

**CAMDEN'S PROMISE
CHARTER SCHOOL, INC.
Camden, New Jersey**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2017

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Camden's Promise Charter School, Inc.
Board of Trustees**

Camden, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Camden's Promise Charter School Board of Trustees

Finance Department

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INTRODUCTORY SECTION

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

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

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

November 2, 2017

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

Dear Board Members,

The comprehensive annual financial report of the Camden's Promise Charter School for the fiscal year ended June 30, 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 Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds under the auspices of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The Introductory Section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials.
- The Financial Section includes the basic financial statements and schedules, as well as the auditor's report thereon.
- The Statistical Section includes four unaudited fiscal years of data.
- The Single Audit Section-The Charter School is required to undergo an annual single audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and State Treasury Circular Letter 15-08 OMB. "Single Audit Policy for recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Camden's Promise Charter School, Inc. is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No.14. All funds and account groups of the Charter School are included in this report. The Camden's Promise Charter School, Inc. Board of Trustees and its school constitute the Charter School's reporting entity.

1. REPORTING ENTITY AND ITS SERVICES: (continued)

The Charter School is responsible for providing a thorough and efficient educational system for students in grades taught at the schools maintained. The Charter School completed the 2016-2017 fiscal year with an enrollment of 1,895 students ranging from Pre-K to 12th grade. The school has completed its nineteenth year of operations during the 2016-17 school year. With the acquisition of Camden's Pride, Academy, and KATZ Dalsey Academy schools, as of July 1, 2016, enrollment now includes all students from Pre-K to 12th grade.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2017	1,895	21.94%
2016	1,554	5.00%
2015	1,480	9.14%
2014	1,356	6.10%
2013	1,278	24.20%
2012	1,029	3.94%
2011	990	7.38%
2010	922	18.51%
2009	778	-2.38%
2008	797	1.24%

2. ECONOMIC CONDITION AND OUTLOOK:

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

Initiatives

The Charter School has developed a comprehensive strategic plan to support its mission and vision and serve as a blueprint for the achievement of its goals. The plan includes objectives such as pupil achievement, staff development and technology in the classroom.

Major initiatives include:

- Transitioning the High School Program to the new 250 Federal Street facility.
- Successfully merging the two Katz Dalsey Campuses into the Rosedale Campus.
- Development and implementation of an on-site Pre-K program.
- Balancing enrollment across grades as we reach maximum capacity.
- Approving a master facility plan for the 879 Beideman Campus.
- Conducting and strengthening ongoing programs with key partners for the benefits of the students, families and staff.
- Continue to raise awareness of the success of the school while celebrating our 20th year anniversary.

3. INTERNAL ACCOUNTING CONTROLS:

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School management.

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

4. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

5. ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

6. DEBT:

The Debt of the merged Charter Schools at June 30, 2017 was \$1,346,349, made up of \$1,183,980 in Bonds payable and \$161,369 in Capital Leases. The final maturity on the Bonds is in fiscal year ending 2022 and the Capital Leases mature in fiscal year ending 2021.

6. INVESTMENT POLICY:

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

7. RISK MANAGEMENT:

The Board 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, and fidelity bonds.

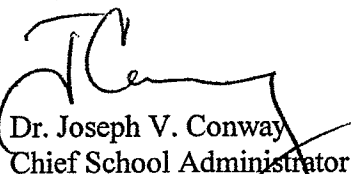
8. OTHER INFORMATION:


Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

9. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Camden's Promise Charter School, Inc. Board of Trustees for their concern in providing fiscal accountability to the community and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,


Dr. Joseph V. Conway
Chief School Administrator

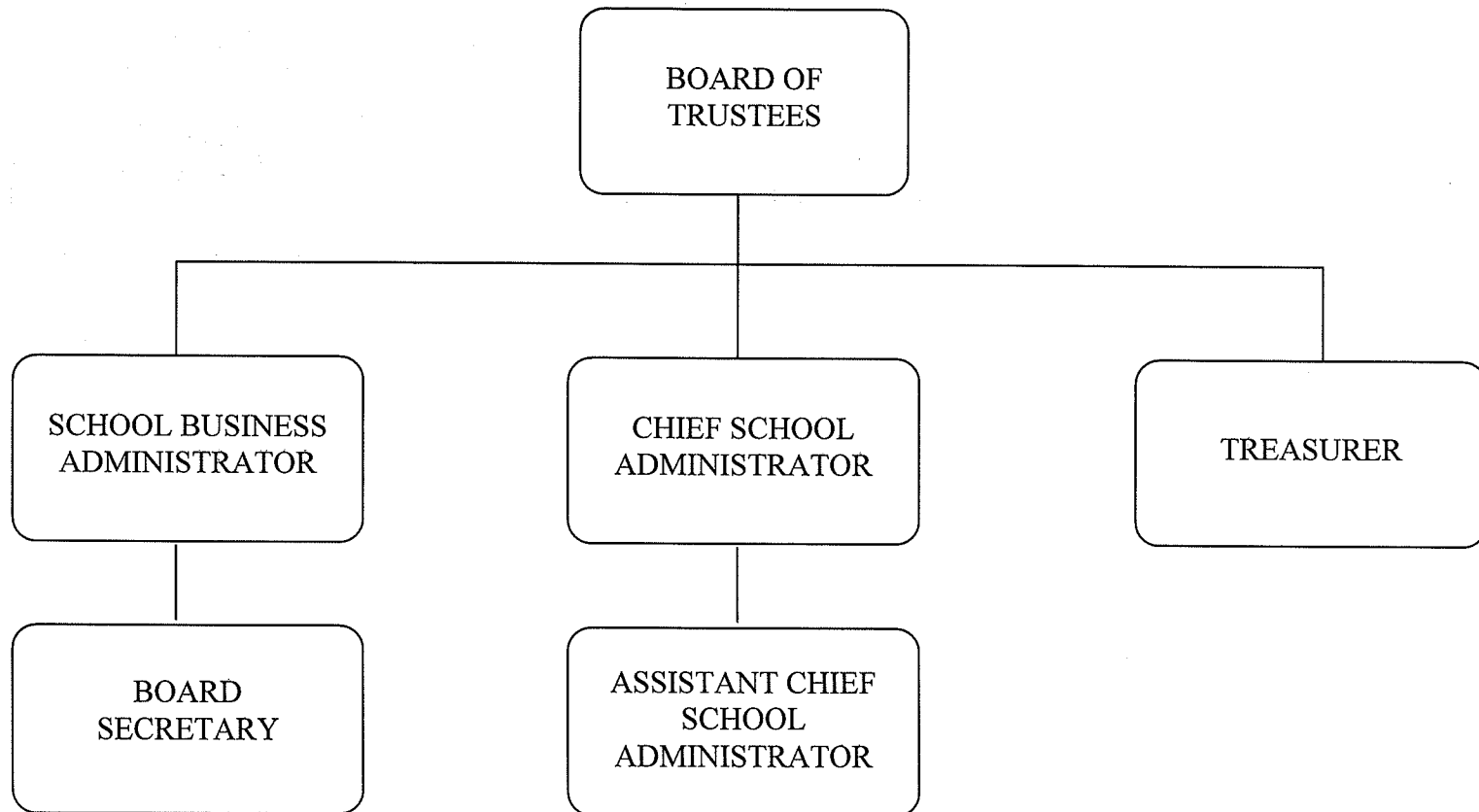

Richelle Baughn
School Business Administrator/
Board Secretary

CAMDEN'S PROMISE CHARTER SCHOOL, INC

Camden, New Jersey

Camden County

(UNIT CONTROL)



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

ROSTER OF OFFICIALS

JUNE 30, 2017

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM</u> <u>EXPIRES</u>	
Zulma Lombardo, President	2020	
Maria Maldonado, Vice President	2020	
Glenda Figueroa, Secretary	2020	
Octavio Loyola, Treasurer	2020	
Vivian Nieves	2020	
Corynda Hagamin	2020	
Shelly Daniels-Jones	2020	
Dayna Hinson	2020	
<u>OTHER OFFICIALS</u>		<u>AMOUNT</u> <u>OF BOND</u>
Dr. Joseph V. Conway, Chief School Administrator		
Bill Helmbrecht, Charter School Coordinator		
Richelle Baughn, Business Administrator/Board Secretary	\$	50,000
Wayne Scott, Treasurer of School Monies		475,000
Jane B. Capasso, Solicitor		

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, C.P.A., R.M.A.
Nightlinger, Colavita and Volpa, P.A.
Certified Public Accountants
991 S. Black Horse Pike
Post Office Box 799
Williamstown, NJ 08094

ATTORNEY

Jane B. Capasso, Esquire
Attorney-at-Law
Lipman, Antonelli, Batt, Gibson, Malestein, Rothman & Capasso
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Vineland, New Jersey 08362-0729

OFFICIAL DEPOSITORY

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Camden, New Jersey 08103

INSURANCE AGENT

Conner Strong & Buckelew Companies, Inc.
P.O. Box 989
Marlton, NJ 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association
Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

November 2, 2017

INDEPENDENT AUDITOR'S REPORT

To The Members of
The Board of Trustees
Camden's Promise Charter School, Inc.
County Of Camden, 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 Board of Trustees of the Camden's Promise Charter School, Inc. in the County of Camden, State of New Jersey, as of and for the 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

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 audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 financial statement presentation.

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, business-type activities, each major fund, and the aggregate remaining fund information of the Camden's Promise Charter School, Inc. Board of Trustees, in the County of Camden, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Merger of Camden's Promise Charter School Inc., Camden Academy Charter High School Inc., Camden's Pride Charter School Inc. and KATZ Dalsey Academy Charter School Inc.

As discussed in Note 18 to the Financial Statements, on June 30, 2016 the Camden's Promise Charter School, Camden's Pride Charter School, Camden Academy Charter High School and Katz Dalsey Charter School were merged into a K-12 District, under the name of Camden's Promise Charter School, Inc., as approved by the NJ Department of Education on February 3, 2016.

Prior Period Restatement

Because of the merger of the four Charter Schools, fund balance and net position as of June 30, 2016 on the Statement of Revenues, Expenditures and Changes in Fund Balances, the Statement of Revenues, Expenses and Changes in Fund Net Position, the Statement of Changes in Fiduciary Net Position and the Statement of Activities has been restated, as discussed in Note 18 to the Financial Statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to accounting and reporting for pensions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Camden's Promise Charter School Board of Trustee's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule 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 subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2017 on our consideration of the Camden's Promise Charter School, Inc.'s Board of Trustees internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Camden's Promise Charter School, Inc.'s Board of Trustees internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
CITY OF CAMDEN

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

UNAUDITED

The discussion and analysis of Camden's Promise Charter School, Inc.'s financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ❖ General revenues net of adjustments accounted for \$29,512,383 in revenue or 80.5% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$7,163,091 or 19.5% percent to total revenues of \$36,675,474.
- ❖ Total net position of governmental activities decreased by \$1,338,765.
- ❖ The School had total expenses of \$38,043,038, of which only \$7,163,091 was offset by program specific charges for services, grants or contributions. General revenues of \$29,512,383 consisted of Federal and State Aid of \$27,573,488, property taxes of \$1,844,556, and other net revenue of \$94,339.
- ❖ The General Fund had \$29,283,754 in revenues and \$29,852,883 in expenditures. The General Fund's balance decreased by \$837,391 over 2016, which included \$236,661 transferred to the Food Service Fund and cancellation of a prior year account receivable of \$31,601. This decrease was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School, presenting both an aggregate view of the School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For Governmental Funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Camden's Promise Charter School, Inc., the General Fund is by far the most significant fund.

Reporting the School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School to provide programs and activities, the view of the School as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- ❖ **Governmental Activities** – All of the School's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity and includes the meal service of Camden's Pride Charter School, Camden's Promise Charter School and Camden Academy Charter High School, Inc.

Reporting the School's Most Significant Funds

Fund Financial Statements

The analysis of the School's major (all) funds begins on page 22. Fund financial reports provide detailed information about the School's major funds. The School uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School's most significant funds. The School's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

Enterprise Fund

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

The Charter School as a Whole

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

Table 1 provides a summary of the School's net position for the years ended in 2017 and 2016, which are the first two years that a comparative presentation are available under the GASB reporting format.

Table 1
Net Position

	<u>2017</u>	<u>2016</u>
Assets		
Current and Other Assets	\$ 2,140,402	\$ 1,916,708
Capital Assets, Net	3,912,572	4,010,205
Total Assets	<u>6,052,974</u>	<u>5,926,913</u>
Deferred Outflows of Resources	<u>2,553,823</u>	<u>1,040,349</u>
Liabilities		
Other Liabilities	6,458,017	3,628,585
Long-term Liabilities	1,345,349	1,444,101
Total Liabilities	<u>7,803,366</u>	<u>5,072,686</u>
Deferred Inflows of Resources	<u>128,357</u>	<u>209,647</u>
Net Position		
Investment in Capital Assets, Net of Debt	2,567,223	2,566,104
Restricted	353,461	1,622,657
Unrestricted (Deficit)	(2,245,610)	(2,146,123)
Total Net Position	<u>\$ 675,074</u>	<u>\$ 2,042,638</u>

Table 2 shows the changes in net position from fiscal year's 2017 and 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues		
Charges for Services	\$ 59,026	\$ 823,367
Operating Grants and Contributions	7,104,065	5,044,698
General Revenues		
Property Taxes	1,844,556	8,167,032
Grants and Entitlements	27,573,488	15,755,038
Other	94,339	193,979
Total Revenues	<u>36,675,474</u>	<u>29,984,114</u>
Program Expenses		
Instruction	15,288,338	13,215,731
Support Services		
General Administration, School Administration, Business Operations and Maintenance of Facilities	5,281,082	11,590,118
Pupil Transportation	4,647,323	2,264,920
Employee Benefits	43,885	1,400
Food Service	10,628,974	4,642,742
Other	1,576,103	2,024,325
	577,333	330,000
Total Expenses	<u>38,043,038</u>	<u>34,069,236</u>
Increase (Decrease) in Net Position	<u>\$ (1,367,564)</u>	<u>\$ (4,085,122)</u>

The School's total revenue for the fiscal year ended June 30, 2017 was \$36,675,474, of which net governmental revenues were \$29,275,613. As a Charter School, voter approval for the School operations is not required in New Jersey. Property taxes made up 6.3 % percent of net revenues for governmental activities for the Camden Promise Charter School, Inc. for fiscal year 2017. Federal, state and local grants accounted for another 94.1%. The School's total expenses were \$38,043,038, of which total governmental expenses were \$36,466,935 and the cost of all governmental activities, net of program revenues from charges for services or grants was \$30,614,378. Instruction comprises 41.9% of total expenditures and 46.3 of net governmental activity expenses.

