



LEAP Academy
University Charter School

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	2
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10
FINANCIAL SECTION	
Independent Auditor's Report	12
Required Supplementary Information - Part I Management's Discussion and Analysis	18
Basic Financial Statements	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	30
A-2 Statement of Activities	31
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	33
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	35
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	36
Proprietary Funds:	
B-4 Statement of Net Position	37
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	38
B-6 Statement of Cash Flows	39
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	40
B-8 Statement of Changes in Fiduciary Net Position	41
Notes to the Financial Statements	42
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	76
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	88
C-3 Budgetary Comparison Schedule - Note to RSI	90

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Table of Contents (Cont'd)

	Page
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions	
L-1 Schedule of the Charter School's Proportionate Share of the Net Pension Liability – PERS	92
L-2 Schedule of the Charter School's Contributions – PERS	93
L-3 Schedule of the Charter School's Proportionate Share of the Net Pension Liability – TPAF	94
L-4 Schedule of the Charter School's Contributions – TPAF	95
L-5 Notes to the Required Supplementary Information - Part III GASB 68 Pension Changes	96
Required Supplementary Information - Part IV	
L-6 Schedule of Funding Progress for Health Benefits Plan	N/A
L-7 Notes to the Required Supplementary Information - Part IV	N/A
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Budgetary Basis	99
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	102
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances	N/A
F-2a Schedule of Revenues, Expenditures, Project Balance and Project Status	103
F-2b Schedule of Revenues, Expenditures, Project Balance and Project Status	104

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Table of Contents (Cont'd)

	Page
Other Supplementary Information (Cont'd)	
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Statement of Net Position	106
G-2 Statement of Revenues, Expenses and Changes in Fund Net Position	107
G-3 Statement of Cash Flows	108
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	110
H-2 Statement of Changes in Fiduciary Net Position	111
H-3 Student Activity Fund Schedule of Receipts and Disbursements	112
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	113
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	115
I-2 Schedule of Obligations under Capital Leases	117
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Position by Component	120
J-2 Changes in Net Position	121
J-3 Fund Balances - Governmental Funds	123
J-4 Changes in Fund Balances - Governmental Funds	124
J-5 General Fund Other Local Revenue by Source	125

Revenue Capacity

J-6 Assessed Value and Estimated Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies and Collections	N/A

Debt Capacity

J-10 Ratios of Outstanding Debt by Type	127
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Table of Contents (Cont'd)

STATISTICAL SECTION (Unaudited) (Cont'd)	Page
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	129
J-15 Principal Employers	130
Operating Information	
J-16 Full-time Equivalent Charter School Employees by Function/Program	132
J-17 Operating Statistics	133
J-18 School Building Information	134
J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	135
J-21 Charter School Performance Framework	138
SINGLE AUDIT SECTION	
K-1 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	15
K-2 Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and State of New Jersey Circular 15-08-OMB	140
K-3 Schedule of Expenditures of Federal Awards, Schedule A	142
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	146
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	148
Schedule of Findings and Questioned Costs:	
K-6 Summary of Auditor's Results	150
K-7 Schedule of Current Year Findings	152
K-8 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	155

INTRODUCTORY SECTION



BOARD OF TRUSTEES

OFFICERS

Gloria Bonilla-Santiago, Ph.D.
Chair

Dr. Michael Palis
Vice-Chair

PUBLIC MEMBERS

Donald Borden
John Hall
Cal Maradonna
Dr. Michael Palis
Christine Karlsson
Jennifer Perkins Young
Robert Ransom
Omar Samaniego
Horacio Sosa, Ph.D.
Maryanne Taylor

PARENT REPRESENTATIVES

Mathew Goodwin
Hector Nieves
Gladys G. Novoa
Brenda Ortiz

Chief Operations Officer/Lead Person

Manuel Delgado

Chief Financial Officer/SBA

Ken Verrill

Chief Medical Officer

Dr. Velmina Rivera

BOARD LIAISON

Wanda I. Garcia, MSW

November 30, 2017

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

Dear Board Members/School Community Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information generally presented on a multi-year basis. The School is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on

the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

LEAP Academy provides a full range of educational services appropriate to grade levels K-12. These include regular, as well as special education for handicapped and special needs youngsters, and English as the Second Language services for students with limited proficiency of the English language. The Charter School completed the 2016-2017 fiscal year with 1,558 students. The following details the changes in the student enrollment of the Charter School since 1997:

STEM Elementary School Campus
639 Cooper Street
Camden, NJ 08102
Main #: 856-614-5600
Fax: 856-614-5601

STEM Upper Elementary School Campus
549 Cooper Street
Camden, NJ 08102
Main #: 856-614-0400
Fax: 856-342-7190

STEM Intermediate Campus
532 Cooper Street
Camden, NJ 08102
Main #: 856-614-3292/3290
Fax: 856-541-0526

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

Fiscal Year	Student Enrollment	Percent Change
2016-2017	1,558	8.49%
2015-2016	1,436	4.89%
2014-2015	1,369	4.26%
2013-2014	1,313	9.96%
2012-2013	1,194	38.8%
2011-2012	860	2.2%
2010-2011	751	-02.9%
2009-2010	774	02.2%
2008-2009	757	- 01.3%
2007-2008	767	- 0.13%
2006-2007	768	09.5%
2005-2006	701	03.0%
2004-2005	680	04.9%
2003-2004	648	09.0%
2002-2003	594	10.0%
2001-2002	540	11.1%
2000-2001	486	12.5%
1999-2000	432	14.2%
1998-1999	378	16.6%
1997-1998	324	

OVERVIEW OF THE LEAP ACADEMY UNIVERSITY CHARTER SCHOOL: LEAP’s founding mission -- to enhance opportunities for the children and families of Camden through the collaborative design, implementation, and integration of education, health, and human services programs and through community development, has continued to frame the work in all the core organizational and instructional areas grounding the LEAP Academy. Over the last 20 years, the school’s educational philosophy has maintained a sharp focus on ensuring college preparation and completion for all African American and Latino students, while addressing the persistent challenge of bridging the achievement gap that keeps too many African Americans and Latinos from successfully completing college degrees. Throughout its 20-year trajectory, LEAP Academy has sought to establish foundational elements that anchor its work and support its mission, as highlighted below.

