an additional increase to 288 students for the 2015-2016 school year. The enrollment at the beginning of the school year was 288 students. At the end of the year, the enrollment was 287 students. There are three classes totaling 72 students in each of grades 5, 6, 7, and 8.

**Class Size.** Class size is 24 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 8<sup>th</sup> for all students and ended June 21<sup>st</sup> for a total of 188 school days.

**Planned Expansion:** There was not plan for expansion during the 2017-2018 school year.

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

**Waiting List:** 313 prospective students are currently on the waiting list (6/30/2017).

**Student/Teacher Ratio:** 9.60

**Employees.** The school employs 1 Principal, 2 Vice Principals, 1 School Business Administrator, 1 Dean of Students, 1 Coordinator of High School Placement, 22 content teachers, 7 Special Education teachers, 1 Physical Education teacher, 1 Spanish teacher, 1 Computer teacher, 1 Dance teacher, 1 Nurse, and 1 Social Worker and 1 School Counselor. 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 up to 9 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:

- Continued to support the development of a facility expansion that resulted in improvements to classroom and common area spaces and enhance our educational program;
- Continued to support the 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;
- Continued to support parent involvement, decision making, and communication practices that have resulted in maintaining high levels of parent satisfaction in excess of 96%.

#### A. Board Governance

# of Board Members required as per charter by-laws	5-9
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Date of Board Self-Evaluation (include a copy of the board self-evaluation tool as an <b>Appendix B</b> )	August Board Meeting 2017
Date of School Leader Evaluation (include a copy of the school leader evaluation tool as an <b>Appendix C</b> )	6/27/2017
<b>B. By-Law Amendments</b>	
Provide a list of amendments to the bylaws of the board of trustees adopted during the 2016-17 school year.	The Board of Trustees approved the adoption of an amendment to the Board By-Laws to increase the term of the Board President from eight to twelve years.
<b>C. Critical Policies adopted/readopted 2016-2017</b>	
6171.4 Special Education 6141 Curriculum Design, Development 6142.4 Physical Education and Health 6124.10 Internet Safety and Technology 6142 Subject Fields 5119 Transfers 5141.3 Health Examinations and Immunizations 6140 Curriculum Adoption 6163.1 Media Center, Library 6171 Special Instructional Programs 6162.5 Research 6173 Home Instruction 5141.4 Missing, Abused, and Neglected Children 4111, 2224 Recruitment, Hiring and Selection 4111.1 Nondiscrimination, Affirmative Action 4131, 4211 Staff Development, In-service Education, Visitation, Conferences 5145.4 Equal Educational Opportunity 6121 Nondiscrimination, Affirmative Action 6142.12 Career and Technical Education 6147 Standards and Proficiency 6172 Alternative Education Programs 9100 Charter Closure 6171.1 Remedial Instruction 6171.2 Gifted and Talented 4113, 4213 Assignment, Transfer	3542.1 Wellness Nutrition 5118.2 Foster Care and Educational Stability 4112.6, 4212.6 Personnel Records 4110, 4210 Streamline Tenure Acquisition and Dismissal 4112.2 Certification 4112.4, 4212.4 Employee Health 6164.4 Child Study Team 61451, 6145.2 Intramural, Interscholastic Competition 6145 Extracurricular Activities 6171.4 Procedural Safeguard Statement 6142.2 English as a Second Language; Bilingual Programs 4231/4231.1 Suspension and Expulsion 6146.2 Promotion, Retention 6164.2 Guidance Services 2131 Lead Person 2240 Evaluation, Planning and Annual Report 2255 Action Planning for Charter Renewal 1120 Board of Trustees Meetings 1330 Use of School Facilities 3100 Budget Planning, Preparation and Adoption 3510 Operation and Maintenance of Plant 3515 Smoking Prohibition

**Summary of Accomplishments: School Administration**

**During the 2016-2017 school year, the Administrative team continued to lead the growth and strengthening of our 8th 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;

- 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;
- Designed and implemented our own interim benchmark assessment program to support out data driven instructional school wide process;
- 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

### A. PARCC Results

PROFICIENCY RATES ON PARCC ASSESSMENTS			
Assessment	2014-15	2015-16	2016-17 Preliminary Scores
ELA 3	N/A		
ELA 4			
ELA 5	52%	47%	46%
ELA 6	49%	65%	51%
ELA 7	52%	78%	83%
ELA 8	52%	67%	53%
ELA 9	N/A		
ELA 10			
ELA 11			
MAT 3			
MAT 4			
MAT 5	41%	34%	24%
MAT 6	41%	27%	31%
MAT 7	37%	39%	55%
MAT 8	24%	54%	28%
Algebra I	N/A	N/A	92%
Geometry	N/A		
Algebra II			

### B. Explanation for year over year increases

When analyzing the ELA proficiency rate for the previous three years, we notice that the students' absolute scores increase from year to year. For instance, the 5<sup>th</sup> grade of 2014-2015 saw 52% of the student population on grade level or above, the 6<sup>th</sup> grade of 2015-16 had a score of 65%, and the 7<sup>th</sup> grade of 2016-17 had a passing rate of 83%.

After analyzing the results we have found that there are several reasons for the cohorts' continues growth:

- Use of a co-teaching model in every ELA classroom;

- A focus on data driven instruction with whole school data meetings and Professional Development;
- A school-wide initiative for Interim Assessments four times a year where the students are given the opportunity to practice a PARCC-like assessment with similar testing conditions, and teachers are given time to analyze, reflect on, and plan from the student results;
- Teacher-led curriculum evaluation, reflection, and improvement on an on-going basis. In addition, over the course of the 2015-2016 and 2016-2017 school years, we have implemented a department-wide researched-based curriculum that provides vertical alignment and supports yearly growth;
- The ELA teachers offer tutoring from 3PM-4PM three days a week to students in need or to students who voluntarily sign up;
- Pride Academy offers Saturday school for the students that fall in the 725-760 score range which equates to about 90% of the students not passing the previous year's PARCC.

When analyzing the Mathematics proficiency rate for the previous three years we notice different trends from our ELA results. For instance, the 5<sup>th</sup> grade of 2014-2015 had 41% on grade level or above, the 6<sup>th</sup> grade of 2015-16 had a score of 27%, and the 7<sup>th</sup> grade of 2016-17 had a passing rate of 55%. When looking at the trends from 6<sup>th</sup> grade through 8<sup>th</sup> grade, we see an increase in the student scores when looking at the students' individual scores. One of these indicators is the teacher SGP, where the median SGP scores for the three years analyzed have had a range from 3.5-3.7 (all highly effective). In other words, although the absolute scores may not reflect growth, when looking at individual growth, most students increase their score from year to year. One number that stands out is that there was a significant drop in the 8<sup>th</sup> grade scores from 2015-16 to 2016-17, however, this is due to a large portion of that cohort taking the Algebra 1 PARCC assessment, where 92% of the students scored on level 4 or above.

Nevertheless, Pride Academy does see the need to continue to strengthen the Math department and will continue to utilize the following actions to ensure that all students continue to grow and succeed:

- Use of a co-teaching model in every Mathematics classroom;
- For the 2017-2018 school year, a new position of co-teaching coach will support the co-teaching teams to develop and implement best practices in instructional planning, instructional delivery, and in data analysis;
- A focus on data driven instruction with whole school data meetings and Professional Development;
- A school-wide initiative for Interim Assessments four times a year where the students are given the opportunity to practice a PARCC-like assessment with similar testing conditions, and teachers are given time to analyze, reflect on, and plan from the student results;
- Teacher-led curriculum evaluation, reflection, and improvement on an on-going basis. For the 2017-2018 school year, a research-based curriculum will be implemented to ensure vertical alignment from grade 5 through Algebra 1.
- The Math teachers offer tutoring from 3PM-4PM three days a week to students in need or to students that voluntarily sign up;

- Pride Academy offers Saturday school for the students that fall in the 725-760 score range which equates to about 90% of the students not passing the previous year's PARCC.