Business-Type Activities

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

- ❖ Food service expenses exceeded revenues by \$265,569. Expenses were \$1,576,103.
- ❖ Charges for services represent \$59,026 of revenue. This represents amount paid by patrons for daily food services.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$1,251,508.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the School's resident district taxpayers by each of these functions.

Table 3

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Instruction	\$ 15,288,338	\$ 14,163,499	\$ 13,215,731	\$ 12,284,009
Support Services				
General Administration, School				
Administration, Business	5,281,082	4,776,785	11,352,262	9,531,783
Operation and Maintenance of Facilities	4,647,323	4,647,323	2,264,920	2,264,920
Pupil Transportation	43,885	43,885	1,400	1,400
Employee Benefits	10,628,974	6,405,553	4,642,742	3,401,453
Other	577,333	577,333	567,858	567,858
Total Expenses	\$ 36,466,935	\$ 30,614,378	\$ 32,044,913	\$ 28,051,423

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the School.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to liabilities of the School.

Other includes unallocated depreciation and amortization.

The School's Funds

Information about the School's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general funds, special revenue funds and capital projects fund presented in the fund-based statements) had total revenues of \$31,471,168 and expenditures of \$32,040,297. The net positive/negative change in fund balance for the year, from revenues and expenditures, resulted in a decrease of \$569,129. In addition, there were other financing uses of \$268,661. This shows that the School did not meet current operating costs with revenues for the current year and relied on fund balance to finance the remainder.

As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds, including capital projects, for the fiscal year ended June 30, 2017 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,970,387	\$ 6.2%	\$ 181,212	\$ 10.1%
State Sources	27,523,497	87.5%	5,304,249	23.9%
Federal Sources	1,977,284	6.3%	58,789	3.1%
Total	<u>\$ 31,471,168</u>	<u>\$ 100%</u>	<u>\$ 5,544,250</u>	<u>\$ 21.4%</u>

The increase in Local Sources is attributed to an increase in local tax levy of \$272,119 and decreases in various miscellaneous revenues of \$90,907.

The increase in State Sources is attributed to the increase general fund state aid and on-behalf social security reimbursements and pension contributions of \$5,304,249.

The increase in Federal Sources is attributed to various grant award funding.

The following schedule presents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2017.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 15,288,338	47.7%	\$ 2,077,107	15.7%
Undistributed expenditures	16,168,227	50.5%	540,013	3.5%
Capital Outlay	323,611	1.0%	(121,906)	-27.4%
Debt Service Principal	260,121	0.8%	19,243	8.0%
Total	<u>\$ 32,040,297</u>	<u>100%</u>	<u>\$ 2,514,457</u>	<u>8.5%</u>

The increase in Current – Instruction is attributed to increases in teacher salaries costs of \$2,428,324 and Special Revenue Fund expenditures of \$197,617, offset by a decrease in other instructional costs of \$548,834. This increase reflected the costs of the four merged districts.

The increase in Current – Undistributed Expenditures is attributed to a decrease in administrative services of \$2,734,040, offset by increases in employee benefit costs of \$1,832,415 and plant operations and maintenance costs of \$1,441,638.

The decrease in capital outlay is attributed to less capital spending in the merged district than in the prior year.

General Fund Budgeting Highlights

The School’s Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2017, the School amended its General Fund budget as needed. The School uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ❖ Staffing changes based on student needs.
- ❖ Costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the School’s final budget for the general fund anticipated that surplus use would be \$1,044,125, the actual results for the year shows an excess of expenses over revenue of \$569,129 and other financing uses of \$268,262.

- ❖ Actual revenues were \$84,299 less than expected, which excludes the on-behalf pension, long-term disability and social security reimbursement of \$2,864,172.

- ❖ The actual expenditures in various line items were less than expected in the total amount of \$559,295, excluding the on-behalf pension, long-term disability and social security reimbursement of \$2,864,172.

Capital Assets

At the end of the fiscal year 2017, the School had \$3,912,572 invested in leasehold improvements, machinery and equipment, and Vehicle. Table 4 shows fiscal 2017 balances compared to 2016.

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

	<u>2017</u>	<u>2016</u>
Leasehold Improvement	\$ 3,092,002	\$ 3,198,552
Building	100,908	104,865
Machinery and Equipment	480,806	630,756
Vehicle	238,856	76,032
Totals	<u>\$ 3,912,572</u>	<u>\$ 4,010,205</u>

Overall, capital assets decreased \$97,633 from fiscal year 2016 to fiscal year 2017. The decrease was attributed additions of \$484,980 offset by depreciation of \$582,613.

Operating Leases

The Charter School currently has three outstanding building lease agreements, as tenant, with the Camden's Charter School Network Inc. Stipulated in each lease agreement, there is an automatic renewal provision after five years at the end of the 2019-20 School Year.

Debt Administration

On July 8, 2011, the District issued NJEDA Qualified School Construction Bonds in the amount of \$2,467,080 at 5.24% interest up to July 1, 2016, at such time when the bonds became callable. These bonds are to be treated as Qualified School Construction Bonds in accordance with Section 54F of the Internal Revenue Code of 1986.

In accordance with Section 6431 of the Code, the Charter School, by way of the NJEDA, is to receive Credit/Subsidy payments equal to the lesser of rate specified by the US Treasury or the interest payable on the bonds. These credit/subsidy payments have been partially reduced during the year, due to the sequester policy at the federal level. The balance of the bonds payable, as of June 30, 2017, is \$1,183,980.

During the current 2016-17 fiscal school year, the District acquired two School Buses through a Capital Lease totaling \$204,520, with interest at 4.29%. The balance of the capital lease payable, as of June 30, 2017, is \$161,369, of which \$44,630 is payable within a one year period ending on June 30, 2018 and the remainder through 2021 fiscal year.

For the Future

The Camden's Promise Charter School, Inc. is presently in good financial condition. Continued optimum enrollment in the School will provide financial stability into the future. This includes the two elementary schools, one middle school, and one high school that were merged into Camden's Promise Charter School.

As of June 1, 2016, the New Jersey Department of Education has approved the merger of Katz Dalsey Charter School, Camden's Academy Charter High School and Camden's Pride Charter School into Camden's Promise Charter School, which will operate as a Pre K-12 Charter School with a maximum enrollment of 2,800 students.

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

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

In conclusion, the Camden's Promise Charter School, Inc. continues to be committed to sound financial planning, budgeting, and internal financial controls in order to meet the challenges of the future.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers and oversight entities with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Dr. Joseph Conway, Chief School Administrator at Camden's Promise Charter School, Inc., Camden, N.J.

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL – WIDE FINANCIAL STATEMENTS

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,302,108	\$ 1,921	\$ 1,304,029
Receivables, Net	693,190	42,237	735,427
Due from Other Funds	75,943		75,943
Inventory		25,003	25,003
Capital Assets, Net (Note 5):	3,819,619	92,953	3,912,572
Total Assets	<u>5,890,860</u>	<u>162,114</u>	<u>6,052,974</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	<u>2,553,823</u>		<u>2,553,823</u>
LIABILITIES			
Accounts Payable	1,095,464	60,504	1,155,968
Accrued Interest Payable	8,311		8,311
Due from Other Funds	43,203		43,203
Payable to Local Government	386,919		386,919
Unearned Revenue	17,194	8,657	25,851
Net Pension Liability	4,837,765		4,837,765
Non-current Liabilities (Note 6):			
Due Within One Year	316,230		316,230
Due Beyond One Year	1,029,119		1,029,119
Total Liabilities	<u>7,734,205</u>	<u>69,161</u>	<u>7,803,366</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	<u>128,357</u>		<u>128,357</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,474,270	92,953	2,567,223
Restricted for:			
Other Purposes	75,000		75,000
Capital Reserve	278,461		278,461
Unrestricted (Deficit)	(2,245,610)		(2,245,610)
Total Net Position	<u>\$ 582,121</u>	<u>\$ 92,953</u>	<u>\$ 675,074</u>

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 15,288,338	\$ -	\$ 1,124,839	\$ (14,163,499)	\$ -	\$ (14,163,499)
Support Services:						
General and Business Administrative Services	2,215,487			(2,215,487)		(2,215,487)
School Administrative Services	3,065,595		504,297	(2,561,298)		(2,561,298)
Plant Operations and Maintenance	4,647,323			(4,647,323)		(4,647,323)
Pupil Transportation	43,885			(43,885)		(43,885)
Employee Benefits	10,628,974		4,223,421	(6,405,553)		(6,405,553)
Unallocated Depreciation and Amortization	577,333			(577,333)		(577,333)
Total Governmental Activities	36,466,935		5,852,557	(30,614,378)		(30,614,378)
Business-type Activities:						
Food Service	1,576,103	59,026	1,251,508		(265,569)	(265,569)
Total Business-type Activities	1,576,103	59,026	1,251,508		(265,569)	(265,569)
Total Primary Government	\$ 38,043,038	\$ 59,026	\$ 7,104,065	(30,614,378)	(265,569)	(30,879,947)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,844,556		1,844,556
Federal and State Aid not Restricted				27,573,488		27,573,488
Miscellaneous Income				124,809		124,809
Investment Earnings				1,022	109	1,131
Cancellation of Prior Accounts Receivable				(31,601)		(31,601)
Transfers				(236,661)	236,661	
Total General Revenues, Special Items, Extraordinary Items and Transfers				29,275,613	236,770	29,512,383
Change in Net Position				(1,338,765)	(28,799)	(1,367,564)
Net Position—Beginning (Restated)				1,920,886	121,752	2,042,638
Net Position—Ending				\$ 582,121	\$ 92,953	\$ 675,074

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,049,275	\$ 168,971	\$ 1,218,246
Due from Other Funds	363,713		363,713
State Aid Receivable	8,738		8,738
Federal Sources		394,793	394,793
Receivables from Other Governments	289,659		289,659
	\$ 1,711,385	\$ 563,764	\$ 2,275,149
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 794,687	\$ 300,777	\$ 1,095,464
Due to Other Funds	1,318	245,793	247,111
Payable to Local Governments	386,919		386,919
Unearned Revenue		17,194	17,194
	1,182,924	563,764	1,746,688
Fund Balances:			
Restricted For:			
Escrow Fund	75,000		75,000
Capital Reserve	278,461		278,461
Unassigned, Reported In:			
General Fund	175,000		175,000
	528,461		528,461
Total Liabilities and Fund Balances	\$ 1,711,385	\$ 563,764	

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

Long-Term Liabilities, including bonds payable, capital Lease payments and compensated absence obligations, are not due and payable in the current period and therefore, are not reported as liabilities in the fund statements.	(1,345,349)
Accrued Interest is not due and payable in the current period and are therefore not reported as liabilities in the fund statements.	(8,311)
Long Term Net Pension Liability	(4,837,765)
Deferred Pension Outflows	2,553,823
Deferred Pension Inflows	(128,357)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,095,692 and the accumulated depreciation is \$3,276,073 (Note 5).	3,819,619
Net position of governmental activities	\$ 582,121

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 1,844,556	\$	\$	\$ 1,844,556
Miscellaneous	125,831			125,831
Total - Local Sources	1,970,387			1,970,387
State Sources	27,263,376		260,121	27,523,497
Federal Sources	49,991	1,927,293		1,977,284
Total Revenues	29,283,754	1,927,293	260,121	31,471,168
EXPENDITURES				
Current:				
Regular Instruction	14,163,499	1,124,839		15,288,338
Support:				
General Administrative Services	2,215,487			2,215,487
School Administrative Services	2,561,298	504,297		3,065,595
Plant Operations and Maintenance	4,647,323			4,647,323
Pupil Transportation	43,885			43,885
Employee Benefits	5,897,780	298,157		6,195,937
Debt Service Principle			260,121	260,121
Capital Outlay	323,611			323,611
Total Expenditures	29,852,883	1,927,293	260,121	32,040,297
Excess (Deficiency) of Revenues over Expenditures	(569,129)			(569,129)
OTHER FINANCING SOURCES (USES)				
Transfers	(236,661)			(236,661)
Cancellation of Prior Year Accounts Receivable	(31,601)			(31,601)
Total Other Financing Sources and (Uses)	(268,262)			(268,262)
Net Change in Fund Balances	(837,391)			(837,391)
Fund Balance—July 1 (Restated)	1,365,852			1,365,852
Fund Balance—June 30	\$ 528,461	\$	\$	\$ 528,461

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Total net change in fund balances - governmental funds (from B-2)	\$ (837,391)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation expense	\$ (574,906)
Capital outlays	280,460
	<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> (294,446)
In the Statement of Activities, interest on long-term debt is accrued, regardless of when it is due. In the governmental funds, interest is charged when payment is due.	(2,427)
Repayment of debt service principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.	303,272
Pension Contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.	(507,773)
Change in net position of governmental activities (A-2)	\$ (1,338,765)

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

PROPRIETARY FUNDS

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash	\$ 85,783	\$ 85,783
Accounts Receivable	42,237	42,237
Inventories	25,003	25,003
Total Current Assets	153,023	153,023
Fixed Assets:		
Equipment	172,030	172,030
Accumulated Depreciation	(79,077)	(79,077)
Total Fixed Assets	92,953	92,953
Total Assets	245,976	245,976
LIABILITIES		
Current Liabilities:		
Accounts Payable	60,504	60,504
Interfund Payable	83,862	83,862
Unearned Revenue	8,657	8,657
Total Current Liabilities	153,023	153,023
NET POSITION		
Net Position		
Investment in Fixed Assets	92,953	92,953
Unrestricted (Deficit)		
Total Net Position	\$ 92,953	\$ 92,953

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 39,816	\$ 39,816
Daily Sales - Non-Reimbursable Programs	19,210	19,210
Total Operating Revenue:	59,026	59,026
Operating expenses:		
Cost of Sales - Reimbursable Programs	802,241	802,241
Cost of Sales - Non- Reimbursable Programs	7,532	7,532
Salaries	442,067	442,067
Employee Benefits	59,272	59,272
Management Fee	145,655	145,655
Supplies & Materials	72,639	72,639
Other Costs	38,990	38,990
Depreciation	7,707	7,707
Total Operating Expenses	1,576,103	1,576,103
Operating Income (loss)	(1,517,077)	(1,517,077)
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	14,063	14,063
Federal Sources:		
National School Breakfast Program	281,992	281,992
National School Lunch Program	753,735	753,735
National School Lunch Program - Snacks	113,130	113,130
Food Distribution Program	88,588	88,588
Board Subsidy	236,661	236,661
Interest	109	109
Total Non-operating Revenues (Expenses)	1,488,278	1,488,278
Change in Net Position	(28,799)	(28,799)
Total Net Position—Beginning (Restated)	121,752	121,752
Total Net Position—Ending	\$ 92,953	\$ 92,953

