

**INTERNATIONAL ACADEMY OF TRENTON
CHARTER SCHOOL**

**Board of Trustees
International Academy of Trenton
Charter School
Trenton, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual
Financial Report**

of the

**INTERNATIONAL ACADEMY OF TRENTON
CHARTER SCHOOL**

Trenton, New Jersey

For the Fiscal Year Ended June 30, 2017

**Prepared by
International Academy of Trenton
Charter School
Finance Department**

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INTRODUCTORY SECTION



International Academy
of Trenton Charter School

November 2, 2017

The Honorable President and Members
of the Board of Trustees
International Academy of Trenton Charter School
Trenton, New Jersey

Dear Board Members:

The comprehensive annual financial report of the International Academy of Trenton Charter School (the "Charter School") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School's organizational chart, roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the Charter School's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the Charter School, generally presented on a multi-year basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The International Academy of Trenton Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the Charter School are included in this report. The International Academy of Trenton Charter School constitutes the Charter School's reporting entity.

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1) REPORTING ENTITY AND ITS SERVICES: (Cont'd)

The mission of the International Academy of Trenton Charter School is to show mastery of a standards driven, international, college preparatory curriculum, delivered through proven, research based instruction. Students will develop positive values and social behaviors through a nurturing school climate and student culture activities. We will accomplish this mission by providing any child who enrolls in our school regardless of his or her background, socio-economic status, prior academic experience, or other factors with a world-class and proven college-preparatory public education in a student centered setting that emphasizes community, civic responsibility, and personal development as well as academic rigor.

The Charter School completed the 2016-2017 period; its second year of operation, with an enrollment of 541 students.

2) ECONOMIC CONDITION AND OUTLOOK:

The school is serving 541 students in 2016-17 and will serve 698 students by 2017-18. We continue to monitor legislation in Trenton through the Charter Public School Association that would affect Charter funding – specifically facilities cost aid and health and pension reforms.

3) MAJOR INITIATIVES:

- **Standards-Driven Curriculum with Clear Student Learning Objectives (SLOs):** Our school will implement standards-driven curriculum that contains clearly defined student-learning objectives aligned to the NJ Performance Framework at both the grade level and content level. Our curriculum will be aligned with the Common Core State Standards and the New Jersey Core Curriculum Content Standards (CCCS), as well as with International standards. Our curriculum will not only ensure students are prepared for success in college but life beyond college as well.
- **International Theme:** The curriculum, textbooks, world language program, staff development, academic and community partnerships, and global perspective will drive the international theme. The school curriculum is not just based on state and federal standards in the U.S., but it is influenced by international standards and teachings.
- **Data-Driven Culture:** At our school, data will drive every decision we make, whether it is big or small. We will use data to drive high expectations, focus in on accountability, and measure performance. Data will be constantly gathered and analyzed to look at performance school-wide, at the grade level, at the individual classroom, and at the student level. It will be used to focus on improving teachers, learning, culture, and climate.
- **Clear goals, high expectations, and strong accountability for performance:** Our staff, students, and parents will know and support our goals and our expectations. Stakeholders across all levels of the school will be held accountable for high student performance—from the school director to the classroom teacher and all other staff in between.

3) MAJOR INITIATIVES: (Cont'd)

- **Effective Assessment & Intervention Strategies:** At our school, weekly assessment will be a key factor to improving student performance. Our assessments will drive classroom instruction, professional development, intervention, and enrichment. We will utilize various intervention strategies such as teacher tutoring and peer tutoring through student prefects, etc.
- **Research-based Effective Instructional Methods:** Teachers at our school will implement research-based, instructional methods. Teachers will receive extensive, job-embedded professional development concerning instructional delivery and class management techniques.
- **Intentional Use of Time:** Our school will maximize every minute within an already longer school day than in the local district schools. We understand that the efficient use of time is an extremely important driver of school success. Accordingly, we have created a school schedule that is very intentional and focuses heavily on ensuring students are proficient in reading and math in the lower grades. Students will have seven to ten periods of both English language arts and math each week in addition to other subjects.
- **Student Life Organization:** Our school will have a student life organization, which will be an integral part of our educational model and an important part of every school day. Emphasizing the acquisition of “life skills” through real-life experiences, the SABIS Student Life Organization® is a student-led society that empowers pupils to hold real responsibility for many aspects of school life.
- **Home-to-school links:** We will encourage meaningful parent/guardian involvement and establish strong partnerships with a wide range of agencies that provide social, emotional, educational, and practical support for students.

4) INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state awards, the Charter School also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the Charter School's management.

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Trustees. Annual appropriated budgets are adopted for the General and Special Revenue Funds. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the period 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2017.

6) ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

The 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. A schedule of the Charter School's insurance coverage is found on Exhibit J-20.

9) OTHER INFORMATION:


Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Trustees at its organization meeting.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

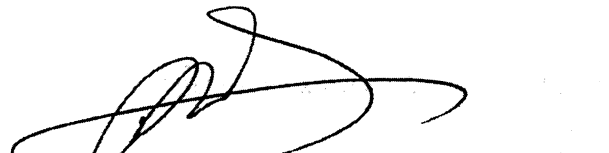
The Honorable President and Members
of the Board of Trustees
International Academy of Trenton Charter School
Page 5
November 2, 2017

10) ACKNOWLEDGMENTS:

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

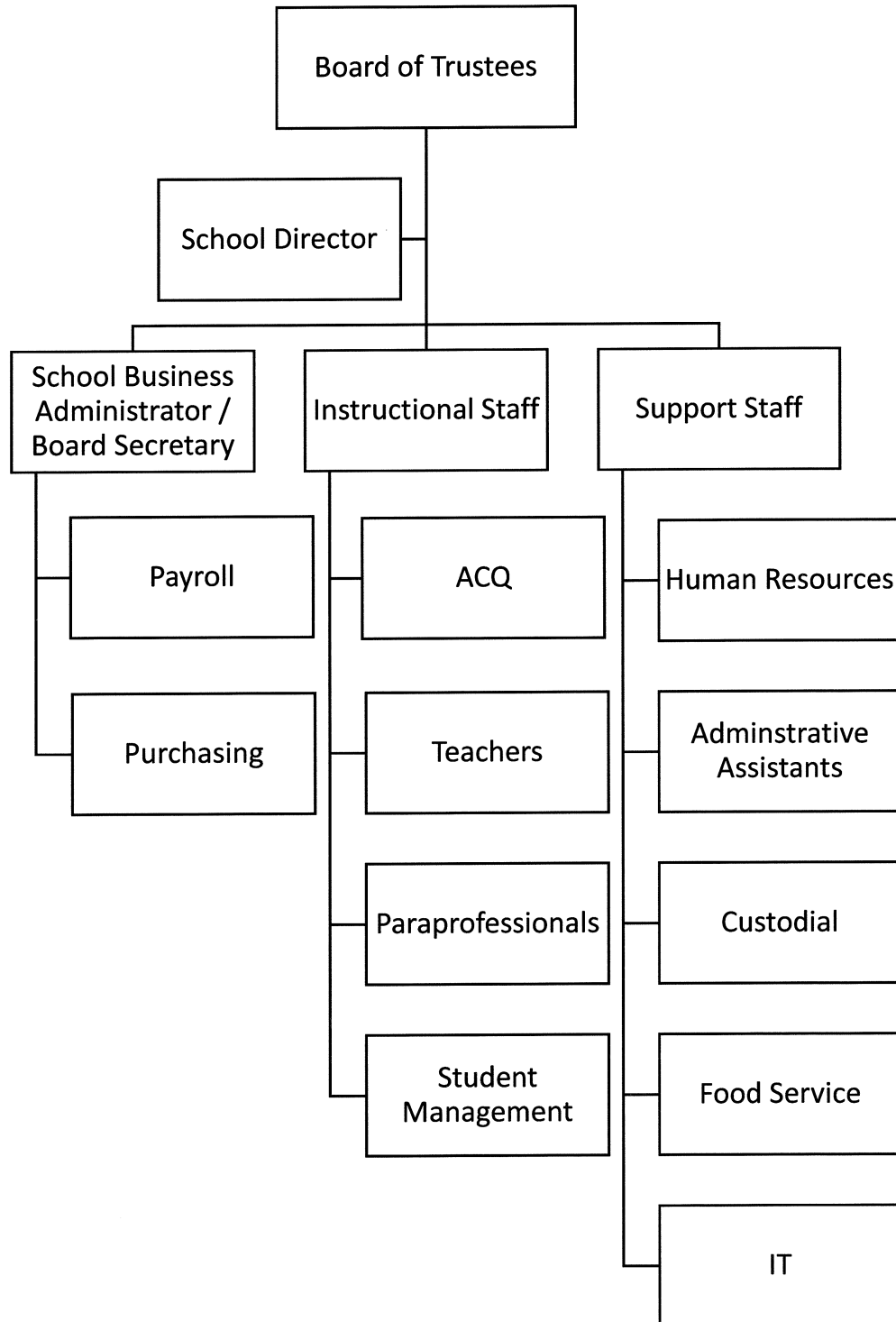


Dominique Taylor / School Director



Michael Falkowski / Business Administrator

**INTERNATIONAL ACADEMY OF TRENTON
CHARTER SCHOOL
ORGANIZATIONAL CHART**



INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
 ROSTER OF OFFICIALS
 JUNE 30, 2017