**C. Assessment: Summary of diagnostic, formative, and summative assessments**

The following is a list of diagnostics, formative assessments, and summative assessments administered in the ELA department during the 2016-2017 school year:

- I-Ready diagnostic (pre-and post-assessment)
- Teacher created writing assessments (based off the PARCC rubric)
- Four Interim Assessments (based off the NJDOE sample PARCC assessment)

The following is a list of diagnostics, formative assessments, and summative assessments administered in the Mathematics department during the 2016-2017 school year:

- Tenmarks grade level assessments
- Teacher created unit assessments
- Four Interim Assessments (using prior PARCC questions based on the curriculum map for the past 6-8 weeks of student learning)

**Student Growth in English Language Arts**

2016/2017	Not Yet Meeting Level 1	Partially Meeting Level 2	Approaching Level 3	On Grade level Level 4	Exceeding Grade Level 5	%>= Level 4
<b>Grade 5</b>	x	x	x	x	x	x
<b>Grade 6</b>	-4%	-3%	+3%	+3%	+1%	+4%
<b>Grade 7</b>	-1%	-4%	-11%	+19%	-1%	+18%
<b>Grade 8</b>	+2%	+7%	+16%	-3%	-22%	-25%

### Student Growth in Mathematics

2016 /2017	Not Yet Meeting Level 1	Partially Meeting Level 2	Approaching Level 3	On Grade level Level 4	Exceeding Grade Level 5	%>= Level 4
Grade 5	x	x	x	x	x	x
Grade 6	+1%	+9%	-6%	-5%	+2%	-3%
Grade 7	+4%	-25%	-6%	+26%	0%	+26%
Grade 8	+14%	-10%	-8%	-8%	-3%	-11%
8th grade including Algebra	+14%	-10%	-6%	+7%	-3%	+4%

2012*	2013*	2014*	2015	2016
<p>*Prior to 2015, grades K-8 received one Tier Rank. In 2015, grades 3-5 receive a separate Tier Rank from grades 6-8.</p>				
<b>Category</b>		<b>Points</b>		
Student Growth		392 of 400		
Achievement		920 of 988		
Leading Indicators		59 of 71		
Closing Gaps		0 of 6 bonus points		
<b>Overall Score:</b>		1511 of 1479		
<b>% of Total:</b>		95.3%		
<b>Tier Rank:</b>				

- 1 out of 5 students in grades 6-8 are considered above grade level. 7th grade ELA had the highest average where 1 out of 3 students scored above grade level on the ELA assessment.

**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, 2017.

**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 Meshinsky & Associates LLC, 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.

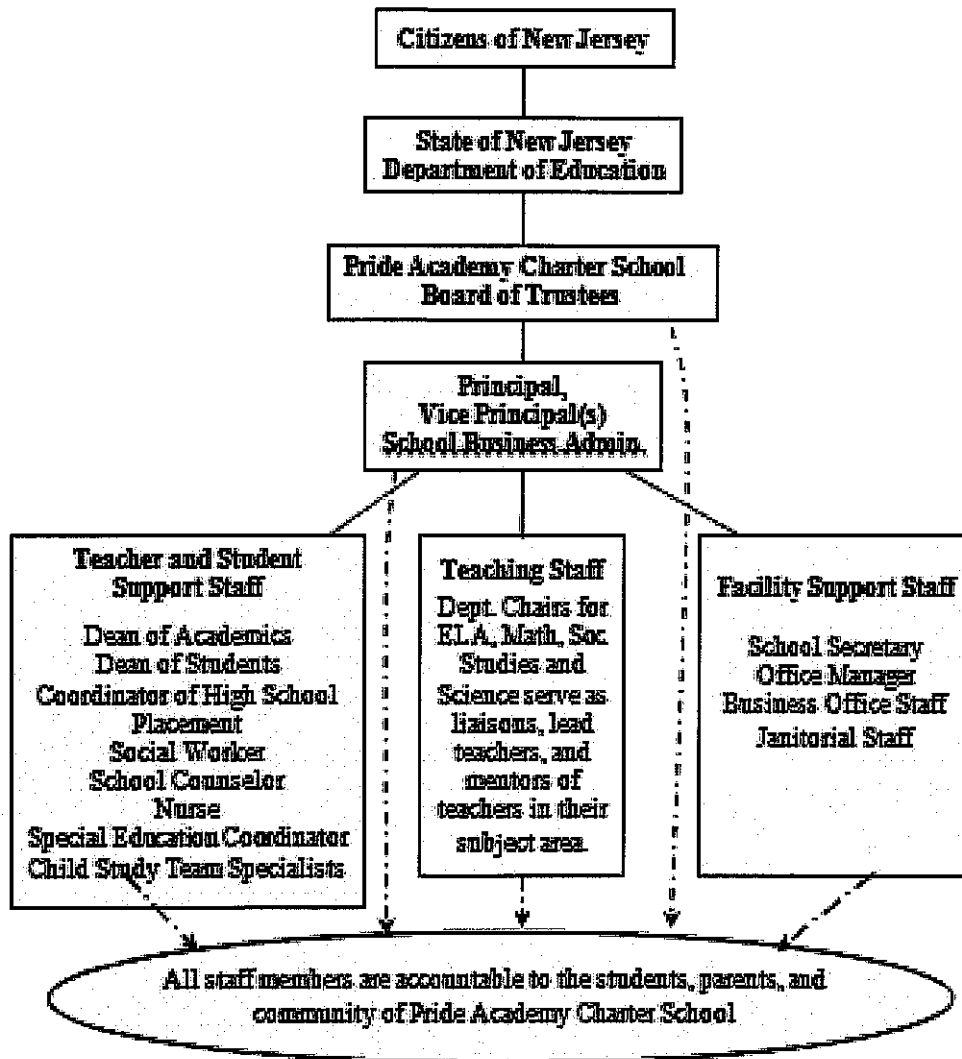
Respectfully submitted,



Mrs. Fiona Thomas  
School Principal

## Board of Trustees

<b>Board of Trustees</b>						
<b>Name</b>	<b>Effective Start Date</b> (when individual started on board)	<b>Current Term Expiration Date</b>	<b>Officer Role</b> (e.g. President, Vice President, Secretary, Treasurer)	<b>Email Address</b>	<b>Date of criminal background check</b>	<b>Date of mandatory NJSBA training</b>
Robert Mitchell	4/1/2008	3/31/2020	President	Rmitch71@gmail.com	10/19/2011	1/12/2017
Michael Moore	12/8/2017	12/8/2021	Vice – President	Mikemoore511@hotmail.com	10/31/2011	1/30/2013
Alison Morgan-Black	9/25/2012	9/25/2020	Member	Dr.apmorgan@yahoo.com	12/27/2012	9/25/2016
Yanett Bagce	12/18/2010	12/18/2018	Member	yanettsalazar@gmail.com	10/18/2011	2/11/2014
Deirdre Taylor	2/11/20	2/11/2024	Member	taylord@evh.org	7/28/2015	2/11/2017
Jacqueline Spence	10/19/2016	10/19/2020	Member	Meljeffin40@aol.com	12/22/2016	N/A





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

**CONSULTANTS AND ADVISORS**

***Audit Firm***

Meshinsky & Associates LLC  
Certified Public Accountants  
1155 West Chestnut Street, Suite 2D  
Union, New Jersey 07083

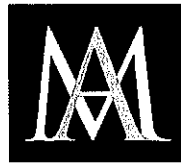
***Attorney***

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***



# MESHINSKY & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS,  
CONSULTANTS & INDEPENDENT TRUSTEES

## **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, 2017, 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, 2017, 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.

### ***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 22 and 80, 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 in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey Circular 15-08 OMB State*

*Aid/Grant Compliance Supplement* 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 November 30, 2017 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.

Philip T. Meshinsky  
Licensed Public School Accountant  
No. CS00233400  
Meshinsky & Associates LLC, CPA's  
Union, New Jersey

November 30, 2017

***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, 2017  
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, 2017. 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. Certain comparative information between the current year (2016 to 2017) and the prior year (2015 to 2016) is required to be presented in the MD & A.

**Financial Highlights**

Key financial highlights for 2017 are as follows:

- ❖ General revenues accounted for \$4,965,389 in revenue or 94% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$340,754 or 6% percent of total revenues of \$5,306,143.
- ❖ The Charter School had \$5,367,993 in expenses; only \$340,754 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4,965,389 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$4,839,265 in revenues and \$4,757,669 in expenditures. The General Fund's fund balance increased by \$81,596 from 2016. This increase was anticipated by the Board of Trustees.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
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 2016?" 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, 2017  
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, 2017  
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 44 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 \$184,180 for 2017 and \$246,030 for 2016.

**Governmental Activities**

The Charter School's total revenues were \$5,080,906 for 2017 and \$4,978,125 for 2016, this includes \$638,553 for 2017 and 545,432 for 2016 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was \$5,146,674 for 2017 and \$4,941,221 for 2016. Instruction comprises 46% for 2017 and 38% for 2016 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, 2017  
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 \$3,918 and \$8,123 in 2017 and 2016 respectively.
- ❖ Charges for services represent \$4,724 for 2017 and \$6,449 in 2016 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 \$220,513 for 2017 and \$222,917 for 2016.

**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 \$5,080,906 for 2017 and \$4,978,125 for 2016 and expenditures were \$5,146,674 for 2017 and \$4,937,021 for 2016. The net change in fund balance was most significant in the general fund, an increase of \$81,596 for 2017 and \$41,1641 for 2016.