First, LEAP was one of the first 13 schools in NJ and the first one in Camden City, a city with a high concentration of undereducated and underserved populations, to utilize the concept of “charter schools” as a platform for transforming educational options for parents and children. In this environment, understanding that quality education transforms lives, LEAP established and continues to sustain an educational enterprise that is entrepreneurial, innovative, efficient and accountable. The innovative spirit of LEAP Academy is reflected in its transformational approach to college readiness and access and its commitment to serving all children. That commitment and access along with the LEAP college culture raises achievement expectations for all of our students and builds hope and acts as a springboard to action. Programs like dual college enrollment partnerships, the LEAP Fabrication Lab, the LEAP College Access, the LEAP High School Academies, LEAP Parents Academy and the Leap School-Based Health Center are examples of the entrepreneurial spirit that has set LEAP apart other schools in the city as a comprehensive community school and one of the most in-demand schools in Camden City.

Second, embedded in the college preparation academic focus is a rigorous curriculum that focuses on the STEM/STEAM (Science, Technology, Engineering, Arts and Technology) content areas that is anchored in multi-disciplinary collaborations and is supported by opportunities for students to engage in active, integrated and self-directed learning across grade levels. Vertical and horizontal alignment allows for teachers to work together and follow students through a consistent and progressive academic program that is challenging, yet flexible to accommodate the changing and diverse needs of all of our students. LEAP Academy's partnerships with Rutgers University, Rowan, Cabrini and Camden County College elevates this level of alignment to college by affording students the opportunity to take courses with any of our partner colleges and universities as part of their academic program. In turn, this creates opportunities for LEAP teachers and staff to work with college faculty to align instruction in a way that results in a more effective transition from high school to college. This is evident by the growing numbers of LEAP students successfully completing Dual College enrollment, and additionally by LEAP's groundbreaking effort to enroll every senior in 2017-2018 in college courses through the newly created "LEAP Early College Program".

Third, since its inception and strategically augmented with LEAP's first cohort reaching high school, LEAP has purposefully placed college and career readiness at the center of the school's organizational structure through a focus on high expectations for all students, educators, and families. College preparation and readiness is not only embedded in the curriculum, but also is the cornerstone of the development of programmatic structures that support the path and preparation of students through the K-12 program to college. The LEAP High School Academies is one way in which students, beginning in the 9th grade, complete courses that allow them to experience college preparatory rigor in disciplines such as engineering or business while supported by LEAP faculty, either in-house or as a college dual enrollment class. This support also extends to the LEAP alumni as an additional indicator of success which goes beyond college acceptance to successful college completion.

Fourth, LEAP continues to build on its commitment to develop a solid educational pipeline that sustains children from infancy through college, to ensure that the academic and socio-emotional needs of children are addressed as early as possible, and additionally supports parent's educational advancements. Over its 20-year trajectory, LEAP has done this by ensuring that within its core structure and priorities, attention is given to providing families and students with access to needed services on-site. In addition LEAP continues to transform the physical space of Cooper Street by investing in the re-purposing of vacant land and buildings that no longer serve as academic and service hubs for our LEAP families. This year, the school received a license to operate its own school-based health center and hired a full-time Pediatric Doctor and medical staff. In less than one year, the LEAP Health Center has enrolled over 200 patients that now call LEAP Academy their medical home. Parent development and growth is crucial to sustaining the LEAP pipeline and this year, LEAP inaugurated its Parent University through a partnership with Rowan University. LEAP also continues its working relationship with the Rutgers-Camden Early Learning Research Academy. Families at LEAP are provided first priority to enroll their children in the Infant and Toddler Program. With this partnership, the pipeline extends from cradle to college and career.

Fifth, LEAP Academy capitalizes on a strong fiscal and operational base that is aligned to the instructional and support priorities of the school. The LEAP Board of Trustees works diligently through committees to ensure that the school is on track and meeting all the performance frameworks and expectations for sound school policies and operations. A talented management team oversees the school operations and provides advice to the Board on fiscal and operational investments. As an entrepreneurial Board, LEAP has managed to provide quality school buildings and its Board has tapped on external

resources and partnerships to help promote the school's mission. A record of 19 unqualified financial audits is one of the evidentiary points of the level of efficiency and systemic processes that are needed to sustain the LEAP operations.

Sixth, LEAP invests on its people, as the human capital of the schools is one of its most treasured assets. Investing on teacher and staff professional development and on affording staff opportunities for growth is at the forefront to the school's human capital plan. Targeted professional development is one of the best strategies available to the school, and LEAP has continued to increase the capacity of its teachers by providing for them opportunities to assume leadership roles as instructional supervisors, coaches and directors. The school's emphasis on performance-based compensation models has also become an important tool for rewarding great work and motivating staff to contribute at their maximum potential. LEAP's commitment is to continue to cultivate existing staff while also attracting and preparing new staff to join the organization.

ECONOMIC CONDITION AND OUTLOOK: LEAP Academy is based in Camden City, one of the nation's poorest and most violent cities in the U.S. While the city has struggled with high level of poverty and an almost non-existent local economy, recent economic development and state incentives has raised the level of opportunity and economic opportunity for Camden. The most recent estimates from the U.S. Census Bureau show the city's poverty rate fell 10 percent last year compared with the previous five-year average. The state took over administration of the public schools in Camden City and there has been a lot of activity related to forging a better path for city's students. Charter school serve 30% of the students and outperform the regular schools in all academic indicators. The combination of poverty and race/ethnicity is reflected in the population of students served in all Camden schools. A very substantial share of its African American/black and Latino students attend "segregated schools" (also known as "apartheid schools") that are burdened by intense concentrated poverty and, usually, by gross inequality in both educational opportunities and outcomes. Although New Jersey is a rich, largely suburban state with an educated population, with growing diversity, and a tradition of strong public schools, its black and Latino students face far more extreme school segregation than black students in the South.