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 59,026	\$ 59,026
Payments to employees	(442,067)	(442,067)
Payments for employee benefits	(59,272)	(59,272)
Payments to suppliers	(1,180,038)	(1,180,038)
	(1,622,351)	(1,622,351)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Board Subsidy	236,661	236,661
Food Distribution Program	88,588	88,588
Cash Received from State and Federal Reimbursements	1,150,180	1,150,180
	1,475,429	1,475,429
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		
Net cash provided by (used for) capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	109	109
	109	109
Net cash provided by (used for) investing activities		
Net increase (decrease) in cash and cash equivalents	(146,813)	(146,813)
Balances—beginning of year (Restated)	232,596	232,596
Balances—end of year	\$ 85,783	\$ 85,783
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,517,077)	\$ (1,517,077)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization	7,707	7,707
(Increase)/Decrease in Interfund Receivable	67,813	67,813
(Increase)/Decrease in Intergovernmental Accounts Receivable	219,902	219,902
(Increase)/Decrease in Inventory	(1,928)	(1,928)
Increase/(Decrease) in Accounts Payable	(70,258)	(70,258)
Increase/(Decrease) in Interfund Payable	(165,077)	(165,077)
Increase/(Decrease) in Intergovernmental Accounts Payable	(162,736)	(162,736)
Increase/(Decrease) in Unearned Revenue	(697)	(697)
	(105,274)	(105,274)
Total adjustments		
Net cash provided by (used for) operating activities	\$ (1,622,351)	\$ (1,622,351)
Noncash Noncapital Financing Activities:		
During the year, \$87,891 of food commodities was received from the U. S. Department of Agriculture		

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

FIDUCIARY FUNDS

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 99,580	\$ 33,509
Due from General Fund		1,318
	<hr/>	<hr/>
Total Assets	99,580	34,827
	<hr/>	<hr/>
LIABILITIES		
Accounts Payable		4,918
Due to General Fund	13,647	20,411
Due to Student Groups		6,074
Payroll Deductions and Withholding		3,424
	<hr/>	<hr/>
	13,647	\$ 34,827
	<hr/>	<hr/>
NET POSITION		
Unreserved for Unemployment Claims	\$ 85,933	
	<hr/>	

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Private Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Payroll Deductions	\$ 33,733
Board Contribution	1,124
Total Contributions	<u>34,857</u>
Investment Earnings:	
Interest	47
Total Investment Earnings	<u>47</u>
DEDUCTIONS	
Unemployment Claims	55,517
Total Deductions	<u>55,517</u>
Change in Net Position	(20,613)
Net Position—Beginning of the Year (Restated)	<u>106,546</u>
Net Position—End of the Year	<u>\$ 85,933</u>

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

The Camden's Promise Charter School, Inc is located in the County of Camden, State of New Jersey and was incorporated on February 5, 1998. It was created on through the approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a Charter School, the Camden's Promise Charter School, Inc. functions independently as an educational institution through a Board of Trustees (the "Board"). In accordance with the by laws of the Charter School the Board is to consist of not less than 3 and not more than 14 individuals. At all times, constituency of the voting members of the Board of Trustees shall consist of 2 members nominated and elected by the Board selected from the Parent Council and two members nominated and elected by the Board of Trustees representing community leaders at large (which may include representatives from the Neighborhood Center, Inc.) The school administrator and a teacher elected by the teachers from the school are ex-officio members of the Board of Trustees without vote, and limited to the number of terms they may serve consecutively.

A. Reporting Entity:

The original purpose of the Camden's Promise Charter School, Inc. was to educate students from grades Sixth through Eighth grade. However, on June 30, 2016, Camden's Promise Charter School, Inc. merged with Camden's Academy Charter High School, Inc., Camden's Pride Charter School Inc. and Katz Dalsey Academy Charter School, Inc. As a result, on July 1, 2016, the Camden's Promise Charter School, Inc. began educating students from Kindergarten through Twelfth grade. A school business administrator and a board secretary were appointed by the Board and are responsible for the administrative control of the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Charter School holds the corporate powers of the organization
- the Charter School appoints a voting majority of the organization's board
- the Charter School is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Charter School
- there is a fiscal dependency by the organization on the Charter School

There were no additional entities required to be included in the reporting entity, under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Camden's Promise Charter School, Inc. have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Charter School's accounting policies are described below.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the Charter School has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

New Accounting Standards:

The District adopted the following GASB statements:

- GASB 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. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. The adoption of GASB 74, did not impact the financial statements of the Charter School.

- GASB 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 81 on the Charter School's financial statements. The adoption of GASB 81, did not impact the financial statements of the Charter School.

- GASB No. 82 - *Pensions - an Amendment of GASB No. 67, No. 68 and No. 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The adoption of GASB 82, will impact the financial statements of the Charter School.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

New Accounting Standards (Cont'd):

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- **GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. 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. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the Charter School's financial statements. Management is evaluating the potential impact of the adoption of GASB 75 on the Charter School's financial statements.
- **GASB No. 83 - *Certain Asset Retirement Obligations***: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the Charter School's financial statements.
- **GASB No. 84 - *Fiduciary Activities***: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the Charter School's financial statements.
- **GASB No. 85 - *Omnibus 2017***: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 85 on the Charter School's financial statements.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

New Accounting Standards (Cont'd):

- GASB No. 86 - *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 86 on the Charter School's financial statements.

- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the Charter School's financial statements.

A. Basis of Presentation:

The School's basic financial statements consist of 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 statements of activities display information about the financial activities of the overall School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

A. Basis of Presentation (Cont'd):

The statement of net position presents the financial condition of the governmental and business-type activities of the School at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the School and for each function of the School's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses of the School related to the administration and support of the School's programs, such as personnel and accounting-are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

The accounts of the Charter School are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds and accounts are grouped, in the financial statements in this report:

GOVERNMENTAL FUND TYPE

General Fund - The general fund is the general operating fund of the School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for instructional and non-instructional equipment which are classified in the Capital Outlay sub-fund.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

B. Fund Accounting (Cont'd):

General Fund (Cont'd) - As required by the New Jersey State Department of Education, the Camden's Promise Charter School, Inc. includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmentalities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from the "local levy" local share - charter school aid, "local levy" state share - charter school aid, categorical aid, revenues from other sources and appropriated fund balance. Expenditures are those, which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Charter School accounts for the proceeds of specific revenue sources from the state and federal government (other than expendable trusts, major capital projects or enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund.

Capital Projects Fund - The Charter School does not currently have any open capital projects.

Debt Service Fund - The accounting system of the Charter School includes a Debt Service fund in accordance with state statute.

PROPRIETARY FUND TYPE

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is separated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. The following is a description of the Proprietary Funds of the Charter School:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

B. Fund Accounting (Cont'd):

PROPRIETARY FUND TYPE (Cont'd)

Internal Service Fund - The Camden's Promise Charter School does not maintain an Internal Service whereby services would be provided on a cost-reimbursement basis.

FIDUCIARY FUND TYPE

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the Charter School:

Trust and Agency Funds - The trust and agency funds are used to account for assets held by the Charter School in a Trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Nonexpendable Trust Fund - A nonexpendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligation to maintain the trust principal. The accounting system of the Charter School does not include a nonexpendable trust fund.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Funds consists of an Unemployment Compensation Insurance Fund.

Agency Funds (Payroll and Student Activities Fund) - Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. The accounting system of the Charter School includes a payroll fund and a student activities fund.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

C. Basis of Accounting and Measurement Focus:

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

Charter School-wide, Proprietary and Fiduciary Fund Financial Statements: The School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its Charter School the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

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

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

In its accounting and financial reporting, the School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

D. Budgets/Budgetary Control:

Charter School budgets are prepared annually and are submitted to the Department of Education for review. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are mandated by the Department of Education and are detailed in the Charter School Budget Summary form that is part of the New Jersey Charter School Application and are defined as the lowest (most specific) level of detail referenced in NJAC 6:20-2A (m) 1. Transfers of appropriations may be made by Board resolution at any time during the fiscal year.

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

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

There is a reconciliation of the special revenue funds from the budgetary basis of accounting, as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds, to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. (See Exhibit C-3).

E. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. The budget, as detailed on Exhibit B-2, includes all amendments to the adopted budget, if any.

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

The Charter School had no fund balance reserved for encumbrances at June 30, 2017.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

F. Tuition:

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

G. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School, and that are due within one year.

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

I. Assets, Liabilities and Equity:

Transactions

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School and that are due within one year.

Inventories

On School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017. The value of federal commodities included in food is \$8,657.

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$	20,097
Supplies		4,906
		<hr/>
Total	\$	25,003
		<hr/> <hr/>

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Capital Assets

General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2017 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the Statement of Net Position. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

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

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

J. Compensated Absences:

Compensated absences are those for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School and its employees, is accrued as the employees earn the rights to the benefits.

In accordance with Statement No. 16 of the (GASB) entitled "Accounting for Compensated Absences", Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School and its employees, are accounted for in the period in which such services are rendered or in which such events take place and will be calculated in accordance with formulas outlined in the Charter School agreements with any collective bargaining units and included in the budget of the current year of payment.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. There currently is no formal policy concerning payment of accumulated absences and no liability to be reported in the Statement of Net Position.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them. As of June 30, 2017, no liability existed for compensated absences in the Food Service Fund because there are no employees paid out of this fund. The Food Service employees are provided and paid by an outside management company, Sodexo, Inc.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

K. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned (see Note 2(B) regarding the special revenue fund).

L. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

M. Management Estimates:

In order for the preparation of basic financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the School-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

O. Extraordinary and Special Items:

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

P. Charter School Funding:

The Charter School is largely funded on its enrollment through the local levy and categorical aid, which follows a particular student. Funding flows from the State to the district Board of Education and then to the Charter School. In accordance with N.J.S.A. 18A:36A-12 "the school district of residence shall pay directly to the Charter School for each student enrolled in the charter school who resides in the district a presumptive amount equal to 90% of the local tax levy budget per pupil for the specific grade level in the district. At the discretion of the commissioner and at the time the charter is granted, the commissioner may require the school district of residence to pay directly to the charter school for each student enrolled in the charter school an amount equal to less than 90%, or an amount, which shall not exceed 100% of the local levy budget per pupil for the specific grade in the district of residence. The per pupil amount paid to the charter school shall not exceed the local levy budget per pupil for the specific grade level in the district in which the charter school is located. The district of residence shall also pay directly to the charter school any categorical aid attributable to the student, provided the student is receiving appropriate categorical services, and any federal funds attributable to the student".

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

During the school year, a charter school shall conduct an enrollment count on October 15, and the last day of the school year. A charter school shall submit each count through a summary school register for the purposes of determining average daily enrollment. Based on these counts, a charter school's revenue is adjusted accordingly.

Q. Net Position:

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

R. Fund Balance Reserves:

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

S. Operating Revenues and Expenses:

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

T. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School, available means within sixty days of the fiscal year end. Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

U. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Charter School's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

V. Allocation of Indirect Expenses:

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

W. Lease Acquisition Costs:

As part of the long-term lease agreement, providing for the use of the new school building constructed and owned by the Camden County Improvement Authority, payments constituting professional lease acquisition and other related professional fees were previously amortized over the life of the lease. In accordance with GASB Statement No. 65, the June 30, 2013 Financial Statements were restated, to write off the previous balance in Unamortized Lease Issue Costs. All lease acquisition costs will be expensed in the future.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

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

Deposits:

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

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

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

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

Investments:

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

As of June 30, 2017, cash and cash equivalents in the fund financial statements of the Charter School consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking Accounts	\$ 1,437,118
Total	<u>\$ 1,437,118</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits may not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2017, the Charter School's bank balance of \$2,304,320 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	<u>2,054,320</u>
	<u>\$ 2,304,320</u>

New Jersey Cash Management Fund – During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2017, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Camden's Promise Board of Trustees. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The capital reserve balance, as of June 30, 2017 was \$278,461.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 5. CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not being Depreciated:				
Land				
Total Capital Assets not being Depreciated				
Leasehold Improvements	\$ 5,004,248	\$ 280,460		\$ 5,284,708
Building	118,715			118,715
Machinery and Equipment	1,120,112			1,120,112
Vehicle	367,637	204,520		572,157
Totals at Historical Cost	<u>6,610,712</u>	<u>484,980</u>		<u>7,095,692</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	(1,805,696)	(387,010)		(2,192,706)
Building	(13,850)	(3,957)		(17,807)
Machinery and Equipment	(590,016)	(142,243)		(732,259)
Vehicle:	(291,605)	(41,696)		(333,301)
Total Accumulated Depreciation	<u>(2,701,167)</u>	<u>(574,906)</u>		<u>(3,276,073)</u>
Total Capital Assets being Depreciated, net of Accumulated Depreciation	<u>3,909,545</u>	<u>(89,926)</u>		<u>3,819,619</u>
Government Activities Capital Assets, Net	<u>3,909,545</u>	<u>(89,926)</u>		<u>3,819,619</u>
	To A-1			To A-1
Business-type Activities - Equipment	172,030			172,030
Less Accumulated Depreciation	(71,370)	(7,707)		(79,077)
Business-type Activities Capital Assets, Net	<u>\$ 100,660</u>	<u>\$ (7,707)</u>		<u>\$ 92,953</u>

Depreciation expense was charged to governmental functions
as follows:

Unallocated \$ 574,906

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6. LONG-TERM DEBT

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds Payable:						
General Obligation Debt	\$ 1,444,101	\$ -	\$ 260,121	\$ 1,183,980	\$ 271,600	\$ 912,380
Total Bonds Payable	1,444,101		260,121	1,183,980	271,600	912,380
Other Liabilities:						
Capital Lease		204,520	43,151	161,369	44,630	116,739
Total Other Liabilities	\$ 1,444,101	\$ 204,520	\$ 303,272	\$ 1,345,349	\$ 316,230	\$1,029,119
					To A-1	

A. Bonds Payable - Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Debt Administration - NJEDA Subsidized Bonds:

On July 8, 2011, Camden Academy Charter High School issued bonds under an NJEDA interest subsidy program in the amount of \$2,467,080. These bonds are to be treated as Qualified School Construction Bonds in accordance with Section 54F of the Internal Revenue Code of 1986. Due to Federal budget shortfalls, a portion of the otherwise entitled subsidy will not be reimbursed.