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, 2017.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 478,221	9.41%	\$ (11,750)	(2.40)%
State Sources	4,361,044	85.83%	172,721	4.12%
Federal Sources	<u>241,641</u>	<u>4.76%</u>	<u>(58,190)</u>	4.90%
<b>Total</b>	<b><u>\$ 5,080,906</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 102,781</u></b>	

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
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, 2017 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 2,349,274	45.65%	\$ 578,589	32.68%
Administration	1,374,240	26.70%	(596,495)	(30.27%)
Support Services	1,369,873	26.62%	306,030	28.77%
Capital Outlay	53,287	1.03%	(78,471)	(59.56%)
Total	<u>\$ 5,146,674</u>	<u>100.00%</u>	<u>\$ 209,653</u>	

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 \$51,586 invested in buildings, building improvements, and equipment at the end of the fiscal year 2017 and \$83,101 for 2016.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
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, 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, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 601,817	\$ 20,833	\$ 622,650
Interfund Receivables	71,086	33,244	104,330
Receivables	344,295	12,834	357,129
Other Assets	56,363	-	56,363
Capital Assets, Net	51,586	-	51,586
<b>Total Assets</b>	<b>1,125,147</b>	<b>66,911</b>	<b>1,192,058</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pensions	459,032	-	459,032
<b>Deferred Outflows of Resources</b>	<b>459,032</b>	<b>-</b>	<b>459,032</b>
<b>LIABILITIES:</b>			
Interfund Payable	86,688	-	86,688
Payable to State Government	54,117	-	54,117
Payable to Districts	40,640	-	40,640
Accounts Payable	32,090	31,665	63,755
Noncurrent Liabilities:			
Pensions	1,221,710		1,221,710
<b>Total Liabilities</b>	<b>1,435,245</b>	<b>31,665</b>	<b>1,466,910</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pensions	-	-	-
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	51,586	-	51,586
General Fund			
Unassigned	97,348	35,246	132,594
<b>Total Net Position</b>	<b>\$ 148,934</b>	<b>\$ 35,246</b>	<b>\$ 184,180</b>



**PRIDE ACADEMY CHARTER SCHOOL**  
 Statement of Activities  
 For The Fiscal Year Ended June 30, 2017

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 1,738,498	\$ 610,776	\$ -	\$ 115,517	\$ -	\$ (2,233,757)	\$ -	\$ (2,233,757)
Administration	894,344	479,896	-	-	-	(1,374,240)	-	(1,374,240)
Support Services	1,369,873	-	-	-	-	(1,369,873)	-	(1,369,873)
Capital Outlay	43,842	-	-	-	-	(43,842)	-	(43,842)
Unallocated Depreciation	9,445	-	-	-	-	(9,445)	-	(9,445)
<b>Total Governmental Activities</b>	<b>4,056,002</b>	<b>\$ 1,090,672</b>	<b>-</b>	<b>115,517</b>	<b>-</b>	<b>(5,031,157)</b>	<b>-</b>	<b>(5,031,157)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	221,319	-	4,724	220,513	-	-	3,918	3,918
Total Business-Type Activities	221,319	-	4,724	220,513	-	-	3,918	3,918
Total Primary Government	<u>\$ 4,277,321</u>		<u>\$ 4,724</u>	<u>\$ 336,030</u>	<u>\$ -</u>	<u>\$ (5,031,157)</u>	<u>\$ 3,918</u>	<u>\$ (5,027,239)</u>
<b>GENERAL REVENUES</b>								
General Purposes						\$ 461,081	\$ -	\$ 461,081
Federal and State Aid Not Restricted						4,487,168	-	4,487,168
Investment Earnings						464	-	464
Miscellaneous Revenue						16,676	-	16,676
Total General Revenues						<u>4,965,389</u>	<u>-</u>	<u>4,965,389</u>
Change in Net Position						(65,768)	3,918	(61,850)
Net Position - Beginning of Year						214,702	31,328	246,030
Net Position - End of Year						<u>\$ 148,934</u>	<u>\$ 35,246</u>	<u>\$ 184,180</u>

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, 2017

	General Fund	Special Revenue Fund	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 264,865	\$ 86,688	\$ 351,553
Cash Restricted	250,264	-	\$ 250,264
Interfund Receivables	71,086	-	71,086
Receivables From Other Governments	116,651	-	116,651
Other Receivables	227,644	-	227,644
Other Assets	56,363	-	56,363
<b>Total Assets</b>	<b>\$ 986,873</b>	<b>\$ 86,688</b>	<b>\$ 1,073,561</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Interfund Payable	\$ -	\$ 86,688	\$ 86,688
Payable to State Government	54,117	-	54,117
Payable to District	40,640	-	40,640
Accounts Payable	32,090	-	32,090
<b>Total Liabilities</b>	<b>126,847</b>	<b>86,688</b>	<b>213,535</b>
<b>Fund Balances:</b>			
<b>Unassigned:</b>			
General Fund	860,026	-	860,026
<b>Total Fund Balances</b>	<b>860,026</b>	<b>-</b>	<b>860,026</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 986,873</b>	<b>\$ 86,688</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of the assets is \$274,954 and the accumulated depreciation is \$223,368. 51,586

Net pension liability of \$1,221,710, deferred inflows of resources of \$0 less deferred outflows of resources of \$459,032 related to pensions are not reported in the governmental funds (762,678)

**Net Position of Governmental Activities** **\$ 148,934**

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, 2017**

	General Fund	Special Revenue Fund	Total
<b>REVENUES:</b>			
Local Sources:			
Local Tax Levy	\$ 461,081	\$ -	\$ 461,081
Interest on Investments	464	-	464
Miscellaneous	16,676	-	16,676
<b>Total Local Sources</b>	<b>478,221</b>	<b>-</b>	<b>478,221</b>
State Sources	4,361,044	-	4,361,044
Federal Sources	-	241,641	241,641
<b>Total Revenues</b>	<b>4,839,265</b>	<b>241,641</b>	<b>5,080,906</b>
<b>EXPENDITURES:</b>			
Current:			
Instruction	1,536,214	180,214	1,716,428
Administration	1,869,167	-	1,869,167
Support Services	1,308,446	61,427	1,369,873
Capital Outlay	43,842	-	43,842
<b>Total Expenditures</b>	<b>4,757,669</b>	<b>241,641</b>	<b>4,999,310</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>81,596</b>	<b>-</b>	<b>81,596</b>
<b>FUND BALANCE, JULY 1</b>	<b>778,430</b>	<b>-</b>	<b>778,430</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 860,026</b>	<b>\$ -</b>	<b>\$ 860,026</b>

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, 2017

Total net change in fund balances - governmental fund (from B-2)	\$ 81,596
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets if capitalized is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current fiscal year.</p>	
Depreciation Expense	(31,515)
<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>(115,849)</u>
Change in net position of governmental activities	<u>\$ (65,768)</u>

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

***PROPRIETARY FUNDS***

**PRIDE ACADEMY CHARTER SCHOOL**  
 Proprietary Funds  
 Combining Statement of Fund Net Position  
 June 30, 2017

	<b>Business-Type Activities</b>
	<b>Food Service</b>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 20,833
Interfund Accounts Receivable	33,244
Intergovernmental Accounts Receivable:	
Federal	12,716
State	118
	66,911
Total Current Assets	66,911
Total Assets	\$ 66,911
<b>LIABILITIES AND NET POSITION:</b>	
Current Liabilities:	
Accounts Payable	\$ 31,665
Total Liabilities	31,665
<b>NET POSITION:</b>	
Unassigned	35,246
Total Liabilities and Net Position	\$ 66,911

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



**PRIDE ACADEMY CHARTER SCHOOL**  
Propriety Fund  
Statements of Revenues, Expenses and Changes in Net Position  
For the Fiscal Year Ended June 30, 2017

	<b>Business-Type Activities</b>
	<b>Food Service</b>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales Reimbursable Program	\$ 4,724
Total Operating Revenues	4,724
<b>OPERATING EXPENSES:</b>	
Salaries	40,000
Cost of Sales	181,319
Total Operating Expenses	221,319
<b>OPERATING (LOSS)</b>	<b>(216,595)</b>
<b>NONOPERATING REVENUES:</b>	
State Sources:	
State School Breakfast and Lunch Program	2,210
Federal Sources:	
National School Breakfast and Lunch Program	218,303
Total Nonoperating Revenues	220,513
<b>CHANGE IN NET POSITION</b>	3,918
<b>TOTAL NET POSITION, JULY 1</b>	31,328
<b>TOTAL NET POSITION, JUNE 30</b>	<b>\$ 35,246</b>

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

**PRIDE ACADEMY CHARTER SCHOOL**  
Proprietary Fund  
Combining Statement of Cash Flow s  
For The Fiscal Year Ended June 30, 2017

	<b>Business-Type Activities</b>
	<b>Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	\$ 4,724
Cash Payments to Suppliers and Employees	(244,340)
Net Cash Used In Operating Activities	(239,616)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash Received from State and Federal Reimbursements	220,513
Net Cash Provided by Noncapital Financing Activities	220,513
Net Decrease In Cash and Cash Equivalents	(19,103)
Cash and Cash Equivalents, Beginning Of Year	\$ 39,936
Cash and Cash Equivalents, End Of Year	\$ 20,833
<b>Reconciliation of Operating Loss to Net Cash Used by:</b>	
Operating Activities:	
Operating (Loss) Used for Operating Activities	\$ (216,595)
Changes in Assets and Liabilities:	
Decrease In Receivables From Other Governments	2,544
Decrease In Interfund Payable	(45,462)
Decrease in Accounts Payable	19,897
Net Cash Used in Operating Activities	\$ (239,616)

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, 2017

	Total Agency Fund
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 204,235
<b>Total Assets</b>	\$ 204,235
<b>LIABILITIES:</b>	
Liabilities:	
Interfund Accounts Payable	\$ 17,642
Payroll Deductions and Withholdings	181,883
Due to Student Groups	4,710
<b>Total Liabilities</b>	\$ 204,235

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, 2017**

**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.

For fiscal year 2016, 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.