<u>Board of Trustees</u>	<u>Position</u>	<u>Expiration of Term</u>
Larry Chenault	President	June 2020
Cheng Hseih	Vice President	June 2020
Dr. William Maddox	Treasurer	June 2020
Christopher Emigholz	Member	June 2020
Dr. Darrell Jackson	Member	June 2020
Dr. Audrey Miller	Member	June 2020
Terron Simmons	Member	June 2020
<u>Other Officials</u>	<u>Title</u>	
Jay Kamau	School Director	
Michael Falkowski	Business Administrator/Board Secretary	

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
CONSULTANTS AND ADVISORS

Audit Firm

Nisivoccia LLP

Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ, 07856
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Copehart Scatchard

8000 Midlantic Drive, Suite 3005
PO Box 5016
Mount Laurel, NJ 08054

Official Depository

PNC Bank

Two Tower Center Boulevard, 21st Floor
East Brunswick, NJ 08816

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Trustees
International Academy of Trenton Charter School
County of Mercer, 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 International Academy of Trenton Charter School (the "Charter School") in the County of Mercer, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise of 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the International Academy of Trenton Charter School, in the County of Mercer, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, and the budgetary comparison information in Exhibits C-1 through C-3 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 District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Trustees
International Academy of Trenton Charter School
Page 3

Other Information

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

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

Nisivoccia, LLP

November 2, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

**INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

This section of International Academy of Trenton Charter School's annual financial report presents its discussion and analysis of the Charter School's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which immediately follow this section.

Financial Highlights

- The fiscal year ending June 30, 2017 was the Charter School's third period of operations.
- The Charter School's overall net position was \$1,504,154 as of June 30, 2017.
- Overall revenue was \$7,718,115 for the current fiscal year.
- Overall expenses were \$8,302,969 for the current fiscal year.

Overview of the Financial Statements

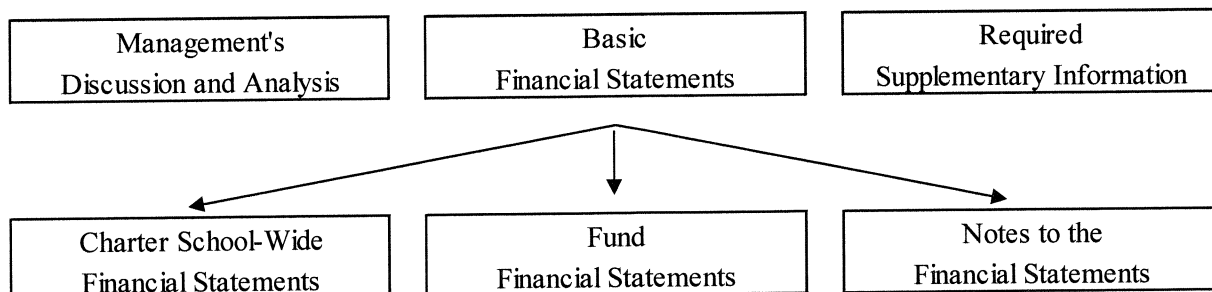
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Charter School:

- The first two statements are *Charter School-wide financial statements* that provide both *short-term* and *long-term* information about the Charter School's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Charter School, reporting the School's operations in *more* detail than the Charter School-Wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- The *proprietary funds statements* offer short- and long-term financial information about the activities the School operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the Charter School acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Charter School's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the International Academy of Trenton Charter School's Financial Report



**INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Figure A-2 summarizes the major features of the Charter School's financial statements, including the portion of the Charter School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the Charter School-wide and Fund Financial Statements

	Charter School-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School operates similar to private businesses: food services.	Instances in which the School administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Charter School-wide Statements

The Charter School-wide statements report information about the Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Charter School's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Charter School-wide statements report the Charter School's *net position* and how they have changed. Net positions – the difference between the Charter School's assets, outflows and deferred inflows, and liabilities – is one way to measure the Charter School's financial health or *position*.

- Over time, increases or decreases in the School's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Charter School's overall health, you need to consider additional nonfinancial factors such as changes in the Charter School's property tax base and enrollment and the condition of school buildings and other facilities.

In the Charter School-wide financial statements, the School's activities are in the following category:

- *Governmental activities*: Most of the Charter School's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Charter School's funds, focusing on its most significant or "major" funds – not the Charter School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The Charter School establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The School has three kinds of funds:

- *Governmental funds*: Most of the Charter School's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter School's programs. Because this information does not encompass the additional long-term focus of the Charter School-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Fund Financial Statements

- *Proprietary funds:* Services for which the Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Charter School-wide statements. The Charter School's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information (such as cash flows). *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The Charter School currently does not maintain any internal service funds.
- *Fiduciary funds:* The Charter School is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The Charter School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Charter School excludes these activities from the Charter School-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the School as a Whole

Net Position. The Charter School's *combined* net position was \$1,504,154 as of June 30, 2017 – a decrease of \$584,854, or 28.00% from the prior year. (See Figure A-3).

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total Charter School		% Change
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Current and							
Other Assets	\$ 2,099,349	\$ 1,966,201	\$ 2,853	\$ 6,471	\$ 2,102,202	\$ 1,972,672	-6.16%
Capital Assets, Net	53,200				53,200		-100.00%
Total Assets	2,152,549	1,966,201	2,853	6,471	2,155,402	1,972,672	-8.48%
Other Liabilities	65,169	464,029	1,225	4,489	66,394	468,518	605.66%
Total Liabilities	65,169	464,029	1,225	4,489	66,394	468,518	605.66%
Net Position:							
Investment in							
Capital Assets	53,200				53,200		-100.00%
Restricted	75,000	75,000			75,000	75,000	0.00%
Unrestricted	1,959,180	1,427,172	1,628	1,982	1,960,808	1,429,154	-27.11%
Total Net Position	\$ 2,087,380	\$ 1,502,172	\$ 1,628	\$ 1,982	\$ 2,089,008	\$ 1,504,154	-28.00%

**INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Changes in Net Position. The Charter School's combined net position decreased by \$584,854 – governmental activities decreased \$585,208 and business-type activities increased \$354. The Charter School's net position invested in capital assets decreased \$53,200 due to the disposal of capital assets and unrestricted net position decreased \$531,654 primarily due to the appropriation of additional fund balance to support increased expenditures in the 2016-2017 budget.

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Revenue:							
Program Revenue:							
Operating Grants and Contributions	\$ 919,166	\$ 871,910	\$ 250,616	\$ 287,597	\$ 1,169,782	\$ 1,159,507	-0.88%
General Revenue:							
Local Levy -							16.51%
Charter School Aid	5,571,886	6,491,817			5,571,886	6,491,817	-100.00%
Other	50,520	66,791	163		50,683	66,791	31.78%
Total Revenue	<u>6,541,572</u>	<u>7,430,518</u>	<u>250,779</u>	<u>287,597</u>	<u>6,792,351</u>	<u>7,718,115</u>	13.63%
Expenses:							
Instruction	2,911,209	3,909,095			2,911,209	3,909,095	34.28%
Pupil and Instruction Services	248,769	487,431			248,769	487,431	95.94%
Administrative and Business	1,603,546	2,006,359			1,603,546	2,006,359	25.12%
Maintenance and Operations	830,999	1,305,886			830,999	1,305,886	57.15%
Transportation	1,730	415			1,730	415	-76.01%
Other		183,306	249,151	410,477	249,151	593,783	138.32%
Total Expenses	<u>5,596,253</u>	<u>7,892,492</u>	<u>249,151</u>	<u>410,477</u>	<u>5,845,404</u>	<u>8,302,969</u>	42.04%
Transfers		(123,234)		123,234			0.00%
Change in Net Position	<u>\$ 945,319</u>	<u>\$ (585,208)</u>	<u>\$ 1,628</u>	<u>\$ 354</u>	<u>\$ 946,947</u>	<u>\$ (584,854)</u>	-161.76%

Revenue Sources. The Charter School's total revenue for the 2016-2017 school year was \$7,718,115. (See Figure A-5). Charter School Aid (Local and State) accounted for most of the Charter School's revenue (84.11%). Another 15.02% came from state and federal aid for specific programs, and the remaining 0.87% came from miscellaneous sources. (See Figure A-5).

**INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

**Figure A-5
Sources of Revenue for Fiscal Years 2016 and 2017**

	<u>2016</u>	<u>Percentage</u>	<u>2017</u>	<u>Percentage</u>
Sources of Income:				
Local Levy -				
Charter School Aid	\$ 5,571,886	82.03%	\$ 6,491,817	84.11%
Federal and State Categorical Grants	1,169,782	17.22%	1,159,507	15.02%
Other	50,683	0.75%	66,791	0.87%
Total Revenue	<u>\$ 6,792,351</u>	<u>100.00%</u>	<u>\$ 7,718,115</u>	<u>100.00%</u>

Expenses. The total cost of all programs and services was \$8,302,969. The Charter School's expenses are predominantly related to student instruction (52.97%). (See Figure A-6). The Charter School's administrative and business expenses accounted for 24.15% of total costs. The Charter School's maintenance and operations accounted for 15.73% of total costs. The remaining 7.15% of expenses was related to other expenses.