Interest was payable at 5.24% up to July 1, 2016, at such time when the bonds became callable at a variable rate for the remainder of the 120 month loan period. In accordance with Section 6431 of the Code, the Charter School, by way of the NJEDA, is to receive Credit/Subsidy payments equal to the lesser of rate specified by the US Treasury or the interest payable on the bonds, subject to sequester adjustment. Due to a federal budget shortfall, a portion of the subsidy has not been realized, in the amount of \$9,871.

These bond proceeds are to partially fund the construction of renovations to an existing building in the City of Camden, New Jersey, referred to as "The Charter School Network Building", owned by the Camden Academy Charter School, Inc., with Camden's Promise Charter School, Inc. and Camden's Pride Charter School, Inc. as guarantors. The remaining future payment schedule, subject to actual federal subsidy proceeds is as follows:

Fiscal Year	Principal	Interest	Federal Subsidy	Net Interest
2018	\$ 271,600	\$ 44,350	\$ 44,350	\$
2019	283,177	32,774	32,774	
2020	295,197	20,754	20,754	
2021	307,829	8,121	8,121	
2022	26,177	90	90	
	\$ 1,183,980	\$ 106,089	\$ 106,089	\$

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6. LONG-TERM DEBT (CONT'D)

B. Capital Leases – During the current 2016-17 fiscal school year, the District acquired two School Buses through a Capital Lease totaling \$204,520, with interest at 4.29%. The following is a schedule of the future minimum lease payments at June 30, 2017:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 37,837	\$ 6,923	\$ 44,760
2019	39,460	5,300	44,760
2020	41,153	3,607	44,760
2021	42,919	1,841	44,760
	\$ 161,369	\$ 17,671	\$ 179,040

NOTE 7. PENSION PLANS

Description of Plans - All required employees of the Charter School are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

The following represents the membership tiers for PERS and TPAF:

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

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

P.L. 1987, c. 384 and P.L. 1990, c.6 required 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 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. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS who retired from a municipality with 25 years of service.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Contributions - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.46% of covered payroll. The Charter School's contributions to PERS for the years ended June 30, 2017, and 2016, were \$147,845 and \$101,027 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2017 was \$13,185,218. Payroll covered by PERS was \$1,189,954 for fiscal year 2017.

Information regarding contributions made by the State of New Jersey on behalf of the Charter School is not available. Contributions to the system for the year ended June 30, 2017 is as follows:

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

	<u>PERS</u>
Employees	\$ 86,222
Charter School	<u>147,845</u>
Total	<u>\$ 234,067</u>

The Charter School is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2017, as follows:

Public Employees Retirement System					
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by Charter School</u>
2017	\$ 22,698	\$ 115,516	\$ 147,845	\$ N/A	\$ 147,845

Components of Net Pension Liability - At June 30, 2017, the Charter School's proportionate share of the PERS net pension liability was 4,837,765. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2016. The Charter School's proportion of the net pension liability was based on the Charter School's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Charter School's proportion measured as of June 30, 2016, was 0.01633% which was an increase of 0.00415% from its proportion measured as of June 30, 2015.

Pension Expense and Deferred Outflows/Inflows of Resources - The Charter School's 2017 PERS pension expense, with respect to GASB 68, was \$695,969. The Charter School's 2017 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 89,969	\$
Changes of assumptions	1,002,127	
Net difference between projected and actual earnings on pension plan investments	184,469	
Changes in proportion	1,129,413	128,357
Contributions subsequent to the measurement date	<u>147,845</u>	
Total	<u>\$ 2,553,823</u>	<u>\$ 128,357</u>

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

Year	PERS
2018	\$ 496,577
2019	496,577
2020	572,859
2021	503,259
2022	208,349
Thereafter	
Total	\$ 2,277,621

Additional Information - Collective Balances at June 30, 2017 and 2016 are as follows:

Year	6/30/2017	6/30/2016
Collective deferred outflows of resources	\$ 2,553,823	\$ 1,036,620
Collective deferred inflows of resources	\$ 128,357	\$ 209,647
Collective Net Pension Liability	\$ 4,837,765	\$ 2,735,228
Charter School's Proportion	0.01633%	0.01218%

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Investment Rate of Return	7.65%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	3.08%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	PERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
US Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Discount Rate - The discount rate as of June 30, 2016 used to measure the total pension liability was 3.98% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their 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 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(2.98%)</u>	<u>Current</u> <u>Discount</u> <u>(3.98%)</u>	<u>1%</u> <u>Increase</u> <u>(4.98%)</u>
Charter's proportionate share of the net pension liability	\$ 5,928,116	\$ 4,837,765	\$ 3,937,585

Teachers' Pension and Annuity Fund

The TPAF was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

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

Contributions - The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 6.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Charter School and all other related non-contributing employers. No normal or accrued liability contribution by the Charter School has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

The Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100% special funding situation with the State of New Jersey.

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

<u>Year</u>		<u>Annual</u>	<u>Percentage</u>			<u>Net</u>
<u>Funding</u>		<u>Pension</u>	<u>of APC</u>			<u>Pension</u>
	\$	<u>Cost (APC)</u>	<u>Contributed</u>	%	\$	<u>Obligation</u>
6/30/17		1,066,670	100			N/A
6/30/16		1,481,343	100			N/A
6/30/15		1,016,044	100			N/A

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$1,066,670 to the TPAF for pension contributions, \$888,779 for post-retirement benefits on behalf of the School, and \$7,189 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School \$911,191 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2017, the Charter School was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the Charter School.

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

Pension Expense - For the year ended June 30, 2017, the Charter School recognized pension expense of \$4,991,934 and revenue of \$4,991,934 for support provided by the State.

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Investment Rate of Return	7.65%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.50%

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Bonds	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds – MultiStrategy	5.00%	3.70%
Hedge Funds – Equity Hedge	3.75%	4.72%
Hedge Funds – Distressed	3.75%	3.49%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate – As indicated above, TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution.

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

NOTE 8. POST-RETIREMENT BENEFITS

The amount, if any, would be included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27. The Charter School does not provide for compensated absences. P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS.

It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 employer paid 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

NOTE 9. DEFERRED COMPENSATION

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10. FUND BALANCE

General Fund - Of the \$528,461 in General Fund balance at June 30, 2017, \$75,000 is restricted in an Escrow Account, \$278,461 is restricted in capital reserve, \$0 is committed to Encumbrances, \$0 is assigned and anticipated as revenue on the 2017-18 budget to support the subsequent year's budget and \$175,000 is unassigned.

NOTE 11. LITIGATION

The Charter School was involved with two matters asserting personal injury of which the potential losses, if any, would not to be material to the financial statements. In addition, the Charter School was involved in one matter alleging violations of the NJ Law Against Discrimination and NJ Equal Pay Act, which has been referred to the Charter School's insurance company.

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds.

New Jersey Unemployment Compensation Insurance - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the Reserve method. Under this plan, the Charter School is required to contribute a percentage of wages to the New Jersey Unemployment Trust Fund on a quarterly basis. The following is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Charter School's expendable trust fund for the current year:

<u>Balance</u>	<u>Charter</u>	<u>Employee</u>	<u>Claims</u>	<u>Balance</u>
<u>6/30/16</u>	<u>School</u>	<u>Contributions</u>	<u>Contributions</u>	<u>6/30/17</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
106,546	1,124	33,733	55,517	85,886

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	<u>Interfund</u>	<u>Interfund</u>
<u></u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 363,713	\$ 1,318
Special Revenue		245,793
Agency	1,318	20,411
Unemployment		13,647
Food Service		83,862
Total	\$ 365,031	\$ 365,031

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14. RECEIVABLES

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

<u>Receivables:</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Intergovernmental				
State	\$ 8,738	\$	\$ 560	\$ 9,298
Federal		394,793	41,677	436,470
Local	289,659			289,659
Totals	<u>\$ 298,397</u>	<u>\$ 394,793</u>	<u>\$ 42,237</u>	<u>\$ 735,427</u>

NOTE 15. OPERATING LEASES

Lease Agreements

Buildings - Effective July 1, 2016, Camden's Promise Charter School, Camden's Pride Charter School, Camden's Academy Charter High School and Knowledge A to Z Academy Charter School were merged into a single Charter School Organization, henceforth to be known as Camden's Promise Charter School. In anticipation of the merger, a new five year lease agreement was entered into on March 14, 2016 between the Camden's Charter School Network, Inc. and Camden's Promise Charter School. The lease agreement commenced July 1, 2016, with an automatic five year renewal provision at the end of the 2020-21 School Year. The building location of each rental agreement is as follows:

Building Locations

- 3098 Pleasant Avenue
- 820 Lois Avenue
- 897 N. 31st Street
- 250 Federal Street
- 879 Beideman Avenue

Garden - In February 2016, Camden's Charter School Network, Inc. entered into a six year lease agreement with Camden's Promise Charter School, Inc., whereby, Camden's Promise Charter, Inc. shall be granted access to a garden area located at 911 N. 31st Street.

Parking Lot - On August 24, 2016, Camden's Charter School Network, Inc. entered into a five year lease agreement with Camden's Promise Charter School, Inc., whereby, Camden's Promise Charter, Inc. shall be granted access to a parking lot located at 912 N. 31st Street.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15. OPERATING LEASES (CONT'D)

Lease Agreements (Cont'd)

The following represents the future minimum lease payments associated with this new rental agreement, as of June 30, 2017, along with a description of the building locations:

<u>Year</u>	<u>Buildings</u>	<u>Garden</u>	<u>Parking Lot</u>
2017-2018	\$ 3,320,000	\$ 1	\$ 24,000
2018-2019	3,320,000	1	24,000
2019-2020	3,320,000	1	24,000
2020-2021	3,320,000	1	24,000
2021-2022	3,419,600		
2022-2023	3,419,600		
2023-2024	3,419,600		
2024-2025	3,419,600		
2025-2026	3,419,600		
Total	<u>\$ 30,378,000</u>	<u>\$ 4</u>	<u>\$ 96,000</u>

NOTE 16. SERVICE AGREEMENT

Charter Management Organization Agreement - On September 1, 2016, the Camden's Charter School Network, Inc. entered into a ten month service agreement with Camden's Promise Charter School, Inc. for the purpose of providing the Charter School with administrative support in the development of student enrollment plans, enrollment marketing, professional development, student records development and direct supervision of the student enrollment process through June 30, 2017. The Camden's Charter School, Inc. agreed to pay the Network \$300,000 in exchange for these services, which was received in ten monthly installments. On September 1, 2017, this agreement was extended for the 2017-18 School Year.

Repairs and Maintenance Agreement - In December 2016, the Camden's Charter School Network, Inc. entered into a one year service agreement with Camden's Promise Charter School, Inc., whereby the Network assumed all repair and maintenance obligations for premises leased by Camden's Promise Charter School, Inc. In exchange for these services, the Camden's Promise Charter School, Inc. agreed to pay the Network \$1,100,000, which was payable in twelve monthly installments of \$91,667. This agreement was extended for the 2017-18 School Year.

NOTE 17. LINE OF CREDIT

The Camden's Promise Charter School, Inc. has available a line of credit agreement with TD Bank, which provides that the Charter School may borrow up to \$500,000. Borrowings under the line bear interest payable monthly at the Wall Street Journal Prime Rate. The balances payable under this arrangement are due on demand. As of June 30, 2017, the Charter School had no outstanding borrowings under this arrangement.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 18. RESTATEMENT OF FUND BALANCE AND NET POSITION

As of June 30, 2016, the Camden's Promise Charter School, Camden's Pride Charter School, Camden's Academy Charter High School and Katz Dalsey Charter School were merged into a K-12 District, under the name of Camden's Promise Charter School, Inc., as approved by the NJ Department of Education on February 3, 2016. As such, the Charter School restated its beginning Fund Balance and Net Position to reflect the merger as follows:

	General Fund	Governmental Activities	Business Type Activities	Fiduciary Fund
Balance as previously reported June 30, 2016	\$ 375,953	\$ 1,750,499	\$ 84,724	\$ 7,354
Prior Period Adjustment - Merger:				
Camden's Academy Charter High School, Inc.	153,143	(258,103)	9,727	27,748
Katz Dalsey Charter School, Inc.	86,171	45,484	27,301	38,261
Camden's Pride Charter School, Inc.	750,585	383,006		33,183
Balance as restated, July 1, 2016	<u>\$ 1,365,852</u>	<u>\$ 1,920,886</u>	<u>\$ 121,752</u>	<u>\$ 106,546</u>