**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.

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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**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.

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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Basis of Presentation (Continued)**

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.

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).



**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Basis of Presentation (Continued)**

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.

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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Basis of Presentation (Continued)**

*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).

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.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Budgets/Budgetary Control (Continued)**

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)	\$	241,641
Adjustments:		
Less Encumbrances at June 30, 2017		-
Plus Encumbrances at June 30, 2016		-
Total Revenues and Expenditures (GAAP Basis)	\$	<u>241,641</u>

**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, 2017**

**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, 2017**

**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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

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

**H) Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

For the year ended June 30, 2017, the Charter School implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Charter School is required to measure certain investments at fair value for financial reporting purposes. In addition, the Charter School is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Charter School's financial statements.

The Charter School implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Charter School's financial statements.

The Charter School implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Charter School's financial statements.

Recently Issued and Adopted Accounting Pronouncements

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

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**I. Impact of Recently Issued Accounting Principles (Continued)**

Recently Issued and Adopted Accounting Pronouncements (Continued)

Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**I. Impact of Recently Issued Accounting Principles (Continued)**

Recently Issued and Adopted Accounting Pronouncements (Continued)

Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

**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

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JUNE 30, 2017**

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

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%.

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.

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Investments (Continued)**

- 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.

The Charter School had no investments as of June 30, 2017. Cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 264,865	\$ 86,688	\$ 20,833	\$ 204,235	\$ 576,621

The carrying amount of the Board's cash and cash equivalents at June 30, 2017 was \$576,621 and the bank balance was \$642,501. In addition, the school had restricted cash in the amount of \$250,264. 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.

**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.

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

**Risk Category (Continued)**

As of June 30, 2017, the School 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, 2017, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2017 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	\$ 116,651	\$ 116,769
Federal Aid	-	12,716
Other	<u>227,644</u>	<u>227,644</u>
Gross Receivables	344,295	357,129
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 344,295</u>	<u>\$ 357,129</u>

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**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, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 104,330	\$ 33,244
Special Revenue Fund		86,688
Proprietary Fund	33,244	
Fiduciary Fund		17,642
Total	<u>\$ 137,574</u>	<u>\$ 137,574</u>

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 130,681	\$ -	\$ -	\$ 130,681
Equipment	144,273	-	-	144,273
Totals at Historical Cost	<u>274,954</u>	-	-	<u>274,954</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	16,502	4,692	-	21,194
Equipment	175,351	26,823	-	202,174
Total Accumulated Depreciation	<u>191,853</u>	31,515	-	<u>223,368</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>83,101</u>	31,515	-	51,586
Government Activity Capital Assets, Net	<u>\$ 83,101</u>	<u>\$ 31,515</u>	<u>\$ -</u>	<u>\$ 51,586</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.

**PRIDE ACADEMY CHARTER SCHOOL  
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**NOTE 5: CAPITAL ASSETS (CONTINUED)**

Depreciation expense of \$31,515 was charged to functions as follows:

Instruction	\$ 22,070
Unallocated	<u>9,445</u>
	<u>\$ 31,515</u>

**NOTE 6: RENTAL LEASE**

The school leases space at 117 Elmwood Ave, East Orange, New Jersey under a lease agreement commencing April 21, 2011 with Shining Schools Inc. for one (1) year and shall automatically renew for additional periods of five (5) years 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 rent for the year amounted to \$435,000 payable in monthly installments of \$30,000 for (7) months and \$38,000 for (5) months.

School also leases additional office space at 115 Elmwood Avenue for a monthly rental of \$1,181. The lease for the office space is for one (1) year. Rent expense for the year amounted to \$449,201.

**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 expiring March 2017. The lease was renewed for an additional (5) years in the amount of \$1,100 per month. The following is a schedule of the future minimum lease payments under the capital leases at June 30, 2017:

Year	Amount
2018	\$ 13,200
2019	13,200
2020	13,200
2021	13,200
2022	8,800
	<u>\$ 61,600</u>



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**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).

**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:

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

Service retirement benefits of 1/55<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

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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 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 \$ 36,646 for fiscal year 2016.

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

At June 30, 2017, the Charter School reported a liability of \$1,221,710 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 which was rolled forward to June 30, 2016. 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, 2016, the Charter School's proportion was 0.003641950%, which was an increase of 0.00000906% from its proportion measured as of June 30, 2016.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 8: PENSION PLANS (CONTINUED)**

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

For the fiscal year ended June 30, 2016, the Charter School recognized pension expense of \$ 29,720 . At June 30, 2016, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 253,073	\$ -
Difference Between Expected and Actual Experience	22,720	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>-</u>	<u>0</u>
	<u>\$ 275,793</u>	<u>\$ 0</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:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 17,141
2017	17,141
2018	17,141
2019	27,300
2020	15,433
	<u>\$ 94,157</u>

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 8: PENSION PLANS (CONTINUED)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuations as of July 1, 2014. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
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 RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 8: PENSION PLANS (CONTINUED)**

**Long Term Expected Rate of Return (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
Core Bonds	1.75%	1.64%
Intermediate-Term Bonds	10.00%	1.79%
Mortgage	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

**Discount Rate**

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 on the average of the last five years of contributions

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

**Discount Rate (Continued)**

Made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate 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, 2016 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, 2016			
	1% Decrease	Current Discount Rate	1% Increase
Charter School's proportionate share of the Net Pension Liability	\$ -	\$ 1,221,710	\$ -
Fiscal Year Ended June 30, 2015			
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,016,108	\$ 817,545	\$ 651,071

**Pension Plan Fiduciary Net Position**

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

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 8: PENSION PLANS (CONTINUED)**

**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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 8: PENSION PLANS (CONTINUED)**

**Benefit Provided (Continued)**

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. 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 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 2015, the State's pension contribution was less than the actuarially determined amount.

**Special Funding Situation**

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 2016, the State of New Jersey contributed \$ 18,635 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 113,177 .



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

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

As June 30, 2017, the State's proportionate share of the net pension liability associated with the Charter School was \$ 13,310,277 . The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 which was rolled forward to June 30, 2015.

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, 2015, Charter School's proportion was 0.0210591% , which was an increase of 0.0008999% from its proportion measured as of June 30, 2014.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>13,310,227</u>
Total	<u>\$ 13,310,227</u>

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the Charter School in the amount of \$ 113,177 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 7,200,153,386	\$ -
Difference Between Expected and Actual Experience	321,224,871	19,039,817
Changes in Proportion and differences between employer contributions and proportionate share of contributions	117,933,318	117,933,318
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		535,359,188

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

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

The \$ 7,639,311,575 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 \$ 672,332,323 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30, _____	Total
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	\$ 6,966,979,252

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014 which was rolled forward to June 30, 2015. 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, 2017**

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

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the June 30, 2014 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 plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
U.S. Equity Markets	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds- Multi Strategy	4.00%	4.59%
Hedge Funds- Equity Hedge	4.00%	5.68%
Hedge Funds- Distressed	4.00%	4.30%

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Discount Rate – TPAF**

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. 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 3.80% as of June 30, 2015, 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, 2015 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:

For the Fiscal Year Ended June 30, 2015			
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Charter School's proportionate share of the Net Pension Liability	\$ 15,912,210	\$ 13,384,690	\$ 11,214,922

For the 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

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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, 2017. There were no employee contributions to DCRP for the fiscal year ended June 30, 2017.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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, 2015 there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**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, 2017 is \$860,026 and is unassigned and undesignated.