**Figure A-6
Expenses for Fiscal Years 2016 and 2017**

	<u>2016</u>	<u>Percentage</u>	<u>2017</u>	<u>Percentage</u>
Expense Category:				
Instruction	\$ 2,911,209	49.81%	\$ 3,909,095	47.09%
Pupil and Instruction Services	248,769	4.26%	487,431	5.88%
Administrative and Business	1,603,546	27.42%	2,006,359	24.15%
Maintenance and Operations	830,999	14.22%	1,305,886	15.73%
Transportation	1,730	0.03%	415	0.01%
Other	249,151	4.26%	593,783	7.15%
Total Expenses	<u>\$ 5,845,404</u>	<u>100.00%</u>	<u>\$ 8,302,969</u>	<u>100.00%</u>

Governmental Activities

The Charter School managed to create a healthy financial position as of the end of the year through careful budgeting. Careful management of expenses is essential for the Charter School to sustain its financial health.

Figure A-7 presents the cost of five major Charter School activities: instruction, pupil and instruction services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs):

**INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

**Figure A-7
Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>
Instruction	\$ 2,911,209	\$ 3,909,095	\$ 1,992,043	\$ 3,037,185
Pupil and Instruction Services	248,769	487,431	248,769	487,431
Administrative and Business	1,603,546	2,006,359	1,603,546	2,006,359
Maintenance and Operations	830,999	1,305,886	830,999	1,305,886
Transportation	1,730	415	1,730	415
Other		183,306		183,306
	<u>\$ 5,596,253</u>	<u>\$ 7,892,492</u>	<u>\$ 4,677,087</u>	<u>\$ 7,020,582</u>

- The cost of all governmental activities this year was \$7,892,492.
- A significant portion - \$6,491,817 - of the Charter School's activities was financed through amounts raised by local school district tax levies and transferred to the Charter School in the form of Charter School Aid.
- The federal and state governments subsidized certain programs with \$871,910 in grants and contributions.

Financial Analysis of the Charter School's Funds

The Charter School's financial position decreased during the year mostly due to increased expenditures for instructional and administrative services. The Charter School plans future increases in enrollment.

General Fund Budgetary Highlights

Over the course of the year, the Charter School revised the annual operating budget several times. These budget amendments represented changes made between budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Assets

Capital assets of governmental activities decreased by \$53,200 as a result of capital assets disposals of \$66,500 offset by accumulated depreciation of \$13,300 (More detailed information about the Charter School's capital assets is presented in the Note 4 to the Financial Statements).

**Figure A-8
Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Percentage</u>
	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>	<u>Change</u> <u>2016/17</u>
Machinery and Equipment	\$ 53,200	\$ -0-	\$ -0-	\$ -0-	\$ 53,200	\$ -0-	-100.00%
Total Capital Assets - (Net of Depreciation)	<u>\$ 53,200</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 53,200</u>	<u>\$ -0-</u>	-100.00%

**INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Long-term Liabilities

The Charter School had no outstanding long-term liabilities.

Factors Bearing on the Charter School's Future

At this time these financial statements were prepared and audited, the International Academy of Trenton Charter School was aware of existing circumstances that could significantly affect its financial health in the future:

- The School will be expanding one grade per year until the school serves a K-12 student population. The initial school year served K-3 with a student population of 354. In the immediate future, the school will add grade 6 (29 in Grade 5, 196 in Grade 6) in the 2017-2018 school year. Increased revenue will offset the additional expenses necessary to serve the additional students.
- The School is currently leasing a brand, new facility which opened in February 2017.

Contacting the Charter School's Financial Management

This financial report is designed to provide the Charter School's citizens, taxpayers, customers and investors and creditors with a general overview of the School's finances and to demonstrate the Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact School Business Office LLC, 10 Centre Drive, Monroe, New Jersey 08831.

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,560,106		\$ 1,560,106
Receivables from Other Governments:			
Federal	225,005	\$ 101,921	326,926
State	17,867	1,507	19,374
Other Accounts Receivable	66,266		66,266
Internal Balances	96,957	(96,957)	
Total Assets	<u>1,966,201</u>	<u>6,471</u>	<u>1,972,672</u>
LIABILITIES			
Internal Balances			
Accounts Payable - Vendors	222,010	4,489	226,499
Payable to State Government	221,458		221,458
Payable to Local Government	20,561		20,561
Total Liabilities	<u>464,029</u>	<u>4,489</u>	<u>468,518</u>
NET POSITION			
Restricted for Charter School Escrow	75,000		75,000
Unrestricted	1,427,172	1,982	1,429,154
Total Net Position	<u>\$ 1,502,172</u>	<u>\$ 1,982</u>	<u>\$ 1,504,154</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,502,239		\$ 562,943	\$ (2,939,296)		\$ (2,939,296)
Special Education	406,856		308,967	(97,889)		(97,889)
Support Services:						
Student & Instruction Related Services	487,431			(487,431)		(487,431)
General Administrative Services	1,049,106			(1,049,106)		(1,049,106)
School Administrative Services	295,616			(295,616)		(295,616)
Central Services	661,637			(661,637)		(661,637)
Plant Operations and Maintenance	1,305,886			(1,305,886)		(1,305,886)
Pupil Transportation	415			(415)		(415)
Capital Outlay	183,306			(183,306)		(183,306)
Total Governmental Activities	7,892,492		871,910	(7,020,582)		(7,020,582)
Business-Type Activities:						
Food Service	\$ 410,477		\$ 287,597		\$ (122,880)	(122,880)
Total Business-Type Activities	410,477		287,597		(122,880)	(122,880)
Total Primary Government	\$ 8,302,969	\$ - 0 -	\$ 1,159,507	\$ (7,020,582)	(122,880)	(7,143,462)

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue:			
Local Levy:			
Local Share	\$ 674,441		\$ 674,441
State Share	5,817,376		5,817,376
Miscellaneous Income	66,791		66,791
Transfers	(123,234)	\$ 123,234	
	6,435,374	123,234	6,558,608
Total General Revenues and Transfers			
Change in Net Position	(585,208)	354	(584,854)
Net Position - Beginning	2,087,380	1,628	2,089,008
Net Position - Ending	\$ 1,502,172	\$ 1,982	\$ 1,504,154

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,560,106		\$ 1,560,106
Interfund Receivable:			
Special Revenue Fund	225,005		225,005
Food Service Fund	96,957		96,957
Receivables From Other Governments:			
State	17,867		17,867
Federal		\$ 225,005	225,005
Other Accounts Receivable	66,266		66,266
Total Assets	<u>\$ 1,966,201</u>	<u>\$ 225,005</u>	<u>\$ 2,191,206</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable - Vendors	\$ 222,010		\$ 222,010
Interfund Payable:			
General Fund		\$ 225,005	225,005
Payable to Other Governments:			
State	221,458		221,458
Local	20,561		20,561
Total Liabilities	<u>464,029</u>	<u>225,005</u>	<u>689,034</u>
Fund Balances:			
Restricted:			
Charter School Escrow	75,000		75,000
Unassigned:			
General Fund	1,427,172		1,427,172
Total Fund Balances	<u>1,502,172</u>		<u>1,502,172</u>
Total Liabilities and Fund Balances	<u>\$ 1,966,201</u>	<u>\$ 225,005</u>	<u>\$ 2,191,206</u>
Net Position of Governmental Activities			<u>\$ 1,502,172</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUE:			
Local Sources:			
Charter School Aid	\$ 674,441		\$ 674,441
Miscellaneous	66,791		66,791
Total - Local Sources	<u>741,232</u>		<u>741,232</u>
State Sources	6,264,717		6,264,717
Federal Sources		\$ 424,569	424,569
Total Revenue	<u>7,005,949</u>	<u>424,569</u>	<u>7,430,518</u>
 EXPENDITURES			
Current:			
Regular Instruction	2,766,951	265,367	3,032,318
Special Education Instruction	269,336	84,145	353,481
Student & Instruction Related Services	444,668		444,668
General Administrative Services	934,218	75,057	1,009,275
School Administrative Services	250,180		250,180
Central Services	569,527		569,527
Plant Operations and Maintenance	1,284,505		1,284,505
Pupil Transportation	415		415
Employee Benefits - Allocated and Unallocated	764,817		764,817
Capital Outlay	130,106		130,106
Total Expenditures	<u>7,414,723</u>	<u>424,569</u>	<u>7,839,292</u>
 Excess/(Deficiency) of Revenue Over/(under) Expenditures	<u>(408,774)</u>		<u>(408,774)</u>
 OTHER FINANCING USES			
Transfer to Food Service Fund	<u>(123,234)</u>		<u>(123,234)</u>
Total Other Financing Uses	<u>(123,234)</u>		<u>(123,234)</u>
 Net Change in Fund Balances	(532,008)		(532,008)
 Fund Balance—July 1	<u>2,034,180</u>	<u>-0-</u>	<u>2,034,180</u>
 Fund Balance—June 30	<u>\$ 1,502,172</u>	<u>\$ -0-</u>	<u>\$ 1,502,172</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)	\$ (532,008)
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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 disposals differs from capital outlays in the period.