NOTE 19. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

NOTE 20. SUBSEQUENT EVENTS

There were no other events noted, between the year-end and the date of the audit report, requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Revenue/ Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
REVENUES:					
"Local Tax Levy"- Local Share - Charter School Aid:					
Black Horse Pike Regional	\$	\$ 16,519	\$ 16,519	\$ 16,519	\$
Borough of Bellmawr		7,095	7,095	7,095	
Borough of Collingswood		20,599	20,599	20,599	
Borough of Lawnside		11,355	11,355	11,355	
Borough of Lindenwold		3,669	3,669	3,669	
Borough of Merchantville		40,071	40,071	40,071	
Borough of Pine Hill	1,600,821	(1,594,814)	6,007	6,007	
Borough of Runnemede		8,559	8,559	8,559	
Borough of Woodlyn		9,790	9,790	9,790	
Cherry Hill Township		41,234	41,234	41,234	
Cinnaminson Township		8,940	8,940	8,940	
City of Burlington		12,625	12,625	12,625	
City of Camden		659,526	659,526	659,526	
City of Gloucester		2,201	2,201	2,201	
Deptford Township		5,396	5,396	5,396	
Gloucester Township		28,779	28,779	28,779	
Haddon Township		24,315	24,315	24,315	
Hammonton Town		4,337	4,337	4,337	
Mantua Township		10,678	10,678	10,678	
Maple Shade Township		6,248	6,248	6,248	
Mount Laurel Township		16,842	16,842	16,842	
Pennsauken Township		842,218	842,218	842,218	
Washington Township		7,426	7,426	7,426	
Waterford Township		5,348	5,348	5,348	
West Deptford Township		9,380	9,380	9,380	
Winslow Township		35,399	35,399	35,399	
Total - Local Share Tax Levy	1,600,821	243,735	1,844,556	1,844,556	
Local Tax Levy- State Share - Charter School Aid:					
Equalization aid	21,577,363		21,577,363	21,317,242	(260,121)
Total - Local Levy Budget	23,178,184		23,421,919	23,161,798	(260,121)
Categorical Aids:					
Special Education	511,803		511,803	511,803	
Security Aid	769,434		769,434	769,434	
Adjustment Aid	1,800,725		1,800,725	1,800,725	
Total Categorical Aids	3,081,962		3,081,962	3,081,962	
Other State Aid:					
On-Behalf TPAF Pension Contribution				1,066,670	1,066,670
On-Behalf TPAF Pension Post Retirement Medical				888,779	888,779
On-Behalf TPAF Long-Term Disability Contribution				7,189	7,189
Reimbursed TPAF Social Security Contributions (Non-budgeted)				901,534	901,534
Total Other State Aid				2,864,172	2,864,172
Total State Aid	26,260,146	243,735	26,503,881	29,107,932	2,604,051
Federal Sources:					
Medicaid Program - SEMI				49,991	49,991
				49,991	49,991
Revenue from Other Sources					
Interest on Bank Deposits				1,022	1,022
Miscellaneous				124,809	124,809
Total Revenue from Other Sources				125,831	125,831
TOTAL REVENUES	\$ 26,260,146	\$ 243,735	\$ 26,503,881	\$ 29,283,754	\$ 2,779,873

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2017
(CONTINUED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
EXPENDITURES:					
CURRENT EXPENSES:					
Regular Programs - Instruction:					
Salaries of Teachers - Kindergarten	\$ 400,000	\$	\$ 400,000	\$ 400,000	\$
Salaries of Teachers - Grades 1-5	3,112,260	685,246	3,797,506	3,762,947	34,559
Salaries of Teachers - Grades 6-8	3,196,994	623,738	3,820,732	3,820,732	
Salaries of Teachers - Grades 9-12	3,410,546	665,402	4,075,948	4,075,948	
Other Salaries for Instruction	1,370,200	(1,003,782)	366,418	360,684	5,734
Regular Programs - Undistributed					
Instruction:					
Purchased Professional/ Educational Services	308,709	71,055	379,764	379,328	436
Other Purchased Services	500,000	68,608	568,608	568,608	
General Supplies	350,000	138,675	488,675	485,532	3,143
Textbooks	250,000	50,515	300,515	282,775	17,740
Other Objects	20,000	13,813	33,813	26,945	6,868
TOTAL REGULAR PROGRAMS - INSTRUCTION	\$ 12,918,709	\$ 1,313,270	\$ 14,231,979	\$ 14,163,499	\$ 68,480
UNDISTRIBUTED EXPENDITURES:					
Administration					
Salaries Administrative	\$ 940,100	\$ (60,727)	\$ 879,373	\$ 816,185	\$ 63,188
Salaries Secretary and Clerical	543,500	21,445	564,945	564,945	
Other Purchased Professional Services	18,000	(18,000)			
Legal Services	45,000	(18,904)	26,096	17,881	8,215
Communications/Telephone	367,000	(335,983)	31,017	31,017	
Purchased Professional and Technical Services		97,356	97,356	97,356	
Other Purchased Services	1,377,319	(838,943)	538,376	530,044	8,332
General Supplies	250,000	(98,969)	151,031	140,105	10,926
Miscellaneous Expenditures	15,000	2,954	17,954	17,954	
Total General Administration	3,555,919	(1,249,771)	2,306,148	2,215,487	90,661
Support Services					
Salaries	716,000	256,941	972,941	970,971	1,970
Purchased Professional and Technical Services	688,659	806,341	1,495,000	1,486,060	8,940
Supplies and Materials	200,000	(93,991)	106,009	98,061	7,948
Other Objects	15,000		15,000	6,206	8,794
Total Support Services/School Administration:	1,619,659	969,291	2,588,950	2,561,298	27,652
Rental of Land and Buildings					
Rent	3,704,267	305,354	4,009,621	3,798,970	210,651
Insurance	98,000	193,028	291,028	289,449	1,579
Energy	595,361	243	595,604	558,904	36,700
Total Operation and Maintenance of Plant Services	4,397,628	498,625	4,896,253	4,647,323	248,930
Student Transportation Services:					
Contracted Services (Home/School) Vendors		143,529	143,529	43,885	99,644
Contracted Services (not Home/School) Vendors	50,000	(50,000)			
Total Student Transportation Services	50,000	93,529	143,529	43,885	99,644
UNALLOCATED BENEFITS					
Other Retirement Contributions - PERS		148,297	148,297	148,297	
Health Benefits		2,895,663	2,895,663	2,885,311	10,352
TOTAL UNALLOCATED BENEFITS	\$	\$ 3,043,960	\$ 3,043,960	\$ 3,033,608	\$ 10,352

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2017
(CONTINUED)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
On-Behalf TPAF Pension Contribution	\$	\$	\$	\$ 1,066,670	\$ (1,066,670)
On-Behalf TPAF Pension Post Retirement Medical				888,779	(888,779)
On-Behalf TPAF Long-Term Disability Contribution				7,189	(7,189)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				901,534	(901,534)
Total Undistributed Expenditures	<u>9,623,206</u>	<u>3,355,634</u>	<u>12,978,840</u>	<u>15,365,773</u>	<u>(2,386,933)</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>22,541,915</u>	<u>4,668,904</u>	<u>27,210,819</u>	<u>29,529,272</u>	<u>(2,318,453)</u>
Capital Outlay					
Undistributed Expenditures					
Total Equipment					
Facilities Acquisition & Construction Services					
Lease/Purchase - Principal		43,151	43,151	43,151	
Buildings Other than Lease Purchase Agreements		294,036	294,036	280,460	13,576
Total Facilities Acquisition & Construction Services		<u>337,187</u>	<u>337,187</u>	<u>323,611</u>	<u>13,576</u>
Total Capital Outlay expenditures		<u>337,187</u>	<u>337,187</u>	<u>323,611</u>	<u>13,576</u>
TOTAL EXPENDITURES	<u>22,541,915</u>	<u>5,006,091</u>	<u>27,548,006</u>	<u>29,852,883</u>	<u>(2,304,877)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,718,231</u>	<u>(4,762,356)</u>	<u>(1,044,125)</u>	<u>(569,129)</u>	<u>474,996</u>
Other Financing Sources:					
Operating Transfer (Out) and In:					
Food Service				(236,661)	(236,661)
Cancellation of Prior Year Accounts Receivable				(31,601)	(31,601)
Total other Financing Sources				<u>(268,262)</u>	<u>(268,262)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and other Financing Uses	<u>3,718,231</u>	<u>(4,762,356)</u>	<u>(1,044,125)</u>	<u>(837,391)</u>	<u>206,734</u>
Fund Balances, July 1 (Restated)	<u>1,365,852</u>		<u>1,365,852</u>	<u>1,365,852</u>	
Fund Balances, June 30	\$ 5,084,083	\$ (4,762,356)	\$ 321,727	\$ 528,461	\$ 206,734
Recapitulation:					
Restricted Fund Balance:					
Escrow Fund				\$ 75,000	
Capital Reserve				278,461	
Assigned to:					
Year-End Encumbrances					
Unassigned Fund Balance:					
Unassigned Fund Balance				<u>175,000</u>	
				<u>\$ 528,461</u>	

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SPECIAL REVENUE FUND
AS OF JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 1,546,020	\$ 395,711	\$ 1,941,731	\$ 1,919,149	\$ (22,582)
State Sources					
Other				8,144	8,144
Total Revenues	<u>1,546,020</u>	<u>395,711</u>	<u>1,941,731</u>	<u>1,927,293</u>	<u>(14,438)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	879,000	54,885	933,885	933,885	
Purchased Prof. & Technical Services	100,000		100,000	100,000	
Supplies and Materials	76,000	14,954	90,954	90,954	
Total Instruction	<u>1,055,000</u>	<u>69,839</u>	<u>1,124,839</u>	<u>1,124,839</u>	
Support Services					
Salaries Personal Services	216,550	160,675	377,225	373,225	4,000
Personal Services - Employee Benefits	264,658	43,937	308,595	298,157	10,438
Purchased Professional & Technical Services - Other	5,000	106,205	111,205	111,205	
Supplies and Materials	4,812	15,055	19,867	19,867	
Total Support Services	<u>491,020</u>	<u>325,872</u>	<u>816,892</u>	<u>802,454</u>	<u>14,438</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Non-instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>1,546,020</u>	<u>395,711</u>	<u>1,941,731</u>	<u>1,927,293</u>	<u>14,438</u>
Other Financing Sources (Uses)					
Total Outflows	<u>1,546,020</u>	<u>395,711</u>	<u>1,941,731</u>	<u>1,927,293</u>	<u>14,438</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART II

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI - PART II
FOR THE FISCAL YEARS ENDED JUNE 30, 2017

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 29,283,754	[C-2] \$ 1,927,293
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
	_____	_____
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 29,283,754	[B-2] \$ 1,927,293
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 29,852,883	[C-2] \$ 1,927,293
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund		
	_____	_____
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 29,852,883	[B-2] \$ 1,927,293

REQUIRED SUPPLEMENTARY INFORMATION
PART III

CAMDEN'S PROMISE CHARTER SCHOOL, INC.

Schedules of Required Supplementary Information

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Public Employee's Retirement System (PERS)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.016334%	0.012185%	0.009154%	0.009689%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,837,765	\$ 2,735,228	\$ 1,713,919	\$ 1,851,744
District's Covered-Employee Payroll	\$ 1,189,954	\$ 1,311,956	\$ 987,147	\$ 805,779
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	406.55%	208.48%	173.62%	229.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Public Employee's Retirement System (PERS)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 147,845	\$ 93,539	\$ 75,466	\$ 73,004
Contributions in Relation to the Contractually Required Contribution	<u>(147,845)</u>	<u>(93,539)</u>	<u>(75,466)</u>	<u>(73,004)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 1,189,954	\$ 1,311,956	\$ 987,147	\$ 805,779
Contributions as a Percentage of Covered-Employee Payroll	12.42%	7.13%	7.64%	9.06%

CAMDEN'S PROMISE CHARTER SCHOOL, INC.

Schedules of Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Teachers' Pension and Annuity Fund (TPAF)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.084456%	0.072632%	0.065850%	0.057886%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 66,438,581	\$ 45,906,505	\$ 35,194,766	\$ 29,255,198
District's Covered-Employee Payroll	\$ 10,968,689	\$ 10,139,835	\$ 9,003,961	\$ 8,189,439
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	605.71%	452.73%	390.88%	357.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-4

CAMDEN PROMISE CHARTER HIGH SCHOOL, INC.

Schedules of Required Supplementary Information

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension and Annuity Fund (TPAF)

The School District was not required to make any contributions towards
TPAF.

Note: This schedule is required by GASB 68 to show information for a 10 year period.
However, information is only currently available for four years.
Additional years will be presented as they become available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART III

CAMDEN'S PROMISE CHARTER SCHOOL, INC.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules**

For the Fiscal Year Ended June 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

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

Change of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table 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 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. 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.

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	NCLB							Totals	
	<u>Title I Part A</u> <u>2016-17</u>	<u>Title II Part A</u> <u>2016-17</u>	<u>Title III</u>	<u>IDEA</u> <u>Part B</u>	<u>IDEA</u> <u>Preschool</u>	<u>Safety</u> <u>Grant</u>	<u>Voya</u>	<u>2017</u>	<u>2016</u>
REVENUES:									
Federal Sources	\$ 1,493,226	\$ 57,231	\$ 7,754	\$ 355,745	\$ 5,193	\$	\$	\$ 1,919,149	\$ 1,910,958
State Sources									
Other						5,644	2,500	8,144	
Total Revenues	<u>1,493,226</u>	<u>57,231</u>	<u>7,754</u>	<u>355,745</u>	<u>5,193</u>	<u>5,644</u>	<u>2,500</u>	<u>1,927,293</u>	<u>1,910,958</u>
EXPENDITURES:									
Instruction:									
Salaries of Teachers	\$ 886,131	\$ 40,000	\$ 7,754	\$	\$	\$	\$	\$ 933,885	\$ 768,996
Purchased Prof. & Technical Services	100,000							100,000	
Supplies and Materials	82,810					5,644	2,500	90,954	158,226
Total Instruction	<u>1,068,941</u>	<u>40,000</u>	<u>7,754</u>			<u>5,644</u>	<u>2,500</u>	<u>1,124,839</u>	<u>927,222</u>
Support Services:									
Salaries Personal Services	177,125			192,000	4,100			373,225	348,600
Personal Services-Employee Benefits	238,026	8,565		50,500	1,066			298,157	256,107
Purchased Prof. & Technical Services	5,000			106,205				111,205	330,933
Other Purchased Services									31,685
Supplies and Materials	4,134	8,666		7,040	27			19,867	16,411
Total Support Services	<u>424,285</u>	<u>17,231</u>		<u>355,745</u>	<u>5,193</u>			<u>802,454</u>	<u>983,736</u>
Facilities Acquisitions & Const Serv:									
Non-Instructional Equipment									
Total Facilities Acquisition & Construction Services									
Total Expenditures	<u>\$ 1,493,226</u>	<u>\$ 57,231</u>	<u>\$ 7,754</u>	<u>\$ 355,745</u>	<u>\$ 5,193</u>	<u>\$ 5,644</u>	<u>\$ 2,500</u>	<u>\$ 1,927,293</u>	<u>\$ 1,910,958</u>

PROPRIETARY FUND

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

Food Services Fund – This fund provides for the operation of food services in all Schools.