**PRIDE ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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.

***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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
"Local Levy" Local Share-Charter School Aid	\$ 461,081	\$ -	\$ 461,081	\$ 461,081	\$ -
Total Local Sources	461,081	-	\$ 461,081	461,081	\$ -
Categorical Aid:					
"Local Levy" Local Share-Charter School Aid	3,305,945	-	3,305,945	3,305,945	-
Non-Public Aid - State Share	23,541	-	23,541	23,541	-
Special Education	128,304	-	128,304	128,304	-
Security Aid	115,517	-	115,517	115,517	-
State Adjustment Aid	149,184	-	149,184	149,184	-
Total Categorical Aid	3,722,491	-	3,722,491	3,722,491	-
Other Sources:					
Interest Income	-	-	-	464	464
Donations and Contributions	-	-	-	10,000	10,000
Miscellaneous Revenue	-	-	-	6,676	6,676
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	467,887	467,887
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	170,666	170,666
Total other Sources	-	-	-	655,693	655,693
Total Revenues	4,183,572	-	4,183,572	4,839,265	655,693
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	1,472,457	-	1,472,457	1,472,457	-
Other Salaries for Instruction	1,760	-	1,760	1,760	-
Purchased Prof/Tech Services	2,893	-	2,893	2,893	-
General Supplies	29,516	-	29,516	29,516	-
Textbooks	11,854	-	11,854	11,854	-
Miscellaneous	17,734	-	17,734	17,734	-
Total Instruction	1,536,214	-	1,536,214	1,536,214	-
Administration:					
Salaries of General Administration	672,073	-	672,073	672,073	-
Total Benefits Cost	336,270	-	336,270	336,270	-
Other Purchased Professional Services	63,965	-	63,965	59,678	4,287
Other Purchased Services	38,880	-	38,880	38,880	-
Communications/Telephone	42,362	-	42,362	42,362	-
Supplies and Materials	8,597	-	8,597	8,420	177
Miscellaneous Expenses	72,931	-	72,931	72,931	-
Total Administration	1,235,078	-	1,235,078	1,230,614	4,464

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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued From Prior Page)					
Support Services:					
Salaries	\$ 435,086	\$ -	\$ 435,086	\$ 435,086	\$ -
Rental of Land and Buildings	449,201	-	449,201	449,201	-
Purchased Prof/Tech Services	48,037	-	48,037	43,750	4,287
Other Purchased Services	282,666	-	282,666	282,666	-
Insurance for Property, Liability and Fidelity	58,739	-	58,739	58,739	-
Supplies and Materials	7,066	-	7,066	7,066	-
Energy Costs (Heat and Electricity)	31,938	-	31,938	31,938	-
<b>Total Support Services</b>	<b>1,312,733</b>	<b>-</b>	<b>1,312,733</b>	<b>1,308,446</b>	<b>4,287</b>
Capital Outlay:					
Instructional Equipment	13,000	-	13,000	12,316	684
Non-Instructional Equipment	32,000	-	32,000	31,526	474
<b>Total Capital Outlay</b>	<b>45,000</b>	<b>-</b>	<b>45,000</b>	<b>43,842</b>	<b>1,158</b>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				467,887	(467,887)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				170,666	(170,666)
<b>Total Expenditures</b>	<b>4,129,025</b>	<b>-</b>	<b>4,129,025</b>	<b>4,757,669</b>	<b>(628,644)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	54,547	-	54,547	81,596	27,049
<b>FUND BALANCE, JULY 1</b>	<b>778,430</b>	<b>-</b>	<b>778,430</b>	<b>778,430</b>	<b>-</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 832,977</b>	<b>\$ -</b>	<b>\$ 832,977</b>	<b>\$ 860,026</b>	<b>\$ 27,049</b>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures:					
Budgeted Fund Balance	832,977	-	832,977	860,026	27,049
<b>Total</b>	<b>\$ 832,977</b>	<b>\$ -</b>	<b>\$ 832,977</b>	<b>\$ 860,026</b>	<b>\$ 27,049</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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE SOURCES:</b>					
Federal	\$ 241,641	\$ -	\$ 241,641	\$ 241,641	\$ -
<b>Total Revenues</b>	<u>241,641</u>	<u>-</u>	<u>\$ 241,641</u>	<u>241,641</u>	<u>\$ -</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	173,142	-	173,142	173,142	-
Purchased Prof/Tech Services	872	-	872	872	-
General Supplies	6,200	-	6,200	6,200	-
<b>Total Instruction</b>	<u>180,214</u>	<u>-</u>	<u>180,214</u>	<u>180,214</u>	<u>-</u>
Support Services:					
Personal Services - Employee Benefits	45,017	-	45,017	45,017	-
Purchased Technical Services	8,000	-	8,000	8,000	-
Other Purchased Services	4,378	-	4,378	4,378	-
Supplies and Materials	4,032	-	4,032	4,032	-
<b>Total Support Services</b>	<u>61,427</u>	<u>-</u>	<u>61,427</u>	<u>61,427</u>	<u>-</u>
<b>Total Expenditures</b>	<u>241,641</u>	<u>-</u>	<u>241,641</u>	<u>241,641</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</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, 2017

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 4,839,265	[C-2] \$ 241,641
Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	_____	_____
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>4,839,265</u>	[B-2] \$ <u>241,641</u>
<b>Uses/Outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 4,757,669	[C-2] \$ 241,641
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] \$ <u>4,757,669</u>	[B-2] \$ <u>241,641</u>

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

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



**PRIDE ACADEMY CHARTER SCHOOL**  
**REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES**  
**SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST 3 FISCAL YEARS**  
**UNAUDITED**

	Fiscal Year Ending June 30,		
	2015	2016	2017
Charter School's proportion of the net pension liability	0.003076530%	0.003632887%	0.003641950%
Charter School's proportionate share of the net pension liability	\$ 680,176	\$ 817,549	\$ 1,221,710
Charter School's covered employees payroll	\$ 263,888	\$ 320,350	\$ -
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	258%	255%	0%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	0%

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

**PRIDE ACADEMY CHARTER SCHOOL**  
**REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES**  
**SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST 3 FISCAL YEARS**  
**UNAUDITED**

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 23,181	\$ 29,949	\$ 29,720
Contributions in relation to the contractually required contribution	(23,181)	(29,949)	(29,720)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 266,826	\$ 263,818	\$ 320,350
Contributions as a percentage of covered employee payroll	8.69%	11.35%	9.28%

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

**PRIDE ACADEMY CHARTER SCHOOL**  
**REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES**  
**SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHER'S PENSION AND ANNUITY FUND**  
**LAST 3 FISCAL YEARS**  
**UNAUDITED**

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable of the Charter School	0.0155693%	0.0201592%	0.02105906%
State's proportionate share of the net pension liability attributable to the charter School	\$ 7,868,614	\$ 10,774,437	\$ 13,310,277
CS / District's covered employees payroll	\$ 2,093,908	\$ 2,331,809	\$ 2,452,711
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	375.79%	462.06%	542.68%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.64%	28.71%

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, 2017**

**Benefit Changes**

There were none.

**Changes in Assumptions**

The discount rate changed from 4.90% as of June 30, 2015 to 5.15% as of June 30, 2016. The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016.

**PRIDE ACADEMY CHARTER SCHOOL**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**TEACHER'S PENSION AND ANNUITY FUND**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate changed from 4.13% as of June 30, 2015 to 4.05% as of June 30, 2016.

***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 expandable 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, 2017

	NCLB Title I	NCLB Title II	I.D.E.A. Part B	Grand Total
<b>REVENUE SOURCES:</b>				
Federal	\$ 170,411	\$ 872	\$ 70,358	\$ 241,641
<b>Total Revenues</b>	<u>170,411</u>	<u>872</u>	<u>70,358</u>	<u>241,641</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries	120,142	-	53,000	173,142
Purchased Prof/Tech Services	-	872	-	872
General Supplies	5,000	-	1,200	6,200
<b>Total Instruction</b>	<u>125,142</u>	<u>872</u>	<u>54,200</u>	<u>180,214</u>
Support Services:				
Personal Services - Employee Benefits	31,237	-	13,780	45,017
Purchased Prof/Tech Services	8,000	-	-	8,000
Other Purchased Services	2,000	-	2,378	4,378
Supplies and Materials	4,032	-	-	4,032
<b>Total Support Services</b>	<u>45,269</u>	<u>-</u>	<u>16,158</u>	<u>61,427</u>
<b>Total Expenditures</b>	<u>170,411</u>	<u>872</u>	<u>70,358</u>	<u>241,641</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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.***