Disposal of Capital Assets	<u>(53,200)</u>
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Change in Net Position - Governmental Funds (Exhibit A-2)	<u>\$ (585,208)</u>
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>
ASSETS:	
Current Assets:	
Intergovernmental Accounts Receivable:	
State	\$ 1,507
Federal	101,921
	103,428
Total Current Assets	103,428
Total Assets	103,428
 LIABILITIES:	
Current Liabilities:	
Accounts Payable- Vendors	4,489
Interfund Payable - General Fund	96,957
	101,446
Total Liabilities	101,446
 NET POSITION:	
Unrestricted	1,982
Total Net Position	\$ 1,982

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	\$ 327,243
Salaries, Benefits & Payroll Taxes	<u>83,234</u>
Total Operating Expenses	<u>410,477</u>
Operating (Loss)	<u>(410,477)</u>
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	4,137
Federal Sources:	
National School Lunch Program	212,270
School Breakfast Program	<u>71,190</u>
Total Non-Operating Revenue	<u>287,597</u>
Change in Net Position before Transfer	(122,880)
Transfer In - General Fund	<u>123,234</u>
Change in Net Position After Transfer	354
Net Position - Beginning of Year	<u>1,628</u>
Net Position - End of Year	<u><u>\$ 1,982</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1899

	<u>Business-Type Activities - Enterprise Funds</u>
Cash Flows From Operating Activities:	
Payments to Food Service Vendor	\$ (323,979)
Payments Salaries, Benefits & Payroll Taxes	<u>(83,234)</u>
Net Cash Used for Operating Activities	<u>(407,213)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program - Received in Food Service Fund	3,921
Federal Sources:	
National School Lunch Program - Received in Food Service Fund	207,048
School Breakfast Program - Received in Food Service Fund	65,618
Transfer from General Fund	<u>130,626</u>
Net Cash Provided by Noncapital Financing Activities	<u>407,213</u>
Net Increase in Cash and Cash Equivalents	- 0 -
Cash and Cash Equivalents, July 1	<u>- 0 -</u>
Cash and Cash Equivalents, June 30	<u>\$ - 0 -</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (410,477)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accounts Payable	<u>3,264</u>
Net Cash Used for Operating Activities	<u>\$ (407,213)</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency Funds</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 31,980
Total Assets	<u>31,980</u>
<u>LIABILITIES:</u>	
Payroll Deductions and Withholdings	31,100
Due to Student Groups	<u>880</u>
Total Liabilities	<u>31,980</u>
<u>NET POSITION</u>	<u><u>\$ - 0 -</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Trustees (the "Board") of the International Academy of Trenton Charter School (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of volunteer officials and is responsible for the fiscal control of the Charter School. A School Director is appointed by the Board and is responsible for the administrative control of the Charter School.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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 District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

Charter School-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the Charter School's Governmental and Business-type activities. These statements include the financial activities of the overall Charter School in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between governmental and business type activities of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Business type activities are financed in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the Charter School's Governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Charter School-Wide Financial Statements: (Cont'd)

Program revenue includes (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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function is self-financing or draws from the general revenues of the Charter School.

Fund Financial Statements:

During the period, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey 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 models.

The Charter School reports the following Governmental Funds:

General Fund: The General Fund is the general operating fund of the Charter School and is used to account for and report all expendable financial resources not accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

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

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

The Charter School reports the following proprietary fund:

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

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Additionally, the Charter School reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

The Charter School-Wide financial statements, the Proprietary and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Charter School gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the period for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the period in which all eligibility requirements have been satisfied.

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The Charter School considers all revenue reported in the Governmental Funds to be available if the revenue is collected within sixty days after the end of the period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the Charter School's policy that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the Charter School's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Charter School Aid is susceptible to accrual since under the New Jersey State Statute, each constituent school district is required to remit to the Charter School the entire balance of aid in the amount reported to each district by the State Department of Education. The School is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

Under the terms of grant agreements, the Charter School may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the Charter School's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. Budgets are prepared using the modified accrual basis of accounting. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Trustees. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Charter of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by school board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 the end of the fiscal year.

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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources:</u>		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 7,005,949	\$ 424,569
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 7,005,949</u>	<u>\$ 424,569</u>
<u>Uses/Outflows of Resources:</u>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 7,414,723	\$ 424,569
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 7,414,723</u>	<u>\$ 424,569</u>

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash change funds, amounts in deposit, and short-term investments with original maturities of three months or less.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments: (Cont'd)

New Jersey school districts are limited as to type 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 school districts. Additionally, the Charter School has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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 restricted, committed and/or assigned of fund balances at period-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances: (Cont'd)

Open encumbrances in the Special Revenue Fund for which the Charter School has received advances are reflected in the balance sheet as unearned revenue at period end.

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

I. 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.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses which benefit future periods, other than those recorded in the Enterprise Fund, are recorded as expenditures during the year of purchase.

K. Capital Assets:

During the Charter School's initial year of operation, a formal system of accounting for its capital assets was established. Capital assets acquired or constructed are recorded at historical cost including ancillary charges necessary to place the asset into service. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The Charter School does not possess any infrastructure. The Charter School would review any capital assets for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the Charter School-Wide statements are as follows:

	Estimated Useful Life
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years

In the Fund financial statements, capital assets used in the Governmental Fund operations are accounted for as capital outlay expenditures in the Governmental Funds upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the Fund financial statements.

L. Long Term Liabilities:

In the Charter School-Wide Statement of Net Position, long-term debt and other long-term obligations would be reported as liabilities in governmental activities. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Long Term Liabilities: (Cont'd)

In the Charter School-Wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due beyond one year.

M. Accrued Salaries and Wages:

The Charter School does not allow employees, who provide services to the Charter School over the ten-month academic year, the option to have their salaries evenly disbursed during the entire twelve-month year. Therefore, there are no accrued salaries and wages for this purpose at June 30, 2017.

N. Compensated Absences:

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

Employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's policies and employee contracts. Upon separation, certain employees are paid for accrued vacation. Employees can also accumulate unused sick leave which will be paid, with certain limits, upon the employee's retirement or separation pursuant to the Charter School's policy or employee contracts.

In the Charter School-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due after one year.

O. Unearned Revenue:

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated:

General Fund: Of the \$1,502,172 General Fund balance at June 30, 2017, \$75,000 is restricted for Charter School Escrow, and \$1,427,172 is unassigned.

Q. Net Position:

The net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the Charter School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the Charter School that is applicable to a future reporting period. The Charter School did not have any deferred inflows or outflows of resources at June 30, 2017.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Net Position: (Cont'd)

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the Charter School's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual classification for the Charter School's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

The Charter School has \$75,000 of restricted resources in the General Fund at June 30, 2017 for Charter School Escrow.

The Board of Trustees has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body. The Board of Trustees must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body in order to remove or change the commitment of resources. The Charter School has no committed resources at June 30, 2017.

The assignment of resources is generally made by the Board of Trustees through a motion or a resolution passed by a majority of the members of the Board of Trustees. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Trustees may allow an official of the Charter School to assign resources through policies adopted by the Board of Trustees. The Charter School has no assigned resources as of June 30, 2017.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Revenue - 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 period in which the resources are measurable and become available. Available means the resources will be collected within the current period or are expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For the Charter School, available means within sixty days of the period end.

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the period for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the period 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 the period when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

T. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND CHARTER SCHOOL-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and Charter School-Wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The Charter School classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures* requires disclosure of the level of custodial credit risk assumed by the Charter School in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Interest Rate Risk - In accordance with its cash management plan, the Charter School ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Charter School limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

Custodial Credit Risk – The Charter School’s policy with respect to custodial credit risk requires that the Charter School ensures that Charter School funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

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, and

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 Charter School to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents of the Charter School consisted of the following:

	Cash and Cash Equivalents
Checking & Savings Accounts	\$ 1,592,086

During the period ended June 30, 2017, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents at June 30, 2017, was \$1,592,086 and the bank balance was \$1,591,942.

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 66,500		\$ (66,500)	
Total Capital Assets Being Depreciated	66,500		(66,500)	
Governmental Activities Capital Assets	66,500		(66,500)	
Less Accumulated Depreciation for:				
Machinery and Equipment	(13,300)		13,300	
Total Accumulated Depreciation	(13,300)		13,300	
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 53,200	\$ - 0 -	\$ (53,200)	\$ - 0 -

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 5. LONG-TERM LIABILITIES

The Charter School had no long-term liabilities at June 30, 2017, or June 30, 2016.

NOTE 6. TRANSFER TO CAPITAL OUTLAY

During the year ended June 30, 2017, the Charter School transferred \$17,775 to the capital outlay appropriation line for instructional equipment which did not require county superintendent approval.