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
FOOD SERVICES ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017 AND 2016

	<u>Totals</u>	
	<u>2017</u>	<u>2016</u>
ASSETS:		
Current Assets:		
Cash	\$ 85,783	\$ 232,596
Accounts Receivable:		
State	560	409
Federal	41,677	29,088
Interfund Accounts Receivable		67,813
Intergovernmental Accounts Receivable		219,902
Inventory	25,003	23,075
Total Current Assets:	<u>153,023</u>	<u>572,883</u>
Fixed Assets		
Equipment	172,030	172,030
Accumulated Depreciation	79,077	71,370
Total Fixed Assets:	<u>92,953</u>	<u>100,660</u>
Total Assets	<u>\$ 245,976</u>	<u>\$ 673,543</u>
LIABILITIES AND NET POSITION:		
Accounts Payable	\$ 60,504	\$ 130,762
Interfund Payable - General Fund	83,862	248,939
Intergovernmental Accounts Payable		162,736
Unearned Revenue	8,657	9,354
Total Liabilities	<u>153,023</u>	<u>551,791</u>
Net Position:		
Investment in Fixed Assets	92,953	100,660
Unreserved Retained Earnings (Deficit)		21,092
Total Net Position	<u>92,953</u>	<u>121,752</u>
Total Liabilities and Net Position	<u>\$ 245,976</u>	<u>\$ 673,543</u>

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	Totals	
	2017	2016
OPERATING REVENUES:		
Local Sources:		
Daily Sales - Reimbursable Programs	\$ 39,816	\$ 21,855
Daily Sales - Non-Reimbursable Programs	19,210	
Satellite Operation Revenue		801,420
Miscellaneous		91
	59,026	823,366
OPERATING EXPENSES:		
Satellite Food Service Operation		801,420
Salaries	442,067	337,509
Employee Benefits	59,272	44,921
Management Fee	145,655	112,139
Supplies and Materials	72,639	138,400
Other Costs	38,990	107,317
Depreciation	7,707	7,707
Cost of Sales - Reimbursable Programs	802,241	474,911
Cost of Sales - Non- Reimbursable Programs	7,532	
	1,576,103	2,024,324
Total Operating Expenses	1,576,103	2,024,324
Operating Loss	(1,517,077)	(1,200,958)
Non-Operating Revenues:		
State Sources:		
State School Lunch Program	14,063	12,178
Federal Sources:		
School Breakfast Program	281,992	223,832
National School Lunch Program	753,735	664,014
National School Lunch Program-Snacks	113,130	86,483
Food Distribution Program	88,588	64,676
Board Subsidy	236,661	73,728
Interest Revenue	109	398
	1,488,278	1,125,309
Total Non-Operating Revenues	1,488,278	1,125,309
Net Income before Operating Transfers	(28,799)	(75,649)
Net Position - July 1 (Restated)	121,752	197,401
Net Position - June 30	\$ 92,953	\$ 121,752

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2017 AND 2016

	Totals	
	2017	2016
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 59,026	\$ 823,367
Payments to Employees	(442,067)	(337,509)
Payments for Employee Benefits	(59,272)	(44,921)
Payments to Suppliers	(1,180,038)	(1,752,804)
Net Cash Provided by (Used for) Operating Activities	(1,622,351)	(1,311,867)
Cash Flows from Noncapital Financing Activities		
Board Subsidy	236,661	50,430
Food Distribution Program	88,588	51,217
Cash Received from State and Federal Reimbursements	1,150,180	1,025,770
Net Cash Provided by Noncapital Financing Activities	1,475,429	1,127,417
Net Cash Used by Capital Financing Activities		
Purchase of Fixed Assets		(5,731)
Net Cash Used by Capital Financing Activities		(5,731)
Cash Flows from Investing Activities:		
Interest Income	109	398
Net Increase (Decrease) in Cash	(146,813)	(189,783)
Cash and Cash Equivalents, July 1 (Restated)	232,596	422,379
Cash and Cash Equivalents, June 30	\$ 85,783	\$ 232,596
Operating Income (Loss)	\$ (1,517,077)	\$ (1,200,958)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:		
Depreciation	7,707	7,707
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable		109,648
(Increase)/Decrease in Interfund Receivable	67,813	(26,626)
(Increase)/Decrease in Intergovernmental Accounts Receivable	219,902	(83,599)
(Increase)/Decrease in Inventory	(1,928)	(10,154)
Increase/(Decrease) in Accounts Payable	(70,258)	36,969
Increase/(Decrease) in Interfund Payable	(165,077)	(120,003)
Increase/(Decrease) in Intergovernmental Accounts Payable	(162,736)	(33,883)
Increase/(Decrease) in Unearned Revenue	(697)	9,032
Total Adjustments	(105,274)	(110,909)
Net Cash Used by Operating Activities	\$ (1,622,351)	\$ (1,311,867)

FIDUCIARY FUNDS

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

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments 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 the payroll transactions of the school.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Unemployment Compensation Expendable Trust	Agency		Total		
		Student Activity	Payroll	2017	2016	
ASSETS:						
Cash and Cash Equivalents	\$ 99,580	\$ 9,674	\$ 23,835	\$ 133,089	\$ 174,925	
Due from Employee					830	
Due from General Fund		1,318		1,318	1,425	
Total Assets	\$ 99,580	\$ 10,992	\$ 23,835	\$ 134,407	\$ 177,180	
LIABILITIES:						
Accounts Payable	\$	\$ 4,918	\$	\$ 4,918	\$ 2,678	
Due to General Fund	13,647		20,411	34,058	24,920	
Due to Student Groups		6,074		6,074	30,257	
Payroll Deductions and Withholding			3,424	3,424	12,779	
Total Liabilities	13,647	10,992	23,835	48,474	70,634	
NET POSITION:						
Unreserved for Unemployment Claims	85,933			85,933	106,546	
Total Liabilities and Net Position	\$ 99,580	\$ 10,992	\$ 23,835	\$ 134,407	\$ 177,180	

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2017

	Expendable Trust Unemployment Funds	
	2017	2016
OPERATING REVENUES:		
Employee Deduction	\$ 33,733	\$ 32,469
Board Contribution	1,124	3,440
Total Revenues	<u>34,857</u>	<u>35,909</u>
OPERATING EXPENSES:		
Unemployment Claims	<u>55,517</u>	<u>55,763</u>
Total Expenses	<u>55,517</u>	<u>55,763</u>
NONOPERATING REVENUES:		
Interest	<u>47</u>	<u>63</u>
Total Non-operating Revenues	<u>47</u>	<u>63</u>
Change in Net Position Before Other Financing Sources	(20,613)	(19,791)
Other Financing Sources:		
Cancellation of Prior Period Accounts Receivable		(4,933)
Change in Net Position	<u>(20,613)</u>	<u>(24,724)</u>
Net Position Beginning of Year (Restated)	<u>106,546</u>	<u>131,270</u>
Net Position End of Year	<u>\$ 85,933</u>	<u>\$ 106,546</u>

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1,</u> <u>2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2017</u>	<u>Balance</u> <u>June 30,</u> <u>2017</u>
Student Activity Fund	\$ 30,257	\$ 195,540	\$ 214,805	\$ 4,918	\$ 6,074

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 23,114	\$ 17,923,390	\$ 17,922,669	\$ 23,835
Due from Employee	830		830	
	<u>\$ 23,944</u>	<u>\$ 17,923,390</u>	<u>\$ 17,923,499</u>	<u>\$ 23,835</u>
LIABILITIES AND RESERVES:				
Due to General Fund	\$ 11,165	\$ 113,273	\$ 104,027	\$ 20,411
Payroll Deductions and Withholdings	12,779	17,810,117	17,819,472	3,424
Total Liabilities and Reserves	<u>\$ 23,944</u>	<u>\$ 17,810,117</u>	<u>\$ 17,819,472</u>	<u>\$ 3,424</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school. This includes serial bonds outstanding and obligations under capital leases.

CAMDEN PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF SERIAL BONDS
AS OF JUNE 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2017</u>
Construction of Renovations to an existing building referred to as The Charter School Network Building	7/8/11	\$2,467,080	2017 - 18 \$	271,600	Subsidized				
			2018 - 19	283,177					
			2019 - 20	295,197					
			2020 - 21	307,829					
			2021 - 22	26,177					
						\$ 1,444,101	\$	\$ 260,121	\$ 1,183,980

CAMDEN PROMISE CHARTER SCHOOL, INC.
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDIND JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy- State Share	\$ 260,121	\$	\$ 260,121	\$ 260,121	\$
Total Revenues - Local Sources	<u>260,121</u>		<u>260,121</u>	<u>260,121</u>	
EXPENDITURES					
Regular Debt Service:					
Redemption of Principal	260,121		260,121	260,121	
Total Regular Debt Service	<u>260,121</u>		<u>260,121</u>	<u>260,121</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balances, July 1					
Fund Balances, June 30	\$	\$	\$	\$	\$
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Invested in Capital Assets, net of related debt	\$ 1,590,748	\$ 2,811,208	\$ 5,915,922	\$ 8,943,016	\$ 8,128,206	\$ 9,778,160	\$ 10,336,151	\$ 2,648,745	\$ 2,465,444	\$ 2,474,270
Restricted:										
Capital Reserve	207,670	391,443	446,009	1,536,608	1,536,608	1,636,608	1,715,645	2,015,645	509,582	278,461
Other Purpose				450,735	534,165	1,003,448	1,816,784	443,507	261,485	75,000
Unrestricted (Deficit)	899,567	2,624,951	3,219,506	1,041,887	2,972,753	2,225,373	1,755,879	839,378	(1,315,625)	(2,245,610)
Total Governmental Activities Net Position	\$ 2,697,985	\$ 5,827,602	\$ 9,581,437	\$ 11,972,246	\$ 13,171,732	\$ 14,643,589	\$ 15,624,459	\$ 5,947,275	\$ 1,920,886	\$ 582,121
Business-Type Activities										
Invested in Capital Assets, net of related debt	\$ 20,825	\$ 17,354	\$ 47,878	\$ 41,317	\$ 34,756	\$ 28,195	\$ 21,634	\$ 39,979	\$ 100,660	\$ 92,953
Unrestricted	136,495	72,389	96,892	53,295	34,573	61,848	164,438	157,422	21,092	
Total Business-Type Activities Net Position	\$ 157,320	\$ 89,743	\$ 144,770	\$ 94,612	\$ 69,329	\$ 90,043	\$ 186,072	\$ 197,401	\$ 121,752	\$ 92,953
District-Wide										
Invested in Capital Assets, net of related debt	\$ 1,611,573	\$ 2,828,562	\$ 5,963,800	\$ 8,984,333	\$ 8,162,962	\$ 9,806,355	\$ 10,357,785	\$ 2,688,724	\$ 2,566,104	\$ 2,567,223
Restricted:										
Capital Reserve	207,670	391,443	446,009	1,536,608	1,536,608	1,636,608	1,715,645	2,015,645	509,582	278,461
Other Purpose				450,735	537,165	1,003,448	1,816,784	443,507	261,485	75,000
Unrestricted (Deficit)	1,036,062	2,697,340	3,316,398	1,095,182	3,007,326	2,287,221	1,920,317	996,800	(1,294,533)	(2,245,610)
Total District-Wide Net Position	\$ 2,855,305	\$ 5,917,345	\$ 9,726,207	\$ 12,066,858	\$ 13,244,061	\$ 14,733,632	\$ 15,810,531	\$ 6,144,676	\$ 2,042,638	\$ 675,074

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,492,744	\$ 5,126,300	\$ 5,757,406	\$ 6,619,938	\$ 7,321,260	\$ 9,321,420	\$ 9,787,724	\$ 11,539,906	\$ 13,211,231	\$ 15,288,338
Support Services										
School Administrative Services	2,362,720	1,720,529	2,272,967	2,744,401	2,547,747	3,075,281	2,586,568	3,230,097	4,730,643	2,215,487
General Administrative Services	3,089,654	2,657,311	2,993,843	3,383,968	3,970,840	5,211,400	6,645,929	6,992,833	6,626,119	3,065,595
Rental of Land and Buildings			249,763	805,827	735,000	455,760	455,760	416,005	322,500	
Plant Operations and Maintenance	834,571	492,124	1,401,233	1,249,944	1,743,482	1,115,027	1,460,823	1,809,709	1,942,420	4,647,323
Pupil Transportation	38,773	9,882	28,642	49,196	21,837	48,735	10,915	3,345	1,400	43,885
Employee Benefits	877,824	1,115,339	1,258,050	1,190,918	1,345,713	1,630,390	2,198,996	3,562,890	4,642,742	10,628,974
Unallocated Depreciation and Amortization	102,190	185,647	236,088	293,287	547,816	617,909	785,416	700,653	567,858	577,333
Total Governmental Activities Expenses	11,798,476	11,307,132	14,197,992	16,337,479	18,233,695	21,475,922	23,932,131	28,255,438	32,044,913	36,466,935
Business-Type Activities										
Food Service	455,955	616,145	698,365	903,352	958,237	1,166,325	1,298,205	1,574,846	2,024,325	1,576,103
Total Business-Type Activities Expense	455,955	616,145	698,365	903,352	958,237	1,166,325	1,298,205	1,574,846	2,024,325	1,576,103
Total District Expenses	\$ 12,254,431	\$ 11,923,277	\$ 14,896,357	\$ 17,240,831	\$ 19,191,932	\$ 22,642,247	\$ 25,230,336	\$ 29,830,284	\$ 34,069,238	\$ 38,043,038
Program Revenues										
Governmental Activities										
Charges for Services	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Grants and Contributions	416,695	2,008,755	2,338,083	2,392,307	2,328,511	2,669,330	2,953,167	4,307,450	3,993,490	5,852,557
Total Governmental Activities Program Revenues	416,695	2,008,755	2,338,083	2,392,307	2,328,511	2,669,330	2,953,167	4,307,450	3,993,490	5,852,557
Business-Type Activities										
Charges for Services										
Food Service	159,201	250,061	284,359	340,381	362,471	480,180	598,722	612,386	823,367	59,026
Operating Grants and Contributions	310,561	358,051	468,789	512,684	578,339	704,114	795,185	916,633	1,051,183	1,251,508
Total Business-Type Activities Program Revenues	469,762	608,112	753,148	853,065	940,810	1,184,294	1,393,907	1,529,019	1,874,550	1,310,534
Total District Program Revenues	\$ 886,457	\$ 2,616,867	\$ 3,091,231	\$ 3,245,372	\$ 3,269,321	\$ 3,853,624	\$ 4,347,074	\$ 5,836,469	\$ 5,868,040	\$ 7,163,091
Net (Expense)/Revenue										
Governmental Activities										
	\$ (11,381,781)	\$ (9,298,377)	\$ (11,859,909)	\$ (13,945,172)	\$ (15,905,184)	\$ (18,806,592)	\$ (20,978,964)	\$ (23,947,988)	\$ (28,051,423)	\$ (30,614,378)
Business-Type Activities										
	13,807	(8,033)	54,783	(50,287)	(17,427)	17,969	95,692	(45,827)	(149,775)	(265,569)
Total District-Wide Net Expense	\$ (11,367,974)	\$ (9,306,410)	\$ (11,805,126)	\$ (13,995,459)	\$ (15,922,611)	\$ (18,788,623)	\$ (20,883,272)	\$ (23,993,815)	\$ (28,201,198)	\$ (30,879,947)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 1,348,679	\$ 504,805	\$ 692,974	\$ 682,532	\$ 6,376,913	\$ 7,336,823	\$ 7,569,299	\$ 8,290,731	\$ 8,167,032	\$ 1,844,556
Unrestricted Grants and Contributions	7,806,333	10,541,843	12,552,522	13,385,840	9,052,849	11,998,137	12,651,599	14,260,143	15,755,038	27,573,488
Investment Earnings		1,674	3,628	2,948	2,412	2,716	106,634	2,769	1,068	1,022
Miscellaneous Income	1,082,691	1,051,682	1,959,660	2,246,537	1,685,697	1,243,763	1,632,302	1,034,434	215,670	124,809
Fixed Asset and Capital Lease Adjustment		327,990		174,907				(7,472,646)		
Cancellation of Prior Accounts Receivable									(40,046)	(31,601)
Transfers				(160)		(3,572)		(65,887)	(73,728)	(236,661)
Total Governmental Activities	10,237,703	12,427,994	15,208,784	16,492,604	17,117,871	20,577,867	21,959,834	16,049,544	24,025,034	29,275,613
Business-Type Activities										
Miscellaneous Income								(8,999)		
Investment Earnings	1,543	456	76	129	113	176	327	268	398	109
Transfer		(60,000)				2,569		65,887	73,728	236,661
Total Business-Type Activities	1,543	(59,544)	76	129	113	2,745	327	57,156	74,126	236,770
Total District-Wide	\$ 10,239,246	\$ 12,368,450	\$ 15,208,860	\$ 16,492,733	\$ 17,117,984	\$ 20,580,612	\$ 21,960,161	\$ 16,106,700	\$ 24,099,160	\$ 29,512,383
Change in Net Position										
Governmental Activities										
	\$ (1,144,078)	\$ 3,129,617	\$ 1,315,795	\$ 2,390,809	\$ 1,212,687	\$ 1,771,275	\$ 980,870	\$ (7,898,444)	\$ (4,026,389)	\$ (1,338,765)
Business-Type Activities										
	15,350	(67,577)	44,495	(50,158)	(17,314)	20,714	96,029	11,329	(75,649)	(28,799)
Total District-Wide	\$ (1,128,728)	\$ 3,062,040	\$ 1,360,290	\$ 2,340,651	\$ 1,195,373	\$ 1,791,989	\$ 1,076,899	\$ (7,887,115)	\$ (4,102,038)	\$ (1,367,564)