***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**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2017

	Agency			
	Payroll Agency	Net Payroll	Student Activities	Total Agency Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 194,752	\$ 4,773	\$ 4,710	\$ 204,235
<b>Total Assets</b>	<b>\$ 194,752</b>	<b>\$ 4,773</b>	<b>\$ 4,710</b>	<b>\$ 204,235</b>
<b>LIABILITIES:</b>				
Interfund Accounts Payable	\$ 12,869	\$ 4,773	\$ -	\$ 17,642
Payroll Deductions and Withholdings	181,883	-	-	181,883
Due to Student Groups	-	-	4,710	4,710
<b>Total Liabilities</b>	<b>\$ 194,752</b>	<b>\$ 4,773</b>	<b>\$ 4,710</b>	<b>\$ 204,235</b>

**PRIDE ACADEMY CHARTER SCHOOL**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Students Groups	\$ 1,209	\$ 23,740	\$ 20,239	\$ 4,710
Total	<u>\$ 1,209</u>	<u>\$ 23,740</u>	<u>\$ 20,239</u>	<u>\$ 4,710</u>

**PRIDE ACADEMY CHARTER SCHOOL**  
 Fiduciary Funds  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For The Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 199,666	\$ 3,094,607	\$ 3,094,748	\$ 199,525
<b>Total Assets</b>	<u>\$ 199,666</u>	<u>\$ 3,094,607</u>	<u>\$ 3,094,748</u>	<u>\$ 199,525</u>
<b>LIABILITIES:</b>				
Interfund Accounts Payable	\$ 99,163	\$ -	\$ 81,521	\$ 17,642
Payroll Deductions and Withholdings	100,503	3,094,607	3,013,227	181,883
<b>Total Liabilities</b>	<u>\$ 199,666</u>	<u>\$ 3,094,607</u>	<u>\$ 3,094,748</u>	<u>\$ 199,525</u>

**STATISTICAL SECTION**

**(UNAUDITED)**

***Pride Academy Charter School has been in operation for nine (9) 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 nine (9) 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.*



**PRIDE ACADEMY CHARTER SCHOOL**  
 Net Position by Component  
 Last Nine Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental Activities</b>									
Invested in Capital Assets, Net of Related Debt	\$ 51,586	\$ 83,101	\$ 49,989	\$ 80,436	\$ 74,057	\$ 81,083	\$ 105,373	\$ 89,032	\$ -
Restricted	-	-	-	-	-	-	500,000	500,000	-
Unassigned	97,348	131,601	127,809	928,256	1,126,499	1,100,639	1,158,677	843,542	792,480
<b>Total Governmental Activities Net Assets/Position (Deficit)</b>	<b>\$ 148,934</b>	<b>\$ 214,702</b>	<b>\$ 177,798</b>	<b>\$ 1,008,692</b>	<b>\$ 1,200,556</b>	<b>\$ 1,181,722</b>	<b>\$ 1,764,050</b>	<b>\$ 1,432,574</b>	<b>\$ 792,480</b>
<b>Business-Type Activities</b>									
Net Invested in Capital Assets/ Unassigned	\$ 35,246	\$ 31,328	\$ 23,205	\$ 13,022	\$ 8,549	\$ 12,766	\$ 9,600	\$ (2,165)	\$ -
<b>Total Business-Type Activities Net Position</b>	<b>\$ 35,246</b>	<b>\$ 31,328</b>	<b>\$ 23,205</b>	<b>\$ 13,022</b>	<b>\$ 8,549</b>	<b>\$ 12,766</b>	<b>\$ 9,600</b>	<b>\$ (2,165)</b>	<b>\$ -</b>
<b>Charter School-wide</b>									
Invested in Capital Assets, Net of Related Debt	\$ 51,586	\$ 83,101	\$ 49,989	\$ 80,436	\$ 74,057	\$ 81,083	\$ 105,373	\$ 89,032	\$ -
Restricted	-	-	-	-	-	-	500,000	500,000	-
Unassigned	132,594	162,929	151,014	941,278	1,135,048	1,113,405	1,168,277	841,377	792,480
<b>Total Charter School-wide Net Assets/Position</b>	<b>\$ 184,180</b>	<b>\$ 246,030</b>	<b>\$ 201,003</b>	<b>\$ 1,021,714</b>	<b>\$ 1,209,105</b>	<b>\$ 1,194,488</b>	<b>\$ 1,773,650</b>	<b>\$ 1,430,409</b>	<b>\$ 792,480</b>

Source: Comprehensive Annual Financial Report

**PRIDE ACADEMY CHARTER SCHOOL**  
 Changes in Net Assets/Position  
 Last Nine Fiscal Years  
 Unaudited

	Fiscal Year Ending June 30,								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>									
<b>Governmental Activities:</b>									
Instruction	\$ 2,349,274	\$ 1,860,430	\$ 2,382,422	\$ 2,280,493	\$ 2,388,042	\$ 2,113,011	\$ 1,853,383	\$ 1,700,070	\$ 1,137,418
Administration	1,374,240	1,940,372	1,945,219	2,027,582	1,744,962	1,577,495	1,295,020	1,006,866	679,838
Support Services	1,369,873	1,063,843	609,835	496,420	513,522	426,075	478,781	541,550	607,330
Capital Outlay	43,842	67,131	50,620	81,202	55,511	613,658	1,775	90,745	59,955
Unallocated Depreciation	9,445	9,445	3,873	3,873	2,032	2,915	2,915	2,759	-
Total Governmental Activities Net Assets/Position	<u>5,146,674</u>	<u>4,941,221</u>	<u>4,991,969</u>	<u>4,899,570</u>	<u>4,704,089</u>	<u>4,733,154</u>	<u>3,831,874</u>	<u>3,341,980</u>	<u>2,484,541</u>
<b>Business-Type Activities:</b>									
Food Service	\$ 221,319	\$ 221,243	\$ 189,646	\$ 187,877	\$ 164,192	\$ 92,829	\$ 97,973	\$ 96,613	\$ 67,842
Total Business-Type Activities Expenses	<u>221,319</u>	<u>221,243</u>	<u>189,646</u>	<u>187,877</u>	<u>164,192</u>	<u>92,829</u>	<u>97,973</u>	<u>96,613</u>	<u>67,842</u>
Total Charter School Expenses	<u>\$ 5,367,993</u>	<u>\$ 5,162,464</u>	<u>\$ 5,181,615</u>	<u>\$ 5,077,447</u>	<u>\$ 4,868,281</u>	<u>\$ 4,825,983</u>	<u>\$ 3,729,847</u>	<u>\$ 3,438,593</u>	<u>\$ 2,552,383</u>
<b>Program Revenues</b>									
<b>Governmental Activities:</b>									
Operating Grants and Contributions	\$ 115,517	\$ 120,633	\$ 131,404	\$ 158,773	\$ 150,708	\$ 148,270	\$ 126,826	\$ 95,005	\$ 80,436
Total Governmental Activities Expenses	<u>115,517</u>	<u>120,633</u>	<u>131,404</u>	<u>158,773</u>	<u>150,708</u>	<u>148,270</u>	<u>126,826</u>	<u>95,005</u>	<u>80,436</u>
<b>Business-Type Activities:</b>									
Charges for Services	\$ 4,724	\$ 6,449	\$ 6,916	\$ 4,997	\$ 4,763	\$ 3,080	\$ 5,119	\$ 3,064	\$ 7,648
Operating Grants and Contributions	220,513	222,917	192,914	187,353	155,212	92,915	104,620	91,383	37,458
Total Business-Type Activities Expenses	<u>225,237</u>	<u>229,366</u>	<u>199,830</u>	<u>192,350</u>	<u>159,975</u>	<u>95,995</u>	<u>109,739</u>	<u>94,447</u>	<u>45,106</u>
Total Charter Program Revenues	<u>\$ 340,754</u>	<u>\$ 349,999</u>	<u>\$ 331,234</u>	<u>\$ 351,123</u>	<u>\$ 310,683</u>	<u>\$ 244,265</u>	<u>\$ 236,565</u>	<u>\$ 189,452</u>	<u>\$ 125,542</u>
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (5,031,157)	\$ (4,820,588)	\$ (4,860,565)	\$ (4,730,797)	\$ (4,553,381)	\$ (4,584,884)	\$ (3,505,048)	\$ (3,246,975)	\$ (2,404,105)
Business-Type Activities	3,918	8,123	10,184	4,473	(4,217)	3,166	11,766	(2,166)	(22,736)
Total Charter School-wide Net Expense	<u>\$ (5,027,239)</u>	<u>\$ (4,812,465)</u>	<u>\$ (4,850,381)</u>	<u>\$ (4,726,324)</u>	<u>\$ (4,557,598)</u>	<u>\$ (4,581,718)</u>	<u>\$ (3,493,282)</u>	<u>\$ (3,249,141)</u>	<u>\$ (2,426,841)</u>
<b>General Revenues and Other Changes in Net Position</b>									
<b>Governmental Activities:</b>									
General Purposes	\$ 461,081	\$ 474,667	\$ 450,397	\$ 475,126	\$ 467,747	\$ 407,757	\$ 394,189	\$ 400,626	\$ 303,905
Federal and State Aid Not Restricted	4,487,168	4,367,521	4,121,847	4,058,566	4,055,079	3,586,788	3,398,638	3,463,459	2,821,196
Investment Earnings	464	2,668	2,284	142	998	1,448	2,497	1,799	-
Miscellaneous Income	16,676	12,636	13,179	5,098	48,391	6,563	41,199	21,185	71,484
Total Governmental Activities	<u>4,965,389</u>	<u>4,857,492</u>	<u>4,587,707</u>	<u>4,538,932</u>	<u>4,572,215</u>	<u>4,002,556</u>	<u>3,836,523</u>	<u>3,887,069</u>	<u>3,196,585</u>
<b>Business-Type Activities:</b>									
Miscellaneous Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,736
Total Business-Type Activities	<u>\$ 4,965,389</u>	<u>\$ 4,857,492</u>	<u>\$ 4,587,707</u>	<u>\$ 4,538,932</u>	<u>\$ 4,572,215</u>	<u>\$ 4,002,556</u>	<u>\$ 3,836,523</u>	<u>\$ 3,887,069</u>	<u>\$ 3,219,321</u>
<b>Change in Net Assets/Position</b>									
Governmental Activities	\$ (65,766)	\$ 36,904	\$ (272,858)	\$ (191,865)	\$ 18,834	\$ (582,328)	\$ 331,475	\$ 640,094	\$ 792,480
Business-Type Activities	3,918	8,123	10,184	4,473	(4,217)	3,166	11,766	(2,166)	-
Total Charter School	<u>\$ (61,850)</u>	<u>\$ 45,027</u>	<u>\$ (262,674)</u>	<u>\$ (187,392)</u>	<u>\$ 14,617</u>	<u>\$ (579,162)</u>	<u>\$ 343,241</u>	<u>\$ 637,928</u>	<u>\$ 792,480</u>