NOTE 7. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required TPAF and 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. Chapter 103 of Public Laws 2007 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 premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in period 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 Pension and Benefits issues a publically 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/financial2015combined.pdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the Charter School was \$-0- for 2017, and 2016, and 2015 as the Charter School was not yet enrolled in the Post-Retirement Benefits Plan as of the valuation date for the 2016-17 on-behalf Post-Retirement Medical Contribution report.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

INTERNATIONAL ACADEMY OF TRENTO N CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 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 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Charter School required contributions to PERS amounted to \$-0- for the period ended June 30, 2017, 2016, and 2015.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

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

The employee contribution rate was 7.06% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$-0-, to the TPAF for normal pension benefits on-behalf of the Charter School as the Charter School had not yet been enrolled in the pension system as of the valuation date for the 2016-17 on-behalf Pension Contribution report.

NOTE 9. CONTINGENT LIABILITIES

Grant Programs

The Charter School participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The Charter School is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The Charter School is periodically involved in lawsuits and estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially adversely affect the financial position of the Charter School.

Encumbrances

At June 30, 2017, the Charter School had no encumbrances.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. DEFERRED COMPENSATION

The Charter School offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by Equitable Financial Companies, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 11. ECONOMIC DEPENDENCY

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

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.

The Charter School provides employees with health benefit coverage through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Charter School is required to remit employee withholdings to the State on a quarterly basis. All of the Charter School's claims are paid by the State.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 321,962	
Special Revenue Fund		\$ 225,005
Food Service Fund		96,957
	<u>\$ 321,962</u>	<u>\$ 321,962</u>

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (Cont'd)

The interfund payable in the Special Revenue Fund is the amount of the cash deficit advanced from the General Fund while awaiting federal grant reimbursements. The interfund payable in the Food Service Fund is the amount of the cash deficit advanced from the General Fund while awaiting federal and state reimbursements. A majority of the transfer from General Fund to the Food Service fund was to cover a deficit which existed due to salary and other related Food Service Expenses.

NOTE 14. OPERATING LEASES PAYABLE

The Charter School has commitments to lease buildings under operating leases which expire in 2023. The future minimum lease payments are as follows:

Fiscal Year Ending	Amount
2018	\$ 1,645,826
2019	1,645,826
2020	1,862,382
2021	2,165,560
2022	2,165,560
2023	2,165,560
Total Future Minimum Lease Payments	\$ 10,004,887

NOTE 15. CHARTER SCHOOL ESCROW

Charter Schools in the State of New Jersey are required to restrict \$75,000 of fund balance for Charter School Escrow, to be utilized in the event of dissolution of the Charter School, within 5 years of the signing of the Charter Agreement. The Charter School has \$75,000 of restricted fund balance for Charter School Escrow as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Revenues:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Levy - Charter School Aid - Local Share	\$ 678,940	\$ (4,499)	\$ 674,441	\$ 674,441	
Miscellaneous Revenue		66,791	66,791	66,791	
Total - Local Sources	678,940	62,292	741,232	741,232	
State Sources:					
Special Education Aid - Charter School Aid	155,153	(9,540)	145,613	145,613	
Security Aid	203,410	(14,620)	188,790	188,790	
Local Levy - Charter School Aid - State Share	6,192,679	(375,303)	5,817,376	5,817,376	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				112,938	\$ 112,938
Total State Sources	6,551,242	(399,463)	6,151,779	6,264,717	112,938
Total Revenues	7,230,182	(337,171)	6,893,011	7,005,949	112,938
Expenditures:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	250,000	(83,755)	166,245	166,245	
Grades 1-5 - Salaries of Teachers	1,685,000	(451,861)	1,233,139	1,233,139	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	219,706	163,148	382,854	382,854	
Purchased Professional/Technical Services	638,415	32,368	670,783	670,783	
General Supplies	125,000	(29,574)	95,426	95,426	
Textbooks	200,000	14,564	214,564	214,564	
Miscellaneous Expenses		3,940	3,940	3,940	
Total Regular Programs - Instruction	3,118,121	(351,170)	2,766,951	2,766,951	

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 330,000	\$ (127,471)	\$ 202,529	\$ 202,529	
Other Salaries for Instruction	171,942	(105,135)	66,807	66,807	
Total Resource Room/Resource Center	501,942	(232,606)	269,336	269,336	
Total Special Education Instruction	501,942	(232,606)	269,336	269,336	
Total Instruction	3,620,063	(583,776)	3,036,287	3,036,287	
Undistributed Expenditures:					
Health Services:					
Salaries	63,285	6,775	70,060	70,060	
Purchased Professional/Technical Services		39,093	39,093	39,093	
Supplies and Materials		13,504	13,504	13,504	
Total Health Services	63,285	59,372	122,657	122,657	
Child Study Team - Special Education:					
Salaries of Other Professional Staff	46,568	61,856	108,424	108,424	
Purchased Professional /Technical Services		185,245	185,245	185,245	
Total Child Study Team - Special Education	46,568	247,101	293,669	293,669	

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Improvement of Instruction Services:					
Purchased Professional Educational Services	\$ 28,342	\$ 28,342	\$ 28,342	\$ 28,342	
Total Improvement of Instruction Services		28,342	28,342	28,342	
Education Media Library Services					
Salaries	\$ 35,822	(35,822)			
Total Educational Media Library Services	35,822	(35,822)			
General Administration:					
Salaries of Other Professional Staff	192,646	192,646	192,646	192,646	
Legal Services	75,000	118,597	193,597	193,597	
Audit Fees	21,000	742	21,742	21,742	
Other Purchased Professional Services	433,811	(13,011)	420,800	420,800	
Communications/Telephone	40,000	(7,416)	32,584	32,584	
BOE Other Purchased Services	26,118	(22,909)	3,209	3,209	
Miscellaneous Purchased Services		21,138	21,138	21,138	
Supplies and Materials		41,957	41,957	41,957	
Miscellaneous Expenditures		4,291	4,291	4,291	
BOE Membership Dues and Fees		2,254	2,254	2,254	
Total General Administration	595,929	338,289	934,218	934,218	
School Administration:					
Salaries of Principals/Assistant Principals	440,000	(221,251)	218,749	218,749	
Salaries of Secretarial and Clerical Assistants		983	983	983	
Supplies and Materials	37,200	(6,752)	30,448	30,448	
Total School Administration	477,200	(227,020)	250,180	250,180	

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 390,000	\$ 55,260	\$ 445,260	\$ 445,260	
Purchased Professional Services	120,307	(3,542)	116,765	116,765	
Purchased Technical Services		3,672	3,672	3,672	
Supplies and Materials	10,000	(6,170)	3,830	3,830	
Total Central Services	520,307	49,220	569,527	569,527	
Custodial Services:					
Salaries	140,000	(36,432)	103,568	103,568	
Purchased Professional and Technical Services		182,989	182,989	182,989	
Cleaning, Repair and Maintenance Services	152,000	(41,638)	110,362	110,362	
Rental of Land & Building	500,000	160,147	660,147	660,147	
Other Purchased Property Services		6,198	6,198	6,198	
Insurance	65,000	(5,829)	59,171	59,171	
General Supplies	75,000	(39,279)	35,721	35,721	
Energy (Electricity)	120,000	6,349	126,349	126,349	
Total Custodial Services	1,052,000	232,505	1,284,505	1,284,505	
Security:					
Salaries	70,000	(70,000)			
Total Security	70,000	(70,000)			

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student Transportation Services:					
Other than Between Home and School - Vendors	\$ 415	\$ 415	\$ 415	\$ 415	
Total Student Transportation Services	415	415	415	415	
Unallocated Employee Benefits:					
Social Security Contributions	154,892		154,892	154,892	
TPAF Contributions - ERIP	17,480		17,480	17,480	
Unemployment Compensation	47,902		47,902	47,902	
Workmen's Compensation	93,184		93,184	93,184	
Health Benefits	(127,447)		338,421	338,421	
Total Unallocated Benefits	465,868	186,011	651,879	651,879	
On-Behalf Contributions: (Non-Budgeted)					
Reimbursed TPAF Social Security Contributions				112,938	\$ (112,938)
Total On-Behalf Contributions				112,938	(112,938)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instructional Equipment	62,000	57,025	119,025	119,025	
Non Instructional Equipment	39,250	(39,250)			
Total Equipment	101,250	17,775	119,025	119,025	
Facilities Acquisition and Construction Services:					
Other Objects	15,000	(15,000)			
Construction Services		11,081	11,081	11,081	
Total Facilities Acquisition and Construction Services	15,000	(3,919)	11,081	11,081	

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Total Capital Outlay	\$ 116,250	\$ 13,856	\$ 130,106	\$ 130,106	
Total Expenditures	<u>7,063,292</u>	<u>238,493</u>	<u>7,301,785</u>	<u>7,414,723</u>	<u>\$ (112,938)</u>
Excess of Revenues Over Expenditures	166,890	(575,664)	(408,774)	(408,774)	
Other Financing Uses:					
Operating Transfer Out - Food Service Fund	<u>(90,000)</u>	<u>(33,234)</u>	<u>(123,234)</u>	<u>(123,234)</u>	
Total Other Financing Uses	<u>(90,000)</u>	<u>(33,234)</u>	<u>(123,234)</u>	<u>(123,234)</u>	
Excess of Revenues Over Expenditures and Other Financing Uses	76,890	(608,898)	(532,008)	(532,008)	
Fund Balance, July 1	<u>2,034,180</u>	<u>- 0 -</u>	<u>2,034,180</u>	<u>2,034,180</u>	<u>- 0 -</u>
Fund Balance, June 30	<u>\$ 2,111,070</u>	<u>\$ (608,898)</u>	<u>\$ 1,502,172</u>	<u>\$ 1,502,172</u>	<u>\$ - 0 -</u>
Restricted:					
Charter School Escrow			\$ 75,000	\$ 75,000	
Unassigned			1,427,172	1,427,172	
Fund Balance per Governmental Funds GAAP/Budgetary Basis			<u>\$ 1,502,172</u>	<u>\$ 1,502,172</u>	