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Reserve	8,739	32,628	22,009	1,339,733	1,339,733	1,439,733	1,518,770	1,818,770	509,582	278,461
Escrow Account					414,994	300,000	300,000	300,000	261,485	75,000
Assigned										
Year-end Encumbrances			926,981	450,735		1,182,829	720,750	564,757	56,013	
Designated for Subsequent Year's Expenditure							730,205	249,722	538,772	
Unrestricted	846,623	2,366,715	2,070,339	820,086	2,265,542	1,595,455	1,672,811	1,806,917		175,000
Total General Fund	\$ 855,362	\$ 2,399,343	\$ 3,019,329	\$ 2,610,554	\$ 4,020,269	\$ 4,518,017	\$ 4,942,536	\$ 4,740,166	\$ 1,365,852	\$ 528,461
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Reserve					176,430	69,840	67,312	67,312		
Escrow Account	196,875	380,517	421,944	196,875	286,875	90,000	90,000	74,195		
Unrestrictive										
Capital Project	2,056									
Year-end Encumbrances					270,735					
Total All Other Governmental Funds	\$ 198,931	\$ 380,517	\$ 421,944	\$ 196,875	\$ 734,040	\$ 159,840	\$ 157,312	\$ 141,507	\$	\$

Source: CAFR Schedule B-1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 1,348,679	\$ 511,572	\$ 692,974	\$ 6,429,939	\$ 6,376,913	\$ 7,336,823	\$ 7,569,299	\$ 8,290,731	\$ 8,167,032	\$ 1,844,556
Rental	974,180	908,232	1,204,673	1,670,500	1,479,875	1,035,648	1,259,073	828,775	160,000	
Interest Earnings	6,663	2,551	1,881	1,201	918	1,047	1,185	1,742	611	1,022
Miscellaneous	101,848	139,336	756,734	188,746	207,133	209,784	478,678	206,686	56,127	124,809
State Sources	8,115,284	10,996,588	13,234,664	8,414,942	10,092,324	13,361,202	13,954,469	15,372,611	15,624,653	27,523,497
Federal Sources	1,319,056	1,541,877	1,655,941	1,873,147	1,289,036	1,306,265	1,650,297	1,685,593	1,918,495	1,977,284
Total Revenues	11,865,710	14,100,156	17,546,867	18,578,475	19,446,199	23,250,769	24,913,001	26,386,138	25,926,918	31,471,168
Expenditures										
Instruction										
Regular Instruction	4,492,744	5,126,300	5,757,406	6,619,938	7,321,260	9,321,420	9,787,724	11,539,906	13,211,231	15,288,338
Support Services										
General Administrative Services	2,362,720	1,592,898	2,421,425	3,157,707	2,941,941	3,614,790	3,057,542	3,231,517	4,731,754	2,215,487
School Administrative Services	1,146,243	959,388	864,398	1,008,607	1,144,826	1,976,078	2,026,617	2,220,282	2,106,092	3,065,595
Support	1,938,616	1,806,913	1,980,987	1,962,055	2,562,898	2,696,711	4,149,226	4,141,999	3,387,634	
Plant Operations and Maintenance	410,787	492,124	1,401,598	1,262,216	1,743,482	1,115,027	1,460,823	1,809,709	1,791,501	4,647,323
Pupil Transportation	51,589	22,957	43,086	119,720	180,561	48,735	10,915	3,345	1,400	43,885
Rental of Land and Building			249,763	805,827	735,000	455,760	455,760	416,005	322,500	
Unallocated Employee Benefits	877,824	1,115,339	1,258,050	1,307,823	1,203,670	1,630,390	2,198,996	2,689,770	3,287,333	6,195,937
Capital Outlay	427,084	950,632	3,313,701	2,945,388	2,132,944	2,062,210	1,126,558	257,239	445,517	323,611
Debt Service Principal						205,653	216,849	228,654	240,878	260,121
Total Expenditures	11,707,607	12,066,551	17,290,414	19,189,281	19,966,582	23,126,774	24,491,010	26,538,426	29,525,840	32,040,297
Excess (Deficiency) of Revenues Over (Under) Expenditures	158,103	2,033,605	256,453	(610,806)	(520,383)	123,995	421,991	(152,288)	(3,598,922)	(569,129)
Other Financing Sources (Uses)										
Prior Year Adjustment		(308,714)		(24,934)					(8,457)	
Transfers				(160)		(3,572)		(65,887)	(73,728)	(236,661)
Cancellation: Prior Accounts Receivable									(31,589)	(31,601)
Total Other Financing Sources (Uses)		(308,714)		(25,094)	(520,383)	(3,572)		(65,887)	(113,774)	(268,262)
Net Change in Fund Balances	\$ 158,103	\$ 1,724,891	\$ 256,453	\$ (653,900)	\$ 1,071,859	\$ 120,423	\$ 421,991	\$ (218,175)	\$ (3,712,696)	\$ (837,391)
Debt Service as a Percentage of Noncapital Expenditures										
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	2.6%	2.5%	0.0%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Donation	Rentals	Services to Other LEAs	Refund of Prior Year Expenditure	Prior Year Purchase Order Adj.	Parades	KATZ Shared Service	Misc.	Total
2017	\$ 1,022	\$	\$	\$	\$ 30,674	\$ 47,011	\$	\$	\$ 47,124	\$ 125,831
2016	1,355		160,000		15,198	8,344			31,631	216,528
2015	2,769	23,182	856,123	6,360	6,697	4,803		5,209	131,533	1,036,676
2014	3,018	31,950	1,506,568	44,440	22,999	17,036	2,400	46,250	63,777	1,738,438
2013	2,716	30,782	1,074,586	83,583	2,433	25,292			24,108	1,243,500
2012	2,412		1,617,195		14,460	26			40,116	1,674,209
2011	2,619		1,806,500			12,338			29,581	1,851,038
2010	3,628		1,719,390		13,210	113,100			29,789	1,879,117
2009	4,225		908,232			20,815			106,435	1,039,707
2008	13,526		974,180		3,054	7,257			84,674	1,082,691

Source: District Records

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>	
2017	*	74,102	\$ 3,598,840,852	\$ 48,566	9.8%
2016		74,420	3,600,052,920	48,324	10.1%
2015		76,119	3,586,760,011	48,084	11.1%
2014		76,504	3,586,966,544	46,886	12.7%
2013		77,023	3,471,965,771	45,077	16.0%
2012		77,367	3,461,554,314	44,742	18.5%
2011		77,594	3,423,059,310	44,115	19.6%
2010		77,310	3,246,478,830	41,993	18.6%
2009		78,790	3,280,894,390	41,641	17.8%
2008		79,519	3,210,564,464	41,373	11.8%

* Estimate

** The above demographics reflect the entire City of Camden population.

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

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

N/A - Not Available at time of Audit

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	76	89	116	101	108	138	175	182	175	212
Special education	9	11	16	16	20	24	27	31	31	40
Other special education							2			
Vocational										
Other instruction										
Support Services:										
Tuition										
Student & instruction related services	3	3	4	2	2	1	1	1	1	1
General administrative services	6	6	6	6	6	10	9	9	9	9
School administrative services	1	1	2	3	3	4	4	4	4	5
Business administrative services	-	-	1	4	4	4	5	5	5	5
Plant operations and maintenance	-	1	1	2	2	3	2	2	2	3
Pupil transportation	1	3	3	1	1	5	7	7	7	7
Food Service	4	4	-	1	1	1	1	1	1	1
Total	100	118	149	136	147	190	233	242	235	283

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2017	1,895	\$ 31,456,565	\$ 16,600	-78%	252	8:1	1,895.5	1,819.7	22.13%	96.00%
2016	1,554	29,231,242	76,414	8.3%	208	8:1	1,552.0	1,489.6	4.33%	95.98%
2015	1,480	26,281,187	70,559	5.4%	213	7:1	1,487.5	1,420.9	9.42%	95.52%
2014	1,356	23,364,452	66,913	6.9%	187	7:1	1,359.5	1,297.7	5.84%	95.46%
2013	1,278	20,972,018	62,570	22.1%	170	8:1	1,284.4	1,211.9	22.18%	94.35%
2012	1,029	17,816,957	51,241	4.3%	134	8:1	1,051.2	1,004.0	7.82%	95.51%
2011	990	16,056,464	49,136	14.2%	120	8:1	975.0	909.5	4.90%	93.28%
2010	922	13,976,713	43,036	50.6%	125	7:1	929.5	866.0	17.72%	93.16%
2009	778	11,136,058	28,578	2.7%	107	7:1	789.6	742.3	-0.75%	94.01%
2008	797	11,084,915	27,818	1.2%	94	8:1	795.6	753.0	1.18%	94.65%

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

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
 (UNAUDITED)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
Elementary										
Parkside										
Square Feet						33,066	33,066	33,066	33,066	33,066
Capacity (students)						334	334	334	334	334
Enrollment						135	149	160	148	146
Rosedale										
Square Feet						12,800	12,800	12,800	12,800	12,800
Capacity (students)						500	500	500	500	500
Enrollment						60	90	160	172	259
Camden's Pride Charter School, Inc.										
Square Feet			85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)			126	168	168	240	240	240	240	340
Enrollment			126	168	210	240	240	239	240	335
Middle										
Camden's Promise Charter School, Inc.										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)	480	480	480	480	480	480	480	480	480	590
Enrollment	308	302	306	307	299	314	322	341	369	587
High										
Camden's Academy Charter High School, Inc.										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)	500	500	500	500	500	500	500	500	500	570
Enrollment	399	388	408	413	404	413	465	464	496	568
Other										
Administration Building	N/A									
Square Feet										
Transportation										
Square Feet										
Maintenance Offices										
Square Feet										

Number of Schools at June 30, 2017
 Elementary = 2
 Middle School = 1
 High School = 1
 Other =

Source: District records, ASSA

Note: Increases in square footage and capacity are the result of additions.
 Enrollment is based on the annual October district count.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
	July 1, 2016 - July 1, 2017:		
NJSIG	Commercial Policy		
	Property - Blanket Building & Personal Property	\$ 3,510,600	\$ 1,000
	Comprehensive General Liability		
	Products and Completed Operations	11,000,000	1,000
	Personal Advertising Injury	11,000,000	1,000
	Bodily Injury & Property Damage	11,000,000	1,000
	Employee Benefits Liability	11,000,000	1,000
	Comprehensive Automobile Liability	11,000,000	1,000
	Boiler and Machinery	100,000,000	1,000
	Employee Dishonesty Coverage	100,000	1,000
	Inland Marine	900,000	1,000
	Legal Liability	6,000,000	5,000
	Workman's Compensation:		
	Bodily Injury from Accident	2,000,000	
	Bodily Injury from Disease/Aggregate Limit	2,000,000	
	Bodily Injury from Disease/ Each Employee	2,000,000	
Markel Ins. Co.	Workman's Compensation Supplemental Policy	Full Salary	
	Surety Bonds		
NJ School Boards	Treasurer's Bond	475,000	
Ohio Casualty Ins. Co.	Business Administrator	50,000	
Berkley Ins. Co.	Compulsory Student Accident	1,000,000	
U.S. Fire Ins. Co.	Catastrophic Student Accident	5,000,000	
	Catastrophic Cash Benefit - Maximum Benefit	500,000	25,000

Source: District Records

CAMDENS PROMISE CHARTER SCHOOL, INC
CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE - FISCAL RATIOS

JUNE 30, 2017
(UNAUDITED)