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

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

MAJOR INITIATIVES/ACCOMPLISHMENTS: The Board of Trustees continued to be engaged in macro-level issues with a focus on accountability, academic improvement, efficiency and resource development. The overall work of the Board and its Standing Committees concentrated on ensuring that classroom instructional practices and related learning experiences are of high quality to ensure that

the students receive a rigorous college preparatory academic program; that the fiscal and operational aspects of the school are streamlined and strengthened through sound internal procedures; and that resources (facilities, people, materials, time, and funding) support the mission and programs of the school. Major accomplishments for 2016-2017 include: a) executing a new contract with the Teacher's Union (LATA) for the period of 2016-2019; b) withdrawal from participation in Camden Universal Enrollment to regain direct management of the school's enrollment process; c) approval of a Breakfast and Lunch Offer v. Served Policy; d) approval of policy on Protecting Student Identity Finger Scanning as we streamlined the Food and Nutrition Program; d) securing License to operate School Based Health Center; and, e) purchasing of two properties—527 Cooper Street adjacent to HS and playground property on 7th and Cooper adjacent to Elementary School.

INTERNAL ACCOUNTING CONTROLS: The managerial staff of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (G.A.A.P.). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to a periodic evaluation by the School's management. As part of the School's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the School has complied with applicable laws and regulations.

BUDGETARY CONTROLS: In addition to internal accounting controls, the School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as a reappropriation of fund balances in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

ACCOUNTING SYSTEMS AND REPORTS: The School's accounting records reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

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

DEBT ADMINISTRATION: The Charter School's outstanding debt at the close of the fiscal year was \$28,813,523.60. This debt is for bonds issued for the construction of or improvements to school facilities, loans payable for the lower school facility including improvements to the flooring, construction of the S.T.E.M. building and for implementation of a wireless network and capital leases for computers and furniture.

CASH MANAGEMENT: The investment policy of the School is guided in large part by state statute as detailed in “Notes to the Financial Statements,” Note 1. The School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental units from a loss for funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

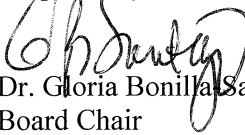
The School utilizes TD Bank as its main depository for school funds. The Business Administrator utilizes the investment vehicles available through TD Bank. This program meets the G.U.D.P.A. requirements. Most of the school’s funds are invested in short-term Certificates of Deposit allowing the school to maximize interest and yet maintain the liquidity needed to meet its obligations.

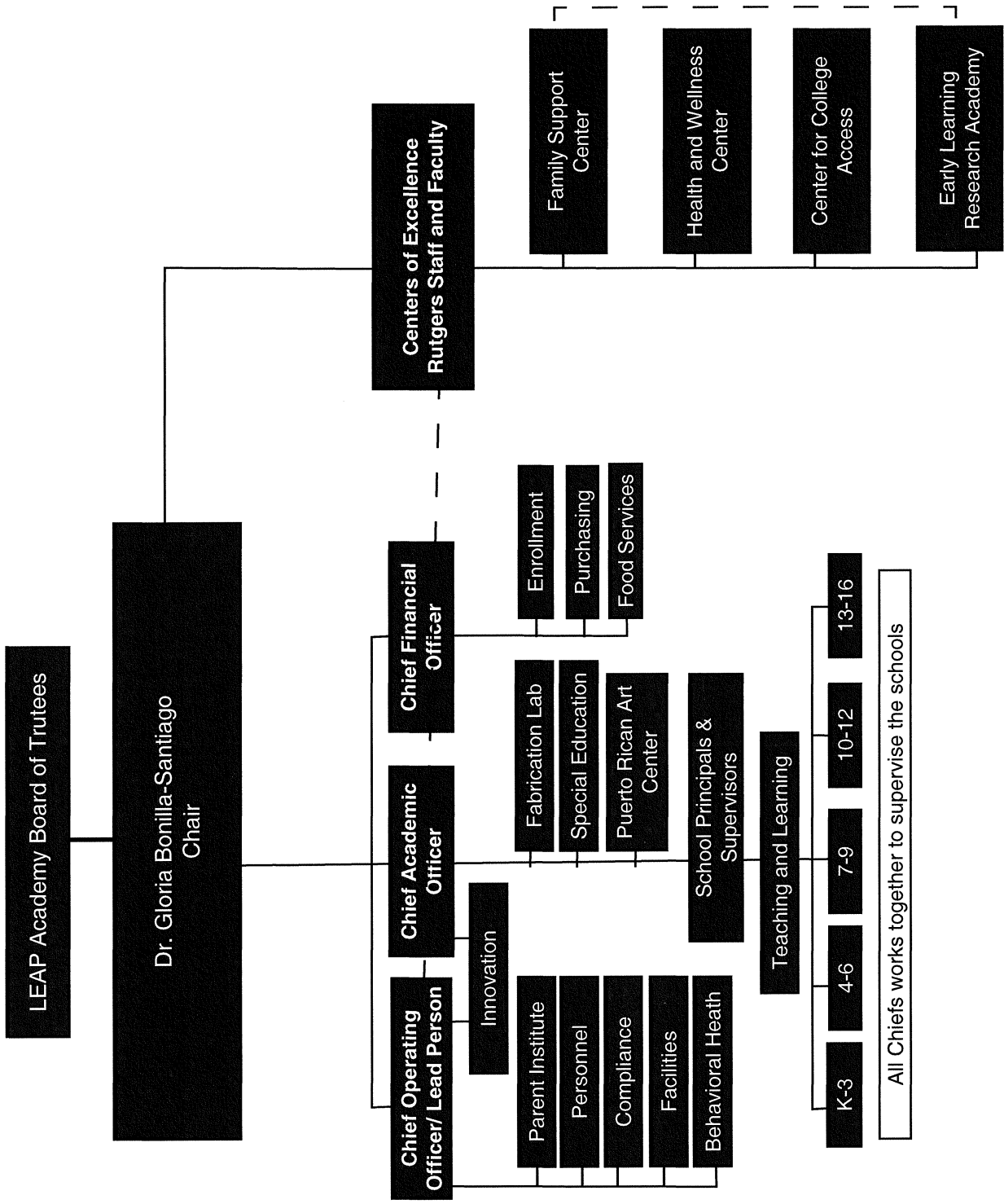
RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability and comprehensive collision, hazard and theft insurance on property and contents and fidelity bonds.