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Federal Sources	\$ 421,905	\$ 20,456	\$ 442,361	\$ 424,569	\$ (17,792)
Total Revenue	421,905	20,456	442,361	424,569	(17,792)
Expenditures:					
Instruction:					
Salaries of Teachers	419,432	(122,248)	297,184	292,655	4,529
General Supplies		59,710	59,710	56,857	2,853
Total Instruction	419,432	(62,538)	356,894	349,512	7,382
Support Services:					
Employee Benefits		37,044	37,044	37,044	
Salaries of Other Professional Staff		10,410	10,410		10,410
Other Purchased Services	2,473	7,165	9,638	9,638	
Purchased Professional/Technical Services		27,775	27,775	27,775	
Travel		600	600	600	
Total Support Services	2,473	82,994	85,467	75,057	10,410
Total Expenditures	421,905	20,456	442,361	424,569	17,792
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	<u>\$ 7,005,949</u>	<u>\$ 424,569</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 7,005,949</u>	<u>\$ 424,569</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 7,414,723</u>	<u>\$ 424,569</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 7,414,723</u>	<u>\$ 424,569</u>

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Trustees. Budgets are prepared using the modified accrual basis of accounting. The legal level budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest of (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	No Child Left Behind		IDEA	Charter	Totals
	Title I	Title II Part A	Basic	Implementation Grant	June 30, 2017
REVENUE:					
Federal Sources	\$ 271,422	\$ 1,317	\$ 84,145	\$ 67,685	\$ 424,569
Total Revenue	271,422	1,317	84,145	67,685	424,569
EXPENDITURES:					
Instruction:					
Salaries of Teachers	232,327		60,328		292,655
General Supplies	2,051			54,806	56,857
Total Instruction	234,378		60,328	54,806	349,512
Support Services:					
Employee Benefits	37,044				37,044
Purchased Professional and Technical Services			23,817	3,958	27,775
Other Purchased Services		1,317		8,321	9,638
Travel				600	600
Total Support Services	37,044	1,317	23,817	12,879	75,057
Total Expenditures	\$ 271,422	\$ 1,317	\$ 84,145	\$ 67,685	\$ 424,569

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS:

Current Assets:

Intergovernmental Accounts Receivable:

State	\$ 1,507
Federal	101,921

Total Current Assets

103,428

Total Assets

103,428

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	4,489
Interfund Payable - General Fund	96,956

Total Current Liabilities

101,445

NET POSITION:

Unrestricted	1,983
--------------	-------

Total Net Position

\$ 1,983

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Expenses:	
Cost of Sales - Reimbursable Programs	\$ 327,243
Salaries, Benefits & Payroll Taxes	<u>83,234</u>
Total Operating Expenses	<u>410,477</u>
Operating Loss	<u>(410,477)</u>
Non-Operating Income:	
State Sources:	
State School Lunch Program	4,137
Federal Sources:	
National School Lunch Program	212,270
School Breakfast Program	<u>71,190</u>
Total Non-Operating Income	<u>287,597</u>
Change in Net Position	(122,880)
Transfer In - General Fund	<u>123,234</u>
Change in Net Position After Transfer	354
Net Position - Beginning of Year	<u>1,628</u>
Net Position - End of Year	<u><u>\$ 1,982</u></u>

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Payments to Food Service Vendor	\$ (323,979)
Payments to Other Suppliers	(83,234)
	<hr/>
Net Cash Used for Operating Activities	(407,213)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program - Received in Food Service Fund	3,921
Federal Sources:	
National School Lunch Program - Received in Food Service Fund	207,048
School Breakfast Program - Received in Food Service Fund	65,618
Transfer from General Fund	130,626
	<hr/>
Net Cash Provided by Noncapital Financing Activities	407,213
	<hr/>
Net Increase in Cash and Cash Equivalents	- 0 -
Cash and Cash Equivalents, July 1	- 0 -
	<hr/>
Cash and Cash Equivalents, June 30	\$ - 0 -
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (410,477)
Adjustment to Reconcile Operating Loss to Cash Net Used for Operating Activities:	
Increase in Accounts Payable	3,264
	<hr/>
Net Cash Used for Operating Activities	\$ (407,213)
	<hr/> <hr/>

FIDUCIARY FUNDS

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Student</u> <u>Activities</u>	<u>Agency</u> <u>Payroll</u> <u>Agency</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 880	\$ 31,100	\$ 31,980
Total Assets	880	31,100	31,980
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings Due to Student Groups	880	31,100	31,100
Total Liabilities	880	31,100	31,980
<u>NET POSITION:</u>			
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 880			\$ 880
Total Assets	<u>\$ 880</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 880</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	\$ 880			\$ 880
Total Liabilities	<u>\$ 880</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 880</u>

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>June 30, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
International Academy of Trenton Charter School	\$ 880	_____	_____	\$ 880
	<u>\$ 880</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 880</u>

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 111,645	\$ 3,956,430	\$ 4,036,975	\$ 31,100
Total Assets	<u>\$ 111,645</u>	<u>\$ 3,956,430</u>	<u>\$ 4,036,975</u>	<u>\$ 31,100</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 111,645	\$ 3,956,430	4,036,975	\$ 31,100
Total Liabilities	<u>\$ 111,645</u>	<u>\$ 3,956,430</u>	<u>\$ 4,036,975</u>	<u>\$ 31,100</u>

LONG-TERM DEBT
(NOT APPLICABLE)

STATISTICAL SECTION
(UNAUDITED)

This part of the Charter School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Charter School's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Charter School's financial performance and well-being have changed over time. J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Charter School's ability to generate its property taxes. J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the Charter School's current levels of outstanding debt and the School's ability to issue additional debt in the future. J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Charter School's financial activities take place and to help make comparisons over time and with other governments. J-14 thru J-15

Operating Information

These schedules contain information about the Charter School's operations and resources to help the reader understand how the Charter School's financial information relates to the services the Charter School provides and the activities it performs. J-16 thru J-21

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NET POSITION BY COMPONENT
LAST THREE FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,		
	2015	2016	2017
Governmental Activities:			
Investment in Capital Assets		\$ 53,200	
Restricted		75,000	\$ 75,000
Unrestricted	\$ 1,142,061	1,959,180	1,427,172
Total Governmental Activities Net Position	<u>\$ 1,142,061</u>	<u>\$ 2,087,380</u>	<u>\$ 1,502,172</u>
Business-Type Activities:			
Restricted			
Unrestricted		\$ 1,628	\$ 1,982
Total Business-Type Activities Net Position		<u>\$ 1,628</u>	<u>\$ 1,982</u>
Charter School-Wide			
Investment in Capital Assets		\$ 53,200	
Restricted		75,000	\$ 75,000
Unrestricted/(Deficit)	\$ 1,142,061	1,960,808	1,429,154
Total Charter School-Wide Net Position	<u>\$ 1,142,061</u>	<u>\$ 2,089,008</u>	<u>\$ 1,504,154</u>

This schedule does not contain ten years of information as the International Academy of Trenton Charter School was established during the fiscal year ending June 30, 2015.