	2015	2016	2017	Source	
Cash	\$ 4,497,662	\$ 1,272,521	\$ 1,304,029	Audit: Exhibit A-1	
Current Assets	5,916,410	2,274,417	2,140,402	Audit: Exhibit A-1	
Total Assets	10,290,113	6,284,622	6,052,974	Audit: Exhibit A-1	
Current Liabilities	1,746,800	1,147,573	1,568,738	Audit: Exhibit A-1	
Total Liabilities	4,086,333	4,779,805	7,803,366	Audit: Exhibit A-1	
Net Position	\$ 6,203,780	\$ 2,042,638	\$ 675,074	Audit: Exhibit A-1	
Total Revenue	21,943,169	29,967,200	36,707,075	Audit: Exhibit A-2	
Total Expenses	29,830,284	34,069,238	38,043,038	Audit: Exhibit A-2	
Change in Net Position	\$ (7,887,115)	\$ (4,102,038)	\$ (1,367,564)	Audit: Exhibit A-2	
Depreciation Expense	700,653	567,858	574,906	Financial Statements/ Audit Workpapers	
Interest Expense	N/A	N/A	N/A	Financial Statements/ Audit Workpapers	
Principal Payments	228,654	240,878	303,272	Financial Statements/ Audit Workpapers	
Interest Payments	107,972	83,493	72,214	Financial Statements/ Audit Workpapers	
Final Average Daily Enrollment	1,480	1,554	1,895	DOE Enrollment Reports	
March 30th Budgeted Enrollment	1,309	1,605	1,895	Charter School Budget	
	2015	2016	2017	3 Year Cumulative	Source
Near Term Indicators					
Current Ratio	3.39	1.98	1.36	2.31	Current Assets/ Current Liabilities
Unrestricted Days Cash	55.03	13.63	12.51	25.33	Cash/ (Total Expenses/365)
Enrollment Variance	104%	97%	100%	102%	Average Daily Enrollment / Budgeted Enrollment
Default	N/A	N/A	N/A	N/A	Audit
Sustainability Indicators					
Total Margin	36%	14%	-4%	-15%	Change in Net Position/ Total Revenue
Debt to Asset	0.40	0.76	1.29	0.74	Total Liabilities/ Total Assets
Cash Flow	(615,598)	(3,225,141)	31,508	(3,809,231)	Net change in cash flow from prior years
Debt Service Coverage Ratio	(23)	(13)	(4)	(13)	(Change in Net Position+Interest Expense) (Principal & Interest Payments)

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the Camden's Promise Charter School, Inc., in the County of Camden, 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 Board of Trustees of the Camden's Promise Charter School, Inc.'s basic financial statements and have issued our report thereon dated November 2, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Camden's Promise Charter School, Inc. Board of Trustees' internal control over financial reporting 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 Camden's Promise Charter School, Inc. Board of Trustees' internal control. Accordingly, we do not express an opinion on the effectiveness of the Camden's Promise Charter School, Inc. Board of Trustees' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency labeled 2017-1 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

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

Compliance and Other Matters

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

Camden's Promise Charter School, Inc. Board of Trustees' Response to Findings

Camden's Promise Charter School, Inc. Board of Trustees' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

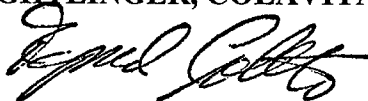
Purpose of this Report

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 in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Camden's Promise Charter School, Inc. Board of Trustees, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 2, 2017

NIGHTLINGER, COLAVITA & VOLPA

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Trustees of the Camden's Promise Charter School, Inc., in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Camden's Promise Charter School, Inc.'s major federal and state programs for the fiscal year ended June 30, 2017. The Camden's Promise Charter School, Inc. Board of Trustees' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of statutes, regulations, and the terms and conditions of its grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Camden's Promise Charter School, Inc. Board of Trustees' major federal and state compliance based on our audit of the types of compliance requirements referred 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 15-08, 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Camden's Promise Charter School, Inc. Board of Trustees' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Camden's Promise Charter School, Inc. Board of Trustees' compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Trustees of the Camden's Promise Charter School, Inc., in the County of Camden, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Camden's Promise Charter School, Inc.'s Board of Trustees is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered Camden's Promise Charter School, Inc. Board of Trustees' internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Camden's Promise Charter School, Inc. Board of Trustees' internal control over compliance.

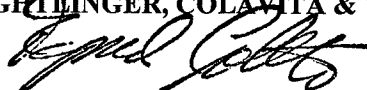
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Trustees in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 2, 2017. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB 15-08.

This report is intended solely for the information and use of the audit committee, management, the Camden's Promise Charter School, Inc. Board of Trustees, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 2, 2017

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/ Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2016				Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2017		
						(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received					(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education																
General Fund																
Medical Assistance Program	93.778	1705NJ5MAP		\$ 49,991	7/1/16 to 6/30/17	\$	\$	\$	\$ 49,991	\$ (49,991)	\$	\$ (49,991)	\$	\$	\$	
									49,991	(49,991)		(49,991)				
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Child Nutrition Cluster:																
Cash Assistance:																
National School Breakfast Program	10.553	171NJ304N1099	N/A	281,992	7/1/16 to 6/30/17				268,437	(281,992)		(281,992)		(13,555)		
National School Breakfast Program	10.553	16161NJ304N1099	N/A	223,832	7/1/15 to 6/30/16	(7,086)			7,086							
National School Lunch Program	10.555	171NJ304N1099	N/A	753,735	7/1/16 to 6/30/17				725,613	(753,735)		(753,735)		(28,122)		
National School Lunch Program	10.555	16161NJ304N1099	N/A	664,014	7/1/15 to 6/30/16	(22,002)			22,002							
National School Snack Program	10.555	171NJ304N1099	N/A	113,130	7/1/16 to 6/30/17				113,130	(113,130)		(113,130)				
Non-Cash Assistance:																
Food Distribution Program	10.565	Unknown	N/A	87,891	7/1/16 to 6/30/17				87,891	(79,234)		(79,234)		8,657		
Food Distribution Program	10.565	Unknown	N/A	60,249	7/1/15 to 6/30/16		9,354			(9,354)		(9,354)				
Total Enterprise Fund:						(29,088)	9,354		1,224,159	(1,237,445)		(1,237,445)		(41,677)	8,657	
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I, Part A	84.010A	S010A160030	NCLB 6215-17	1,503,204	7/1/16 to 6/30/17				1,223,559	(1,493,226)		(1,493,226)		(269,667)		
Title I, Part A	84.010A	S010A150030	NCLB 6215-16	1,439,018	7/1/15 to 6/30/16	(386,554)			386,554							
Title II - A	84.367A	S367A160029	NCLB 6215-17	57,231	7/1/16 to 6/30/17				26,922	(57,231)		(57,231)		(30,309)		
Title II - A	84.367A	S367A150029	NCLB 6215-16	61,562	7/1/15 to 6/30/16	(11,996)			11,996							
Title III	84.365A	S365A160030	NCLB 6215-17	7,754	7/1/16 to 6/30/17				7,754	(7,754)		(7,754)				
Title III	84.365A	S365A150030	NCLB 6215-16	19,532	7/1/15 to 6/30/16	(4,777)			4,777							
IDEA Cluster:																
IDEA Part B-Basic	84.027	H027A160100	IDEA 6215-17	360,205	7/1/16 to 6/30/17				262,426	(355,745)		(355,745)		(93,319)		
IDEA Part B-Basic	84.027	H027A150100	IDEA 6215-16	379,562	7/1/15 to 6/30/16	(50,681)			50,681							
IDEA Preschool	84.173	H173A160114	IDEA PS 6215-17	5,193	7/1/16 to 6/30/17				3,695	(5,193)		(5,193)		(1,498)		
						(454,008)			1,978,364	(1,919,149)		(1,919,149)		(394,793)		
Total Federal Financial Awards						\$ (483,096)	\$ 9,354	\$	\$ 3,252,514	\$ (3,206,585)	\$	\$ (3,206,585)	\$	\$ (436,470)	\$ 8,657	

(A) There were no awards passed through to subrecipients.

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

These funds were audited in accordance with the Uniform Guidance since the total of all grant expenditures exceeded \$750,000.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2016				Repayment of Prior Years' Balances and Adjustments	Balance at June 30, 2017			
				Unearned Revenue (Accounts Receivable)	Due to Local Government	Cash Received	Budgetary Expenditures		(Accounts Receivable) From Districts	Unearned Revenue/ Interfund Payable From State	Due to Local Government	
State Department of Education												
General Fund												
Equalization Aid	17-495-034-5120-078	\$21,577,363	7/1/16 to 6/30/17	\$	\$	\$ 21,910,067	\$ (21,577,363)	\$	\$	\$	\$	\$ 332,704
Equalization Aid	16-495-034-5120-078	18,804,775	7/1/15 to 6/30/16	(139,292)	56,521	135,089	(56,521)	(4,203)				
Equalization Aid	15-495-034-5120-078	19,070,541	7/1/14 to 6/30/15	(18,895)	597	6,059	11,388	(851)				
Equalization Aid	14-495-034-5120-078	17,441,442	7/1/13 to 6/30/14	(518)		518						
Special Education Categorical Aid	17-495-034-5120-089	511,803	7/1/16 to 6/30/17			556,656	(511,803)	(1,285)				46,138
Special Education Categorical Aid	16-495-034-5120-089	516,192	7/1/15 to 6/30/16	(7,102)	41,505	7,102	(41,505)					
Security Aid	17-495-034-5120-084	769,434	7/1/16 to 6/30/17			769,315	(769,434)	(1,009)				890
Security Aid	16-495-034-5120-084	634,683	7/1/15 to 6/30/16	(3,784)	17,068	2,907	(16,410)	(219)				
Security Aid	15-495-034-5120-084	622,241	7/1/14 to 6/30/15	(869)	32	869						32
Adjustment Aid	17-495-034-5120-085	1,800,725	7/1/16 to 6/30/17			1,590,438	(1,800,725)	(210,287)				
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	901,534	7/1/16 to 6/30/17			892,796	(901,534)			(8,738)		
Reimbursed TPAF Social Security Contribution	16-495-034-5094-003	782,255	7/1/15 to 6/30/16	(8,396)	900	8,614	(1,118)					
Total General Fund				\$ (178,856)	\$ 116,623	\$ 25,880,430	\$ (25,560,859)	\$ (104,166)	\$ (217,854)	\$ (8,738)	\$	\$ 379,764
Special Revenue Fund												
Tech-Prep Grant	NOG05 BV10 G06	19,019	7/1/05 to 6/30/06	\$ 6,517	\$	\$	\$	\$	\$	\$	\$ 6,517	\$
Total Special Revenue Fund				6,517							6,517	
Debt Service Fund												
Equalization Aid	17-495-034-5120-078	260,121	7/1/16 to 6/30/17			260,121	(260,121)					
State Department of Agriculture												
Enterprise Fund - State Share:												
National School Lunch Program	17-100-010-3350-023	14,063	7/1/16 to 6/30/17			13,503	(14,063)	(560)				
National School Lunch Program	16-100-010-3350-023	12,178	7/1/15 to 6/30/16	(409)		409						
				(409)		13,912	(14,063)	(560)				
Total State Financial Assistance Subject to OMB 15-08				\$ (172,748)	\$ 116,623	\$ 26,154,463	\$ (25,835,043)	\$ (104,166)	\$ (218,414)	\$ (8,738)	\$ 6,517	\$ 379,764
State Financial Assistance Not Subject to OMB 15-08												
On-Behalf TPAF Post Retirement Medical	17-495-034-5095-001	895,968	7/1/16 to 6/30/17			\$ 895,968	\$ (895,968)					
On-Behalf TPAF Pension Contribution	17-495-034-5095-002	1,066,670	7/1/16 to 6/30/17			1,066,670	(1,066,670)					
Total State Financial Assistance						\$ 28,117,101	\$ (27,797,681)					

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULE OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 1: GENERAL

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Trustees, Camden's Promise Charter School, Inc. The board of trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Charter School has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULE OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 49,991	\$ 27,263,376	\$ 27,313,367
Special Revenue Fund	1,927,293		1,927,293
Debt Service Fund		260,121	260,121
Food Service Fund	1,237,445	14,063	1,251,508
Total Awards & Financial Assistance	<u>\$ 3,214,729</u>	<u>\$ 27,537,560</u>	<u>\$ 30,752,289</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

Camden's Promise Charter School had no outstanding loans 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 represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

NOTE 7: SCHOOL-WIDE PROGRAM FUNDS

The District's Federal Programs are maintained on a school-wide basis.

NOTE 8: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

NOTE 9: ADJUSTMENTS

None

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? X yes _____ none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ Yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? _____ yes X no

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.010A	S010A160030	Title I, Part A

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 775,051

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
17-495-034-5120-078	Equalization Aid
17-495-034-5120-089	Special Education Categorical Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-085	Adjustment Aid
17-495-034-5094-003	Reimbursed TPAF Social Security

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Circular 15-08 audit.

Finding: Finding 2017-1 (AMR Finding 2017-1)

Criteria or specific requirement:

Where insufficient funds are available to support the operating needs of the food service program, a Board subsidy may be transferred to cover any deficit or shortfall in net position during School Year.

Condition:

The Food Service Fund operated in a deficit position requiring a significant Board subsidy.

Context:

The initial Board Subsidy submitted by the Board Office was insufficient to cover the deficit in the unrestricted Net Position of the Food Service Fund at June 30, 2017.

Effect:

A significant increase to the initial Board Subsidy was necessary to cover a deficit in net position at June 30, 2017.

Cause:

Special Function expenses exceeded matching revenue sources for the 2016-17 School Year.

Recommendation:

A review of the Food Service meal collection policy should be performed, in order to reduce the necessary Board subsidy.

Management's response:

Management is aware of the finding and agrees with the recommendation.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

This section identifies the audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable, for State Financial Assistance.

FEDERAL AWARDS - N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS - N/A

Finding:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a) (b) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS *

Camden's Promise Charter School, Inc.; Camden's Academy Charter High School, Inc.; Camden's Pride Charter School, Inc.:

Finding: 2016-1

Condition: The Treasurer's surety bond coverage, for the 2015-16 school year, was not updated to reflect the new Treasurer.

Current Status: Resolved.

KATZ Dalsey Academy Charter School, Inc.:

Finding: 2016-1

Condition: The 2015-16 TPAF Reimbursement to the State of New Jersey was reflected as a reserve for encumbrance instead of accounts payable, at June 30, 2016.

Current Status: Resolved.

Finding: 2016-2

Condition: The Treasurer's surety bond coverage, for the 2015-16 school year, was not updated to reflect the new Treasurer.

Current Status: Resolved.

* Status of prior year findings considers each of the four Charter Schools prior to their Merger at June 30, 2016.