OTHER INFORMATION: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company was selected by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor’s report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of the report. The auditor’s reports related specifically to the single audit are included in the single audit section of the report.

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

Respectfully submitted,


Dr. Gloria Bonilla Santiago
Board Chair



**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
CAMDEN, NEW JERSEY
ROSTER OF OFFICIALS
June 30, 2017**

Members of the Board of Trustees

Officers:

Gloria Bonilla-Santiago	Chair
Dr. Michael Palis	Vice-Chair
Hector Nieves	Secretary

Public Members:

Donald Borden
John Hall
Cal Maradonna
Dr. Michael Palis
Christine Karlsson
Jennifer Perkins Young
Robert Ransom
Omar Samaniego
Horacio Sosa, Ph.D.
Maryanne Taylor

Parent Representatives:

Mathew Goodwin
Hector Nieves
Gladys G. Novoa
Brenda Ortiz

Staff:

Manuel Delgado	Chief Operations Office/Lead Person
Ken Verrill	Chief Financial Officer/School Business Administrator
Wanda Garcia	Board Liaison

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

Consultants and Advisors

Audit Firm

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

Attorneys

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

Official Depositories

TD Bank
1701 Route 70 East
Cherry Hill, NJ 08034

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, as of June 30, 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.

24300

Other Matters

Required Supplementary Information

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

Other Information

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

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

24300

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the LEAP Academy University Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LEAP Academy University Charter School, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
November 30, 2017

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 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 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LEAP Academy University Charter School, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the LEAP Academy University Charter School, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
November 30, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
(Unaudited)

As management of the LEAP Academy University Charter School, Inc. (hereafter referred to as the "Charter School"), we offer readers of the Charter School's annual financial report this narrative overview and analysis of the financial activities for the fiscal year that ended on June 30, 2017. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current fiscal year (2016-17) and the prior fiscal year (2015-16) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The net position of the Charter School, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$3,855,463.98 at the close of the current fiscal year. Of this amount, \$3,489,226.36 represents net position of governmental activities and \$366,237.62 for Business-Type activities. At June 30, 2016, these were \$3,521,999.07 and \$281,456.00 respectively.
- For the acquisition of real property, equipment and school buses, the Charter School entered into various loan and capital lease agreements in the amount of \$550,000.00 and \$341,655.74, respectively.
- As of the close of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances of \$2,749,093.57, an increase of \$483,200.11, in comparison with the prior fiscal year combined ending fund balances, which were \$2,265,893.46.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

Reporting the Charter School as a Whole

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

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the Charter School as a Whole (Cont'd)

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

Reporting the Charter School's Most Significant Funds

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

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

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

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

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

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

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

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

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

Notes to the Financial Statements - the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

THE CHARTER SCHOOL AS A WHOLE

Table A-1 provides a summary of the Charter School's net position for fiscal years 2017 and 2016.

Table A-1
Statements of Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 5,278,013.74	\$ 5,226,157.75	\$ 351,172.63	\$ 227,279.46	\$ 5,629,186.37	\$ 5,453,437.21
Capital Assets	35,327,887.00	35,009,139.49	258,921.18	281,456.00	35,586,808.18	35,290,595.49
Total Assets	40,605,900.74	40,235,297.24	610,093.81	508,735.46	41,215,994.55	40,744,032.70
Deferred Outflows of Resources - Related to Pensions	3,250,227.00	1,541,600.00			3,250,227.00	1,541,600.00
Long-term Liabilities	37,524,321.45	34,866,907.83			37,524,321.45	34,866,907.83
Other Liabilities	2,737,728.93	3,143,518.34	243,856.19	227,279.46	2,981,585.12	3,370,797.80
Total Liabilities	40,262,050.38	38,010,426.17	243,856.19	227,279.46	40,505,906.57	38,237,705.63
Deferred Inflows of Resources - Related to Pensions	104,851.00	244,472.00			104,851.00	244,472.00
Net Position						
Net Investment in Capital Assets	6,514,363.40	6,433,380.86	258,921.18	281,456.00	6,773,284.58	6,714,836.86
Restricted	2,699,540.78	2,410,225.66				2,410,225.66
Unrestricted (Deficit)	(5,724,677.82)	(5,321,607.45)	107,316.44		(5,617,361.38)	(5,321,607.45)
Total Net Position	\$ 3,489,226.36	\$ 3,521,999.07	\$ 366,237.62	\$ 281,456.00	\$ 3,855,463.98	\$ 3,803,455.07

Governmental Activities

In the governmental activities, total assets increased by \$370,603.50. Overall, the Charter School's cash position decreased \$99,468.83 since June 30, 2016. Receivables increased \$63,379.90. Internal balances with the Business-type Activities increased by \$87,944.92. Deferred outflows increased \$1,708,627.00 because of GASB 68 for the Charter School's participation in various pension plans. In addition, during the fiscal year 2017, capital assets (net) increased by \$318,747.51 from the acquisition of real property, equipment and school buses offset with depreciation expense.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Governmental Activities (Cont'd)

Total liabilities increased by \$2,251,624.21. Of this increase, a net increase in noncurrent liabilities of \$2,774,926.32 was the most significant reason. There were increases in loans payable \$493,593.80; capital leases \$183,916.02; compensated absences \$16,623.35 and net pension liability \$2,520,538.00 offset by a decrease in bonds payable (\$439,437.48). Other changes in liabilities were an increase in unearned revenue \$5,977.00; accrued interest payable \$425.73 offset by decreases in accounts payable (\$371,566.41) and amounts payable to local government (\$144,241.43).

Deferred inflows of resources decreased by (\$139,621.00) as a result GASB 68 for the Charter School's participation in various pension plans.

At June 30, 2017, net position was \$3,489,226.36. This is a decrease of (\$32,772.71) over the net position at June 30, 2016, which was \$3,521,999.07.