Source: International Academy of Trenton Charter School Financial Reports.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST THREE FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	For Fiscal Year Ending June 30,		
	2015	2016	2017
Expenses:			
Governmental Activities:			
Instruction:			
Regular	\$ 2,044,330	\$ 2,621,822	\$ 3,502,239
Special Education	249,621	289,387	406,856
Support Services:			
Student & Instruction Related Services	241,431	248,769	487,431
General Administration Services	423,654	789,855	1,049,106
School Administration Services	308,978	255,781	295,616
Central Services	642,154	557,910	661,637
Plant Operations And Maintenance	385,153	830,999	1,305,886
Pupil Transportation		1,730	415
Capital Outlay			183,306
Total Governmental Activities Expenses	<u>4,295,321</u>	<u>5,596,253</u>	<u>7,892,492</u>
Business-Type Activities:			
Food Service Program	180,676	249,151	410,477
Total Business-Type Activities Expenses	<u>180,676</u>	<u>249,151</u>	<u>410,477</u>
Total Charter School-Wide Expenses	<u>4,475,997</u>	<u>5,845,404</u>	<u>8,302,969</u>
Program Revenues:			
Governmental Activities:			
Operating Grants and Contributions	780,517	919,166	871,910
Total Governmental Activities Program Revenues	<u>780,517</u>	<u>919,166</u>	<u>871,910</u>
Business-Type Activities:			
Charges for Services	5,542		
Operating Grants and Contributions	156,910	250,616	287,597
Total Business-Type Activities Program Revenues	<u>162,452</u>	<u>250,616</u>	<u>287,597</u>
Total Charter School-Wide Program Revenues	<u>942,969</u>	<u>1,169,782</u>	<u>1,159,507</u>
Net (Expenses)/Revenue			
Governmental Activities	(3,514,804)	(4,677,087)	(7,020,582)
Business-Type Activities	(18,224)	1,465	(122,880)
Total Charter School-Wide Net (Expenses)/Revenue	<u>(3,533,028)</u>	<u>(4,675,622)</u>	<u>(7,143,462)</u>

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
CHANGES IN NET POSITION
LAST THREE FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	For Fiscal Year Ending June 30,		
	2015	2016	2017
General Revenues and Other Changes in Net Position:			
Governmental Activities:			
Local Property Taxes - Charter School Aid	\$ 4,664,391	\$ 5,571,886	\$ 6,491,817
Miscellaneous Income	10,618	50,520	66,791
Transfers	(18,144)		(123,234)
Total Governmental Activities General Revenues & Other Changes	<u>4,656,865</u>	<u>5,622,406</u>	<u>6,435,374</u>
Business-Type Activities:			
Investment Earnings	80	163	
Transfers	18,144		123,234
Total Business-Type Activities General Revenues & Other Changes	<u>18,224</u>	<u>163</u>	<u>123,234</u>
 Total Charter School-Wide General Revenues & Other Changes in Net Position	 <u>4,675,089</u>	 <u>5,622,569</u>	 <u>6,558,608</u>
 Change in Net Position:			
Governmental Activities	1,142,061	945,319	(585,208)
Business-Type Activities	- 0 -	1,628	354
 Total Charter School-Wide Change in Net Position	 <u>\$ 1,142,061</u>	 <u>\$ 946,947</u>	 <u>\$ (584,854)</u>

This schedule does not contain ten years of information as the International Academy of Trenton Charter School was established during the fiscal year ending June 30, 2015.

Source: International Academy of Trenton Charter School Financial Reports.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
LAST THREE FISCAL YEARS
 (UNAUDITED)
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,		
	2015	2016	2017
General Fund:			
Restricted		\$ 75,000	\$ 75,000
Assigned	\$ 456		
Unassigned	1,141,605	1,959,180	1,427,172
Total General Fund	1,142,061	2,034,180	1,502,172
Total Governmental Funds	\$ 1,142,061	\$ 2,034,180	\$ 1,502,172

This schedule does not contain ten years of information as the International Academy of Trenton Charter School was established during the fiscal year ending June 30, 2015.

Source: International Academy of Trenton Charter School Financial Reports.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST THREE FISCAL YEARS
(UNAUDITED)
(Modified Accrual Basis of Accounting)

	For the Fiscal Year Ending June 30,		
	2015	2016	2017
Revenues:			
Local Tax Levy	\$ 486,993	\$ 565,563	\$ 674,441
Miscellaneous	10,618	50,520	6,040
State Sources	4,418,608	5,319,090	6,325,468
Federal Sources	539,307	606,399	424,569
Total Revenue	<u>5,455,526</u>	<u>6,541,572</u>	<u>7,430,518</u>
Expenditures:			
Instruction:			
Regular Instruction	1,572,909	2,355,864	3,032,318
Special Education Instruction	184,530	259,755	353,481
Support Services and Undistributed Costs:			
Student & Instruction Related Services	186,704	225,273	444,668
General Administration Services	295,722	777,185	1,009,275
School Administration Services	282,515	216,477	250,180
Central Services	642,154	499,147	569,527
Plant Operations And Maintenance	374,546	819,584	1,284,505
Pupil Transportation		1,730	415
Benefits - Allocated and Unallocated	279,135	427,938	764,817
Capital Outlay	477,106	66,500	130,106
Total Expenditures	<u>4,295,321</u>	<u>5,649,453</u>	<u>7,839,292</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>1,160,205</u>	<u>892,119</u>	<u>(408,774)</u>
Other Financing Uses:			
Transfer to Food Service Fund	(18,144)		(123,234)
Net Change In Fund Balances	<u>\$ 1,142,061</u>	<u>\$ 892,119</u>	<u>\$ (532,008)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

This schedule does not contain ten years of information as the International Academy of Trenton Charter School was established during the fiscal year ending June 30, 2015.

Source: International Academy of Trenton Charter School Financial Reports.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST THREE FISCAL YEARS
(UNAUDITED)
(Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Interest on Investments	Local Levy - Charter School Aid	Other	Total
2015	\$ 4	\$ 486,993	\$ 10,614	\$ 497,611
2016		565,563	50,520	616,083
2017		674,441	66,791	741,232

This schedule does not contain ten years of information as the International Academy of Trenton Charter School was established during the fiscal year ending June 30, 2015.

Source: International Academy of Trenton Charter School Financial Reports.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

Year	Mercer County Population ^a	Mercer County Per Capita Personal Income ^b	Mercer County Personal Income ^c	Mercer County Unemployment Rate ^d
2008	364,571	\$ 52,521	\$ 19,147,633,491	9.90%
2009	366,222	50,991	18,674,026,002	12.10%
2010	368,043	51,706	19,030,031,358	9.60%
2011	367,941	53,037	19,514,486,817	13.10%
2012	369,057	55,933	20,642,465,181	12.80%
2013	371,052	56,906	21,115,085,112	12.60%
2014	371,537	59,875	22,245,777,875	10.90%
2015	371,537	63,247	23,498,600,639	4.80%
2016	371,023	63,247 **	23,466,091,681 **	4.30%
2017	371,023 *	63,247 **	23,466,091,681 **	N/A

N/A - Information is not available.

* - Latest Mercer County population (2016) available was used for calculation purposes.

** - Latest Mercer County per capita personal income available (2015) was used for calculation purposes.

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
PRINCIPAL EMPLOYERS - MERCER COUNTY
CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

	2017		2008		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Trustees of Princeton University		13,055	Trustees of Princeton University	5,245	2.75%
Covance		11,800	University Medical Center at Princeton	2,500	1.31%
NRG Energy		5,193	Princeton Public Schools	625	5.99%
Bristol-Meyers Squibb		4,484	Church & Dwight Co.	600	0.32%
Integra Life Sciences		3,400	Princeton Plasma Physics Lab	485	0.25%
Capital Health System		3,250	Princeton Theological Seminary	280	0.15%
Educational Testing Services ETS		3,000	Princeton Packet	200	0.11%
Church & Dwight Co.		2,750	Westminster Choir College - Rider	200	0.11%
Princeton Healthcare System		2,450	Westminster Conservatory	160	0.08%
Princeton Public Schools		732	Princeton Township	140	0.07%
		<u>50,114</u>		<u>10,435</u>	<u>11.14%</u>
		<u>191,137</u>	Total Employment - Mercer County	<u>190,470</u>	

Source: Mercer County, Department of Administration and Finance.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST THREE FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction:			
Regular	19.0	27.0	29.0
Other Instruction	11.0	15.0	17.0
Support Services:			
General Administration Services	2.0	4.0	5.0
School Administration Services	4.0	4.0	5.0
Central Services	1.0	4.0	10.0
Administrative Information Technology	1.0	1.0	1.0
Plant Operations and Maintenance	2.0	2.0	3.0
Total	<u>40.0</u>	<u>57.0</u>	<u>70.0</u>

This schedule does not contain ten years of information as the International Academy of Trenton Charter School was established during the fiscal year ending June 30, 2015.

Source: International Academy of Trenton Charter School Business Office.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
OPERATING STATISTICS
LAST THREE FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percent Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change Average Daily Enrollment	Student Attendance Percentage
						Elem.	Ratio				
2015	353.0	\$ 3,818,215	\$ 10,816	100.00%	19.0	18.6	353.0	325.6	N/A	92.24%	
2016	440.2	5,582,953	12,683	46.22%	27.0	16.3	440.0	415.7	24.65%	94.48%	
2017	551.1	7,709,186	13,989	38.08%	29.0	18.6	540.7	510.0	22.89%	94.32%	

Note: Enrollment is based on the annual October District count.

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

^b Cost per pupil is calculated based upon enrollment and operating expenditures presented and may not be the same as other cost per pupil calculation.

^c Teaching staff includes only full-time equivalents of certificated staff.

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

N/A - Not Applicable

This schedule does not contain ten years of information as the International Academy of Trenton Charter School was established during the fiscal year ending June 30, 2015.

Source: International Academy of Trenton Charter School Business Office.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
SCHOOL BUILDING INFORMATION
LAST THREE FISCAL YEARS
(UNAUDITED)

<u>District Building</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
International Academy of Trenton			
Square Feet	27,900	44,745	77,870
Capacity (Students)	400	450	1,122
Enrollment	353	440	551

Number of Schools at June 30, 2017:

Other = 1

This schedule does not contain ten years of information as the International Academy of Trenton Charter School was established during the fiscal year ending June 30, 2015.

Note: Enrollment is based on the annual October District count.