Source: Comprehensive Annual Financial Report

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

	Fiscal Year Ending June 30,								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ -
Unassigned	\$ 860,026	\$ 778,430	\$ 737,326	\$ 928,256	\$ 1,126,499	\$ 1,100,639	\$ 1,158,677	\$ 843,542	\$ 792,480
<b>Total General Fund</b>	<b>\$ 860,026</b>	<b>\$ 778,430</b>	<b>\$ 737,326</b>	<b>\$ 928,256</b>	<b>\$ 1,126,499</b>	<b>\$ 1,100,639</b>	<b>\$ 1,658,677</b>	<b>\$ 1,343,542</b>	<b>\$ 792,480</b>

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

	Fiscal Year Ending June 30,								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues:</b>									
Local Sources:									
Local Tax Levy	\$ 461,081	\$ 474,667	\$ 450,397	\$ 475,126	\$ 467,747	\$ 407,757	\$ 394,189	\$ 400,626	\$ 303,905
Interest in Investments	464	2,668	2,284	142	998	1,448	2,497	1,799	-
Miscellaneous	16,676	12,636	13,179	5,098	48,391	6,563	41,200	21,185	71,484
State Sources	4,361,044	4,188,323	3,967,435	3,971,623	3,960,826	3,486,089	3,242,500	3,093,882	2,542,186
Federal Sources	241,641	299,831	285,816	245,716	244,961	248,969	282,964	464,582	359,446
<b>Total Revenues</b>	<b>5,080,906</b>	<b>4,978,125</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	1,716,428	1,770,685	1,891,652	1,853,135	1,926,833	1,868,396	1,530,297	1,455,078	984,983
Administration	1,869,167	1,970,735	1,839,024	1,822,872	1,796,305	1,497,974	1,303,840	1,016,430	679,255
Support Services	1,369,873	1,063,843	1,128,745	1,101,914	896,834	728,836	771,672	757,469	760,348
Capital Outlay	43,842	131,758	50,620	118,028	77,091	613,658	42,406	202,035	59,955
<b>Total Expenditures</b>	<b>4,999,310</b>	<b>4,937,021</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>\$ 81,596</b>	<b>\$ 41,104</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: Comprehensive Annual Financial Report

**PRIDE ACADEMY CHARTER SCHOOL**  
 Demographic and Economic Statistics  
 Last Nine Fiscal Years  
*Unaudited*

	Fiscal Year Ending June 30,								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	29	31	32	30	32	31	26	24	24
Administrative	8	9	8	3	3	3	3	1	1
Support Services	7	7	7	11	12	11	9	6	6
<b>Total</b>	<b>44</b>	<b>47</b>	<b>47</b>	<b>44</b>	<b>47</b>	<b>45</b>	<b>38</b>	<b>31</b>	<b>31</b>

**PRIDE ACADEMY CHARTER SCHOOL**  
 Operating Statistics  
 Last Nine Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures*	Cost Per Pupil	Percentage Change	Teaching Staff**	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)***	Average Daily Attendance (ADA)***	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2017	287	\$ 4,955,468	\$ 17,266	2.76%	29	9.9:1	287.5	278.9	0.00%	97.18%
2016	286	4,805,263	16,802	-9.07%	31	9.3:1	287.5	279.4	8.17%	97.18%
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.

\* Operating expenditures equal total expenditures less debt service and capital outlay.

\*\* Teaching staff includes only full-time equivalents of certified staff.

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

SCHEDULE OF YOUR CURRENT INSURANCE  
Page 1 of 3

Prepared For:

Pride Academy Charter School & Shining Schools Inc.  
117 Elmwood Avenue  
East Orange, NJ 07018

DATE PREPARED:

10/20/2016

A SERVICE OF  
ARTHUR J. GALLAGHER  
RISK MANAGEMENT SERVICES, INC.  
707 STATE ROAD - P.O. BOX 83  
PRINCETON, NEW JERSEY 08542  
PHONE: 609 924-5000

J-20

COVERAGE	AMOUNTS/LIMITS	TERM	EXPIRES	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
<b>PACKAGE POLICY</b>							
<u>Property</u>							
Loc #1) Building	\$6,240,000	1 YR	7/1/2017	NJSIG	P977AH	\$22,307.85	<b>DIRECT BILLED BY NJSIG</b> (prepaid) Loc#1-1) 117 Elmwood Ave East Orange, NJ
Loc #1) Business Personal Property	\$820,000						
Portable Classroom #1	\$230,300						Loc#1 - Portable Classroom #1
Contents in Portable Classroom #1	\$20,600						Loc#1 - Portable Classroom #2
Portable Classroom #2	\$230,300						
Contents in Portable Classroom #2	\$20,600						Loc#2) 113 Elmwood Ave East Orange, NJ
Loc # 2) Business Personal Property	\$25,000						(Administration Building)
Blanket Extra Expense	\$50,000,000						
Blanket Valuable Papers & Records	\$10,000,000						
Deductible	\$1,000						
Loss of Business Income	\$3,000,000						
Flood Zones A & V NJSIG Agg	\$25,000,000						
Deductible	\$500,000						
All other Flood Zones NJSIG Agg	\$75,000,000						
Deductible	\$10,000						
Terrorism NJSIG Agg	\$1,000,000						
<b>EDP</b>							
Blanket Hardware/Software	\$100,000						
Transit	\$25,000						
Loss of Income	\$10,000						
Computer Virus	\$250,000						
<b>Boiler &amp; Machinery</b>							
Property Damage & Extra Expense	\$100,000,000						
Deductible	\$1,000						

We present this schedule so you may get an overall picture of your insurance protection. If you have policies from other insurance offices we suggest you add them to this list to present the complete picture.

SCHEDULE OF YOUR CURRENT INSURANCE  
Page 2 of 3

Prepared For: **Pride Academy Charter School**

A SERVICE OF  
**ARTHUR J. GALLAGHER**  
RISK MANAGEMENT SERVICES, INC.  
707 STATE ROAD - P.O. BOX 83  
PRINCETON, NEW JERSEY 08542  
PHONE: 609 924-5000

DATE PREPARED: 10/20/2016

COVERAGE	AMOUNTS/LIMITS	TERM	EXPIRES	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
<b>Crime</b> Public Employee Dishonesty Loss of Money & Securities Money Orders & Counterfeit Forgery or Alteration Computer Fraud Various Deductibles	\$250,000 \$50,000 \$50,000 \$250,000 \$250,000						
<b>General Liability</b> Each Occurrence Products/Completed Ops annual agge Sexual Abuse per occurrence Sexual Abuse annual pool agge Personal & Advertising Injury per occ Personal & Adver. Injury Ann Agg Employee Benefits Employee Benefits Deductible Medical Payments per person Medical Payments per accident	\$16,000,000 \$16,000,000 \$16,000,000 \$17,000,000 \$16,000,000 \$16,000,000 \$16,000,000 \$1,000 \$5,000 \$10,000						
<b>Business Auto</b> Hired & Non-Owned Auto Liability	\$16,000,000						
<b>ERRORS &amp; OMISSIONS</b> Coverage A: Limit of Liability each policy period Deductible Coverage B: Limit each claim Limit each policy period Deductible	\$16,000,000 \$5,000 \$100,000 \$300,000 \$5,000	1 YR	7/1/2017	NJSIG	E977AH	\$9,347.87	DIRECT BILLED BY NJSIG (prepaid)

We present this schedule so you may get an overall picture of your insurance protection. If you have policies from other insurance offices we suggest you add them to this list to present the complete picture.