The largest portion of net position, \$6,514,363.40 is the Charter School's net investment in capital assets. This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Charter School uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the Charter School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the Charter School's net position represents resources that are restricted, which totaled \$2,699,540.78. These amounts consist of amounts restricted for debt service, capital projects, grant expenditures and other restricted purposes.

The third and final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current fiscal year, the Charter School's unrestricted net position was a deficit of (\$5,724,677.82).

Business-Type Activities

In the business-type activities, total assets increased \$101,358.35. The cash position increased \$72,019.14. Accounts receivable increased \$142,378.35. Internal balance deficit with the Governmental Activities increased by (\$87,944.92.) Inventories decreased by (\$2,559.40). Capital assets net of accumulated depreciation decreased by \$22,534.82.

Liabilities which included accounts payable increased by \$16,576.73.

At June 30, 2017, net position was \$366,237.62 comprised of net investment in capital assets of \$258,921.18 and unrestricted net position of \$107,316.44. At June 30, 2016, net position was \$281,456.22 comprised of net investment in capital assets.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-2 reflects changes in net position for fiscal years 2017 and 2016.

Table A-2
Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services			\$ 376,098.66	\$ 335,636.26	\$ 376,098.66	\$ 335,636.26
Operating Grants and Contributions	\$ 6,348,097.00	\$ 4,946,929.04	1,282,219.98	1,007,664.34	7,476,316.98	5,954,593.38
General revenues:						
Charter School Aid	19,161,945.00	19,258,462.00			19,161,945.00	19,258,462.00
State and Federal Aid - Not Restricted	1,885,534.11	52,457.10			1,885,534.11	52,457.10
Investment Earnings	6,385.95	4,995.15	68.24	45.75	6,454.19	5,040.90
Miscellaneous Income	568,814.95	566,422.64			568,814.95	566,422.64
Transfers		(4,958.19)		4,958.19		
Total Revenues	27,970,777.01	24,824,307.74	1,504,386.88	1,348,304.54	29,475,163.89	26,172,612.28
Expenses						
Regular Instruction	8,400,920.93	7,832,801.23			8,400,920.93	7,832,801.23
Special Education Instruction	392,329.70	303,695.15			392,329.70	303,695.15
Basic Skills Remedial Instruction		31,850.00				31,850.00
Bilingual Education Instruction	247,530.20	144,870.62			247,530.20	144,870.62
School Sponsored Extra Curricular Activities Instruction	7,918.82	3,912.26			7,918.82	3,912.26
School Sponsored Athletics Instruction	124,845.30	71,448.12			124,845.30	71,448.12
Before and After School Programs Instruction		18,188.88				18,188.88
Summer School	86,324.69	80,160.02			86,324.69	80,160.02
Other Supplemental At Risk Programs	63,690.00	59,508.00			63,690.00	59,508.00
Community Service Programs	439,917.57	404,239.09			439,917.57	404,239.09
Support Services and Undistributed Costs:						
Student and Instruction Related Services	1914,359.81	2,105,472.08			1914,359.81	2,105,472.08
School Administrative Services	1,347,645.47	1,322,907.17			1,347,645.47	1,322,907.17
Other Administrative Services	2,016,071.62	2,120,185.30			2,016,071.62	2,120,185.30
Plant Operations and Maintenance	2,533,408.89	2,451,476.77			2,533,408.89	2,451,476.77
Pupil Transportation	358,905.81	287,316.10			358,905.81	287,316.10
Unallocated Benefits	8,705,493.31	6,290,359.70			8,705,493.31	6,290,359.70
Interest on Long Term Debt	1,364,187.60	1,374,969.22			1,364,187.60	1,374,969.22
Food Services			1419,605.26	1,377,923.54	1419,605.26	1,377,923.54
Total Expenses	28,003,549.72	24,903,359.71	1,419,605.26	1,377,923.54	29,423,154.98	26,281,283.25
Net Increase/(Decrease) in Net Position	(32,772.71)	(79,051.97)	84,781.62	(29,619.00)	52,008.91	(108,670.97)
Net Position -- July 1	3,521,999.07	3,490,274.60	281,456.00	149,773.22	3,803,455.07	3,640,047.82
Ending Net Position, Prior to Restatement	3,489,226.36	3,411,222.63	366,237.62	120,154.22	3,855,463.98	3,531,376.85
Restatement to Record a Correction in the Charter School's Capital Assets		110,776.44		161,301.78		272,078.22
Net Position -- June 30	\$ 3,489,226.36	\$ 3,521,999.07	\$ 366,237.62	\$ 281,456.00	\$ 3,855,463.98	\$ 3,803,455.07

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Governmental Activities

During fiscal year 2017, the Charter School's total revenues increased by \$3,146,469.27, increasing from \$24,824,307.74 in fiscal year 2016 to \$27,970,777.01 in fiscal year 2017. The net increase in total revenues is largely attributable to the following:

- Operating Grants and Contributions increased \$1,401,167.96. This revenue includes restricted grants from federal and local sources and TPAF Social Security and Pensions funded by the State of New Jersey.
- State and Federal Aid, which is not restricted, increased \$1,833,077.01. This revenue includes Adjustment and Nonpublic Aid received direct from the State of New Jersey and federal SEMI Medicaid.
- Investment earnings increased \$1,390.80.
- Miscellaneous revenues increased \$2,392.31.
- The Charter School had a net decrease in Charter School Aid. This net decrease was the Local Levy Equalization Aid State and Local Share, which decreased (\$48,882.00), Special Education Aid, which decreased (\$54,003.00) offset by increases for Security Aid \$6,368.00.
- Lastly, there was no need to transfer funds to cover a deficit in the Business-type activities resulting in a decreased (\$4,958.19).

During fiscal year 2017, the Charter School's total expenses increased by \$3,100,190.01, increasing from \$24,903,359.71 in fiscal year 2016 to \$28,003,549.72 in fiscal year 2017.