Source: International Academy of Trenton Charter School Business Office.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2017
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Wells Fargo:		
Property:		
Building - Each Occurrence	\$ 4,991,751	\$ 5,000
Data Breach - Each Occurrence	10,000	1,000
Emergency Event - Each Occurrence	30,000	
Emergency Breakdown - Each Occurrence	100,000	
Gold Property Endorsement - Each Occurrence	2,000,000	500
General Liability		
Each Occurrence	3,000,000	
Employee Benefits Liability:		
Each Occurrence	3,000,000	1,000
School and Educators Legal Liability:		
Each Occurrence	3,000,000	5,000
Business Automobile:		
Each Occurrence	1,000,000	500
Crime Bond:		
Each Occurrence	500,000	5,000
Worker's Compensation:		
Each Occurrence	500,000	
Public Official Bond - Hanover Insurance Company		
School Business Administrator	175,000	

Source: International Academy of Trenton Charter School Business Office.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
FINANCIAL PERFORMANCE - GOVERNMENTAL ACTIVITIES
LAST THREE FISCAL YEARS
(UNAUDITED)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Cash	\$ 1,359,426	\$ 700,859	\$ 1,560,106
Current Assets	23,577	1,398,490	406,095
Capital Assets, Net		53,200	
Total Assets	<u>1,383,003</u>	<u>2,152,549</u>	<u>1,966,201</u>
Current Liabilities	<u>240,942</u>	<u>65,169</u>	<u>464,029</u>
Total Liabilities	<u>240,942</u>	<u>65,169</u>	<u>464,029</u>
Net Position	<u>\$ 1,142,061</u>	<u>\$ 2,087,380</u>	<u>\$ 1,502,172</u>
Total Revenue	\$ 4,656,865	\$ 5,622,406	\$ 7,368,035
Total Expenses	<u>3,514,804</u>	<u>4,677,087</u>	<u>7,953,243</u>
Change in Net Position	<u>\$ 1,142,061</u>	<u>\$ 945,319</u>	<u>\$ (585,208)</u>
Final Average Daily Enrollment	353	440	541
March 30th Budgeted Enrollment	353	440	541

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>3 Year Cumulative</u>
Near Term Indicators:				
Current Ratio	0.10	21.46	0.88	2.37
Unrestricted Days Cash	358.78	118.84	289.61	672.08
Enrollment Variance	0.00%	0.00%	0.00%	0.00%
Default	No	No	No	No
Sustainability Indicators:				
Total Margin	24.52%	16.81%	-7.94%	8.51%
Debt to Asset	0.17	0.03	0.24	0.14
Cash Flow	\$ 1,359,426	\$ (658,567)	\$ 859,247	\$ 500,179
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A

N/A - Not Applicable

This schedule does not contain ten years of information as the International Academy of Trenton Charter School was established during the fiscal year ending June 30, 2015.

Source: International Academy of Trenton Charter School records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

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 Auditors' Report

The Honorable President and Members
of the Board of Trustees
International Academy of Trenton Charter School
County of Mercer, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the International Academy of Trenton Charter School, in the County of Mercer (the "Charter School") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, 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 Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

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

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

The Honorable President and Members
of the Board of Trustees
International Academy of Trenton Charter School
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Charter School'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 Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nisivoccia, LLP

November 2, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
of the Board of Trustees
International Academy of Trenton
County of Sussex, New Jersey

Report on Compliance for Each Major State Program

We have audited the International Academy of Trenton Charter School's (the "Charter School's") compliance with the types of compliance requirements described in the and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2017. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 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 state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

The Honorable President and Members
of the Board of Trustees
International Academy of Trenton
Page 2

Opinion on Each Major State Program

In our opinion, the Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the period ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 District's internal control over compliance.

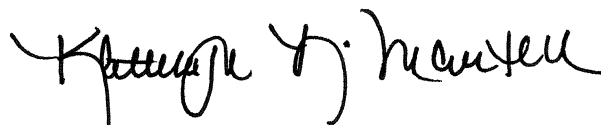
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.



NISIVOCCIA LLP



Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

November 2, 2017
Mount Arlington, New Jersey

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE PERIOD ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2016			Balance, June 30, 2017		
					Budgetary			Budgetary		
					Unearned Revenue	Accounts Receivable	Due to Grantor	Unearned Revenue	Accounts Receivable	Due to Grantor
Special Revenue Fund:										
US Department of Education Passed-through State of New Jersey Department of Education										
Special Education Cluster:										
IDEA- B, Basic	84.027	IDEA6182-17	7/1/16-6/30/17	\$ 84,145				\$ (84,145)		
IDEA- B, Basic	84.027	IDEA6182-16	7/1/15-6/30/16	84,347				(12,876)		
Total Special Education Cluster							(12,876)	(84,145)		(97,021)
No Child Left Behind:										
Title I - Part A										
	84.010A	NCLB6182-17	7/1/16-6/30/17	289,214						(127,317)
	84.010A	NCLB6182-16	7/1/15-6/30/16	335,085			(323,556)	(271,422)		
	84.367A	NCLB6182-17	7/1/16-6/30/17	1,317				(1,317)		(667)
	84.367A	NCLB6182-16	7/1/15-6/30/16	2,473			(2,473)			
Charter Implementation Grant	84.282	N/A	11/1/14-2/28/17	275,000			(28,660)	(67,685)		
Total Special Revenue Fund							(367,565)	(424,569)		(225,005)
Enterprise Fund:										
U.S. Department of Agriculture										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	71,190				(71,190)		(19,679)
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	47,028			(17,637)			(3,530)
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	212,270				(212,270)		(64,742)
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	200,073			(73,490)			(13,970)
Total Enterprise Fund							(91,127)	(283,460)		(101,921)
Total Federal Awards							\$ - 0 -	\$ 839,795	\$ - 0 -	\$ (326,926)

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE PERIOD ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2016			June 30, 2017			MEMO		
				(Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	GAAP Receivable	Unearned Revenue	Budgetary Receivable	Unearned Revenue	Cumulative Total Expenditures
State Department of Education:												
General Fund:												
Local Levy - State Share	17-495-034-7850-003	7/01/16-6/30/17	\$5,817,376			\$6,027,454	\$(5,817,376)		\$210,078	\$210,078	\$5,817,376	
Special Education Aid	17-495-034-5120-089	7/01/16-6/30/17	145,613		150,536	(145,613)		4,923	4,923	4,923	145,613	
Security Aid	17-495-034-5120-084	7/01/16-6/30/17	188,790		195,247	(188,790)		6,457	6,457	6,457	188,790	
Reimbursed TPAF												
Social Security												
Contributions	17-495-034-5094-003	7/01/16-6/30/17	112,937		99,853	(112,938)		\$(13,085)		\$(13,085)	112,938	
Local Levy - State Share	16-495-034-7850-003	7/01/15-6/30/16	5,006,323	\$(584,818)	580,133			(4,685)		(4,685)		
Special Education Aid	16-495-034-5120-089	7/01/15-6/30/16	96,853	(96,853)	96,853							
Security Aid	16-495-034-5120-084	7/01/15-6/30/16	180,244	(180,244)	180,146			(98)		(98)		
Reimbursed TPAF												
Social Security												
Contributions	16-495-034-5094-003	7/01/15-6/30/16	35,670	(17,970)	17,970							
Total General Fund				(879,885)	7,348,192	(6,264,717)		(17,868)	221,458	(17,868)	221,458	6,264,717
Enterprise Fund:												
State School Lunch Program	17-100-010-3350-023	7/01/16-6/30/17	4,137		2,875	(4,137)		(1,262)		(1,262)	4,137	
State School Lunch Program	16-100-010-3350-023	7/01/15-6/30/16	3,516	(1,291)	1,046			(245)		(245)		
Total Enterprise Fund				(1,291)	3,921	(4,137)		(1,507)		(1,507)	4,137	
Total State Awards				\$(881,176)	\$ - -	\$7,352,113	\$(6,268,854)	\$(19,375)	\$221,458	\$(19,375)	\$221,458	\$6,268,854

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards include federal and state grant activity of the Board of Trustees, International Academy of Trenton Charter School under programs of the federal and state governments for the period ended June 30, 2017. The information in these schedules is presented in accordance with the 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 New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Charter School, they are not intended to and do not present the financial position, changes in net position or cash flows of the Charter School.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis.

The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is \$-0- for the General and Special Revenue Funds. Revenue from Federal and State awards is reported on the Charter School's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund		\$ 6,264,716	\$ 6,264,716
Special Revenue Fund	\$ 424,569		424,569
Enterprise Fund	283,460	4,137	287,597
	\$ 708,029	\$ 6,268,853	\$ 6,976,882

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Charter School.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Charter School which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the Charter School expresses an unmodified opinion on its major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The Charter School's major state program for the current period consisted of the following State award:

<u>Program Title</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Local Levy State Share - Charter School Aid	17-495-034-7850-003	7/1/16-6/30/17	\$5,817,376	\$ 5,817,376

- The threshold used for distinguishing between State Type A and Type B programs was \$750,000.
- The Charter School was determined to be a "low risk" auditee for State Programs.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

The prior year recommendation that the District have all free and reduced meal applications maintained on file was corrected in the current year.