**PRIDE ACADEMY CHARTER SCHOOL**  
 Charter School Performance Framework Financial Indicators  
 Fiscal Ratios  
 Last Three Fiscal Years

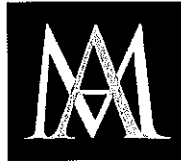
	2015	2016	2017	Source
	Audit	Audit	Audit	
Cash	\$ 681,497	\$ 692,960	\$ 622,650	Audit: Exhibit A-1
Current Assets (includes CASH)	1,239,577	1,083,224	1,140,472	Audit: Exhibit A-1
Total Assets	1,289,566	1,146,325	1,192,058	Audit: Exhibit A-1
Current Liabilities	479,046	253,466	245,200	Audit: Exhibit A-1
Total Liabilities	1,159,222	1,071,011	1,466,910	Audit: Exhibit A-1
Net Assets	201,003	246,030	184,180	Audit: Exhibit A-1
Total Revenue	4,918,940	5,207,491	5,306,143	Audit: Exhibit A-2
Total Expenses	5,181,615	5,162,464	5,367,993	Audit: Exhibit A-2
Change in Net Assets	(262,675)	45,027	(61,850)	Audit: Exhibit A-2
Depreciation Expense	30,447	31,515	31,515	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	263.20	263.20	287.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	263	286	287	Charter School Budget

Near Term Indicators	RATIOS ANALYSIS...			Source	Target
	2015	2016	2017		
1a. Current Ratio	2.59	4.19	4.66	Current Assets/Current Liabilities	>1,1
1b. Unrestricted Days Cash	48.01	48.99	42.34	Cash/(Total Expenses/365)	30-60
1c. Enrollment Variance	100%	92%	0%	Average Daily Enrollment/Budgeted Enrollment	>95%
1d.* Default	N/A	N/A	N/A	Audit	not in default
Sustainability Indicators					
2a. Total Margin	-5%	1%	-1%	Change in Net Assets/Total Revenue	positive
2b. Debt to Asset	0.90	0.93	1.23	Total Liabilities/Total Assets	<9
2c.** Cash Flow	(60,362)	11,463	(70,310)	Net change in cash flow from prior years (Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	3 yr cum positive
2d. Debt Service Coverage Ratio	N/A	N/A	N/A		>1,10

\* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No  
 \*\* 2017 = 2017 Cash - 2016 Cash; 2016 = 2016 Cash - 2015 Cash; 2015 = 2015 Cash - 2014 Cash

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

***SINGLE AUDIT SECTION***



**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, 2017, 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 November 30, 2017.

**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**

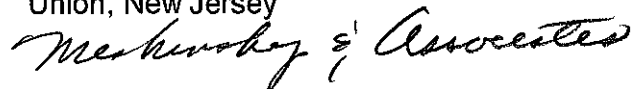
As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 November 30, 2017.

### **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.

Meshinsky & Associates LLC, CPA's  
Union, New Jersey



Philip T. Meshinsky  
Licensed Public School Accountant  
No. CS00233400  
Meshinsky & Associates LLC, CPA's

November 30, 2017



# MESHINSKY & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS,  
CONSULTANTS & INDEPENDENT TRUSTEES

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## REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE AND NEW JERSEY CIRCULAR 15-08 OMB

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 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, 2017. 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 federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey*; New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey Circular 15-08 OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 federal and 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, 2017.

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

Management of the 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 federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey Circular 15-08 OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 15-08***

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, 2017 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated November 30, 2017, 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 15-08 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.

***Purpose of this Report***

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 NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Meshinsky & Associates LLC, CPA's  
Union, New Jersey

*Meshinsky & Associates*

*Philip T. Meshinsky*  
Philip T. Meshinsky

Licensed Public School Accountant  
No. CS00233400  
Meshinsky & Associates LLC, CPA's

November 30, 2017

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Expenditures of State Financial Assistance  
For The Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years Balances	Balance at June 30, 2017			MEMO	
			From	To							Accounts Receivable	Deferred Revenue (Amount Payable)	Due to Grantor		Budgetary Releasable
<b>State Department of Education</b>															
General Fund:															
State Aid-Public Cluster															
Equalization Aid - State Share	17-495-034-5120-079	\$ 3,305,945	7/1/16	6/30/17	\$ -	\$ -	\$ 3,197,065	\$ (3,305,945)	\$ -	\$ -	\$ (108,879)	\$ -	\$ -	\$ 108,879	\$ 3,305,945
Equalization Aid - State Share	16-495-034-5120-078	3,373,585	7/1/15	6/30/16	(71,212)	-	71,212	-	-	-	-	-	-	-	128,304
Special Education - Categorical Aid	17-495-034-5120-089	128,304	7/1/16	6/30/17	-	-	128,304	(128,304)	-	-	-	-	-	-	115,517
Security Aid	17-495-034-5120-084	115,517	7/1/16	6/30/17	-	-	115,517	(115,517)	-	-	-	-	-	-	28,541
Non-Public Aid	17-100-034-5068-042	29,541	7/1/16	6/30/17	-	-	29,541	(23,541)	-	-	-	-	-	-	149,184
Adjustment Aid	17-495-034-5120-085	149,184	7/1/16	6/30/17	-	-	149,184	(149,184)	-	-	-	-	-	-	3,722,491
Total State Aid-Public Cluster					(71,212)	-	3,684,824	(3,722,491)	-	-	(108,879)	-	-	108,879	3,722,491
On-Behalf TPAF Pension Contributions	17-495-034-5095-006	467,887	7/1/16	6/30/17	-	-	467,887	(467,887)	-	-	-	-	-	-	467,887
Reimbursed TPAF - Social Security	17-495-034-5095-002	170,666	7/1/16	6/30/17	-	-	182,894	(170,666)	-	-	(7,772)	-	-	7,772	170,666
Total General Fund					(71,212)	-	4,315,605	(4,381,044)	-	-	(116,651)	-	-	116,651	4,381,044
<b>State Department of Agriculture</b>															
Enterprise Fund:															
National School Lunch Program (State Share)	17-100-010-3350-023	2,210	7/1/16	6/30/17	-	-	2,082	(2,210)	-	-	(118)	-	-	118	2,210
National School Lunch Program (State Share)	18-100-010-3350-023	2,231	7/1/15	6/30/16	(146)	-	146	-	-	-	-	-	-	-	-
Total Enterprise Fund					(146)	-	2,238	(2,210)	-	-	(118)	-	-	118	2,210
Total All Funds					(71,358)	-	4,317,843	(4,383,254)	-	-	(118,769)	-	-	118,769	4,383,254
<b>State Financial Assistance Not Subject to Major Program Determination:</b>															
General Funds:															
On-Behalf TPAF Pension Contributions	17-495-034-5095-006	467,887	7/1/16	6/30/17	-	-	(467,887)	467,887	-	-	-	-	-	-	(467,887)
Total General Fund					-	-	(467,887)	467,887	-	-	-	-	-	-	(467,887)
Total State Financial Assistance					\$ (71,358)	\$ -	\$ 3,849,956	\$ (3,915,367)	\$ -	\$ -	\$ (118,769)	\$ -	\$ -	\$ 118,769	\$ 3,885,367

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, 2017

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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 2 (CFR) Part 200 -Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB, 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, 2017

**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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 4,361,044	\$ 4,361,044
Special Revenue Fund	241,641	-	241,641
Food Service Fund	<u>218,303</u>	<u>2,210</u>	<u>220,513</u>
Total Awards & Financial Assistance	<u>\$ 459,944</u>	<u>\$ 4,363,254</u>	<u>\$ 4,823,198</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, 2017.

**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, 2017. 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, 2017.

**PRIDE ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2017

**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 the Uniform Guidance; 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	2017	2016
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 170,411	\$ 170,702
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	<u>872</u>	<u>1,271</u>
Total	<u>\$ 171,283</u>	<u>\$ 171,973</u>

**PRIDE ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2017

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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 NJOMB Circular 15-08. 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, 2017

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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 15-08.

**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, 2017

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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*, NJOMB's Circular 04-04 or 15-08 as applicable.

**Findings**

There were no matters reported.