- Instruction increased \$772,125.36.
- Community Service Programs comprised of the clinic increased \$35,678.48.
- Support services and undistributed costs, which included student and instruction related services, administrative services, plant operations and maintenance, pupil transportation and employee benefits increased by \$2,298,167.79.
- Interest on long-term debt decreased by (\$10,781.62).

Business-Type Activities

For 2017, business-type revenues were \$1,504,386.88, a 12% increase over the 2016 revenues, which were \$1,348,304.88.

The largest sources of business-type revenues (75%) were for operating grants \$1,128,219.98. These were \$1,007,664.34 in 2016. Charges for services were \$376,098.66 (25%) in 2017. Charges for services in 2016 were \$335,636.26.

Expenditures for business-type activities were \$1,419,605.26 in 2017, an increase of \$41,681.72 over expenditures of \$1,377,923.54 in 2016.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-3 reflects the total cost of services in the governmental activities and the net cost offset with program revenues for fiscal years 2017 and 2016.

Table A-3
Net Cost of Governmental Activities

	<u>Source</u>	<u>2017</u>		<u>2016</u>	
		<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Governmental Activities:					
Regular Instruction	A-2	\$ 8,400,920.93	\$ 7,740,397.56	7,832,801.23	6,995,708.36
Special Education Instruction	A-2	392,329.70	392,329.70	303,695.15	303,695.15
Basic Skills Remedial Instruction	A-2			31,850.15	31,850.00
Bilingual Education Instruction	A-2	247,530.20	247,530.20	144,870.62	144,870.62
School Sponsored Extra Curricular Activities Instruction	A-2	7,918.82	7,918.82	3,912.26	3,912.26
School Sponsored Athletics Instruction	A-2	124,845.30	124,845.30	71,448.12	71,448.12
Before and After School Programs Instruction	A-2			18,188.88	18,188.88
Summer School	A-2	86,324.69	86,324.69	80,160.02	80,160.02
Other Supplemental At Risk Programs	A-2	63,690.00	63,690.00	59,508.00	59,508.00
Community Service Programs	A-2	439,917.57	439,917.57	404,239.09	404,239.09
Support Services and Undistributed Costs:					
Student and Instruction Related Services	A-2	1,914,359.81	1,398,679.64	2,105,472.08	1,478,582.87
School Administrative Services	A-2	1,347,645.47	1,347,645.47	1,322,907.17	1,322,907.17
Other Administrative Services	A-2	2,016,071.62	2,016,071.62	2,120,185.30	2,120,185.30
Plant Operations and Maintenance	A-2	2,533,408.89	2,533,408.89	2,451,476.77	2,451,476.77
Pupil Transportation	A-2	358,905.81	358,905.81	287,316.10	287,316.10
Unallocated Benefits	A-2	8,705,493.31	3,533,599.85	6,290,359.70	2,807,412.74
Interest on Long Term Debt	A-2	1,364,187.60	1,364,187.60	1,374,969.22	1,374,969.22
Total Governmental Activities		\$28,003,549.72	\$21,655,452.72	\$24,903,359.86	\$19,956,430.67

THE CHARTER SCHOOL'S FUNDS

Governmental Funds

As the Charter School completed the fiscal year, its governmental funds reported a *combined* fund balance of \$2,749,093.57, an increase of \$483,200.11 over the balance of \$2,265,893.46 at June 30, 2016. Of the aforementioned combined ending fund balances, the general fund had an unassigned fund balance of \$712,354.16. The remainder of fund balances are restricted, committed or assigned to indicate that it is not available for new spending because it has already been earmarked as follows: (1) restricted for debt service reserve \$83,113.95; (2) restricted for sinking fund reserve \$1,688,380.98; (3) restricted for a state mandated charter school escrow reserve \$75,183.74, (4) restricted for local grants in the special revenue fund \$8,880.93; (5) restricted for capital projects \$13,422.63; or (6) assigned for fiscal year-end encumbrances \$167,757.18. As mentioned previously, the financial activity of LEAP Cramer Hill, LLC, of which LEAP Academy University Charter School, Inc. is the sole member is not included in the fund financial statements.

General Fund - The general fund is the general operating fund of the Charter School and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, the Charter School has an unassigned fund balance in the general fund of \$712,354.16.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

General Fund (Cont'd) - During the current fiscal year, the fund balance of the Charter School's general fund increased \$480,322.51. The primary factors affecting the fund balance of the general fund is as follows:

- Revenues increased \$2,002,161.32 from \$21,375,710.27 in 2016 to \$23,377,871.59 in 2017. This was primarily from an increase of \$2,046,716.84 from state sources, which revenues passing through the students' district of residence, direct state aid and TPAF Social Security and Pension that are state funded. These increases were offset by a decrease of (\$44,352.53) for local sources and (\$202.99) in federal sources.
- Expenditures increased \$823,786.09 from \$23,261,523.18 in fiscal year 2016 to \$24,085,309.27. Expenditure for instruction increased \$713,373.02. Expenditures for community service programs increased \$78,010.46. Combined expenditures for Support Services and Undistributed Costs which includes Student and Instruction Related Services, Administrative Services, Plant Operations, Pupil Transportation and Employee Benefits and Support services which also include debt service and unallocated benefits increased \$703,728.37. Payments for debt service including for deposit into debt and sinking fund reserves increased \$44,212.11. Capital Outlay decreased \$665,498.99.
- Net Other Financing Sources and (Uses) increased \$873,066.62. The primary reason for this increase was for Assets Acquired by Capital Lease and Other Debt.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Fiscal year 2017 activity resulted from the Charter School administering and operating programs funded by the following federal awards: Title I, Part A; Title II, Part A, Title III; I.D.E.A. Part B, Basic; edConnectNJ and some local awards. Total revenues were \$1,362,974.87 and total expenditures were \$1,360,097.27 from these programs, which were less than the revenues and expenditures of the previous fiscal year of \$1,679,518.75 and \$1,684,953.38 respectively.

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

For the fiscal year ended June 30, 2017, the Charter School had no capital projects fund transactions.

Proprietary Funds

Food Service Fund - as the Charter School completed the fiscal year, the Charter School's total net position of the food service fund was \$366,237.62, which was comprised of \$258,921.18 of net investment in capital assets and \$107,316.44 unrestricted net position. During the fiscal year, the net position of the food service fund increased by \$84,781.62.

General Fund Budgetary Highlights

During the fiscal year, the Charter School had a budget modification due to changes in various revenue sources. The final revenue anticipated was \$21,059,307.00, an increase of \$661,255.00 over the original anticipated revenue of \$20,398,052.00. Total budgeted revenues realized equaled \$23,377,871.59, which was \$2,318,564.59 in excess of the budget estimate, thus replenishing fund balance. This excess was mainly attributable to the Charter School's on-behalf T.P.A.F. pension contributions (normal cost \$749,402.00, post-retirement medical \$647,046.00, non-contributory insurance \$27,153.00 and long-term disability \$7,254.00 and reimbursed T.P.A.F. social security contributions which were \$554,973.13, respectively.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

General Fund Budgetary Highlights (Cont'd)

The final budgetary basis expenditure appropriation estimate was \$21,364,615.92. This is an increase of \$909,908.39 over the original budgeted estimate. Actual expenditures were \$24,085,309.27 and in excess of the final budget estimate by \$2,720,693.35. Since expenditures include the amounts recorded for T.P.A.F. social security contributions and T.P.A.F. pension contributions (normal cost and post-retirement medical) mentioned under revenue above which are not budgeted, this excess is not an overexpenditure of any appropriations. Also contributing to the amount in excess of the budget are amounts for assets acquired by capital lease and other debt, which totaled \$891,655.74.

Special Revenue Fund Budgetary Highlights

Differences between the original budget and the final modified budget totaled \$28,450.39 (increase in budgeted revenues and appropriations). The modifications resulted from approved increases in federal awards, which were not known at the time the annual budget was adopted and the appropriation of local grant awards.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Charter School's capital asset balance for its governmental and business-type activities as of June 30, 2017 amounted to a historical cost of \$49,712,927.00, or \$35,586,808.18 net of accumulated depreciation (see Table A-4). This balance of capital assets includes land, buildings and building improvements, equipment and vehicles. Net capital assets increased by \$296,212.69 in fiscal year 2017 from fiscal year 2016. The key factors in this net increase are as follows:

- From real property acquisitions and the completion of various construction projects, land has increased \$520,101.00 and buildings and Improvements have increased \$338,914.51.
- Through acquisition including by capital lease, equipment increased \$688,671.00
- Through acquisition by capital lease, vehicles has increased \$177,000.00
- From the depreciation on existing and newly acquired capital assets, accumulated depreciation increase \$1,428,473.82.

Table A-4

	Capital Assets (Net of Accumulated Depreciation)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 2,183,511.00	\$ 1,663,410.00			\$ 2,183,511.00	\$ 1,663,410.00
Construction in Progress		11,249,357.49				11,249,357.49
Buildings & Bldg Improvements	4,1073,806.00	29,485,534.00			4,1073,806.00	29,485,534.00
Equipment	5,572,827.00	4,893,789.00	\$ 514,668.00	\$ 505,035.00	6,087,495.00	5,398,824.00
Vehicles	368,115.00	191,115.00			368,115.00	191,115.00
Total Capital Assets	49,198,259.00	47,483,205.49	514,668.00	505,035.00	49,712,927.00	47,988,240.49
Less: Accumulated Depreciation	(13,870,372.00)	(12,474,066.00)	(255,746.82)	(223,579.00)	(14,126,118.82)	(12,697,645.00)
Net Capital Assets	\$35,327,887.00	\$ 35,009,139.49	\$ 258,921.18	\$ 281,456.00	\$ 35,586,808.18	\$35,290,595.49

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Long-term Debt

General Obligation Bonds. At the end of the current fiscal year, the Charter School had \$16,241,635.62 of bonded debt outstanding that included general obligation bonds \$5,266,537.01 and charter school revenue bonds \$10,975,098.61 (including an unamortized premium on issuance of \$7,536.09) outstanding, a decrease of \$439,744.85 from last fiscal year.

Loans Payable. At the end of the current fiscal year, the Charter School had a balance \$11,856,553.53 in loans payable; a net increase of \$493,593.80 from last fiscal year. Other than from payments, the net increase is for loans used for the acquisition of land for a playground and a building for additional space.

Capital Leases. At the end of the current fiscal year, the Charter School had capital leases totaling \$715,334.45 outstanding, a net increase of \$183,916.02 from last fiscal year. Other than from payments, the net increase is for leases for laptops computers and two school buses.

Compensated Absences. At the end of the current fiscal year, the Charter Schools had a \$103,042.82 liability for compensated absences, an increase of \$16,623.35 from last fiscal year.

Net Pension Liability. At the end of the current fiscal year, the Charter Schools had a \$9,308,710.00 liability for its proportionate share of the net pension liability in the Public Employees' Retirement System; an increase of \$2,520,538.00.

FUTURE OUTLOOK

The Charter School maintained its general fund budget through the revenue received from students' districts of residence for their equalization aid/local levy state and local share categorical aid specific for their students and from federal and state aid and miscellaneous revenue sources. Approximately 78% of total revenue is from the local and state levy, 4% is from categorical aid, 8% from other state aid, less than 1% is from federal sources and 2% from other local sources.

CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,001,961.85	\$ 87,647.75	\$ 1,089,609.60
Receivables, net (Note 3)	1,185,012.01	368,976.33	1,553,988.34
Internal Balances	120,213.66	(120,213.66)	
Restricted Cash and Cash Equivalents:			
For Grants	116,708.93		116,708.93
Deposits Held for Debt Service	988,818.47		988,818.47
Deposits Held for Capital Projects	2,081.45		2,081.45
Deposits Held for Long-Term Reserves	1,863,217.37		1,863,217.37
Inventories		14,762.21	14,762.21
Capital Assets, net (Note 5)	<u>35,327,887.00</u>	<u>258,921.18</u>	<u>35,586,808.18</u>
Total Assets	<u>40,605,900.74</u>	<u>610,093.81</u>	<u>41,215,994.55</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	<u>3,250,227.00</u>		<u>3,250,227.00</u>
LIABILITIES:			
Accounts Payable:			
Other	1,162,187.36	243,856.19	1,406,043.55
Related to Pensions	307,119.00		307,119.00
Payable to Local Government	343,195.16		343,195.16
Unearned Revenue	5,977.00		5,977.00
Accrued Interest Payable	218,295.44		218,295.44
Noncurrent Liabilities (Note 7):			
Due within One Year	700,954.97		700,954.97
Due beyond One Year	<u>37,524,321.45</u>		<u>37,524,321.45</u>
Total Liabilities	<u>40,262,050.38</u>	<u>243,856.19</u>	<u>40,505,906.57</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	<u>104,851.00</u>		<u>104,851.00</u>
NET POSITION:			
Net Investment in Capital Assets	6,514,363.40	258,921.18	6,773,284.58
Restricted for:			
Debt Service	2,500,319.38		2,500,319.38
Capital Projects	15,504.08		15,504.08
Special Revenue Fund	8,880.93		8,880.93
Other Purposes	174,836.39		174,836.39
Unrestricted (Deficit)	<u>(5,724,677.82)</u>	<u>107,316.44</u>	<u>(5,617,361.38)</u>
Total Net Position	<u>\$ 3,489,226.36</u>	<u>\$ 366,237.62</u>	<u>\$ 3,855,463.98</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Regular Instruction	\$ 8,400,920.93		\$ 660,523.37		\$ (7,740,397.56)		\$ (7,740,397.56)
Special Education Instruction	392,329.70				(392,329.70)		(392,329.70)
Bilingual Education Instruction	247,530.20				(247,530.20)		(247,530.20)
School Sponsored Extra Curricular Activities Instruction	7,918.82				(7,918.82)		(7,918.82)
School Sponsored Athletics Instruction	124,845.30				(124,845.30)		(124,845.30)
Summer School	86,324.69				(86,324.69)		(86,324.69)
Other Supplemental At Risk Programs	63,690.00				(63,690.00)		(63,690.00)
Community Service Programs	439,917.57				(439,917.57)		(439,917.57)
Support Services and Undistributed Costs:							
Student and Instruction Related Services	1,914,359.81		515,680.17		(1,398,679.64)		(1,398,679.64)
School Administrative Services	1,347,645.47				(1,347,645.47)		(1,347,645.47)
Other Administrative Services	2,016,071.62				(2,016,071.62)		(2,016,071.62)
Plant Operations and Maintenance	2,533,408.89				(2,533,408.89)		(2,533,408.89)
Pupil Transportation	358,905.81				(358,905.81)		(358,905.81)
Unallocated Benefits	8,705,493.31		5,171,893.46		(3,533,599.85)		(3,533,599.85)
Interest on Long-Term Debt	1,364,187.60				(1,364,187.60)		(1,364,187.60)
Total Governmental Activities	28,003,549.72		6,348,097.00		(21,655,452.72)		(21,655,452.72)
Business-Type Activities:							
Food Service	1,419,605.26	\$ 376,098.66	1,128,219.98			\$ 84,713.38	84,713.38
Total Business-Type Activities	1,419,605.26	376,098.66	1,128,219.98			84,713.38	84,713.38
Total Government	\$ 29,423,154.98	\$ 376,098.66	\$ 7,476,316.98	\$ -	(21,655,452.72)	84,713.38	(21,570,739.34)
General Revenues:							
Charter School Aid					19,161,945.00		19,161,945.00
State and Federal Aid - Not Restricted					1,885,534.11		1,885,534.11
Investment Earnings					1,905.10	68.24	1,973.34
Restricted Investment Earnings					4,480.85		4,480.85
Miscellaneous Income					568,814.95		568,814.95
Total General Revenues					21,622,680.01	68.24	21,622,748.25
Change in Net Position					(32,772.71)	84,781.62	52,008.91
Net Position -- July 1					3,521,999.07	281,456.00	3,803,455.07
Net Position -- June 30					\$ 3,489,226.36	\$ 366,237.62	\$ 3,855,463.98

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

FUND FINANCIAL STATEMENTS

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Governmental Funds
 Balance Sheet
 June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 968,055.22	\$ 116,708.93		\$ 1,084,764.15
Deposits Held for Debt Service	83,113.95			83,113.95
Deposits Held for Long-Term Reserves	1,763,564.72			1,763,564.72
Due from Other Funds:				
General Fund			\$ 13,422.63	13,422.63
Special Revenue Fund	427,470.67			427,470.67
Food Service Enterprise Fund	111,448.71	8,764.95		120,213.66
Intergovernmental Accounts Receivable:				
Federal		573,959.28		573,959.28
State	185,281.95			185,281.95
Other LEAs - State Aid	213,383.14			213,383.14
Accounts Receivable - Other	225,132.74	6,750.00		231,882.74
Total Assets	<u><u>\$ 3,977,451.10</u></u>	<u><u>\$ 706,183.16</u></u>	<u><u>\$ 13,422.63</u></u>	<u><u>\$ 4,697,056.89</u></u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 887,677.29	\$ 263,854.56		\$ 1,151,531.85
Payable to Other Funds:				
General Fund		427,470.67		427,470.67
Capital Projects Fund	13,422.63			13,422.63
Fiduciary Fund	6,366.01			6,366.01
Intergovernmental Accounts Payable:				
Other LEAs - State Aid	343,195.16			343,195.16
Unearned Revenue		5,977.00		5,977.00
Total Liabilities	<u><u>1,250,661.09</u></u>	<u><u>697,302.23</u></u>		<u><u>1,947,963.32</u></u>
Fund Balances:				
Restricted:				
Debt Service Reserve	83,113.95			83,113.95
Sinking Fund Reserve	1,688,380.98			1,688,380.98
Charter School Escrow Reserve	75,183.74			75,183.74
Special Revenue Fund		8,880.93		8,880.93
Capital Projects			\$ 13,422.63	13,422.63
Assigned:				
Other Purposes	167,757.18			167,757.18
Unassigned:				
General Fund	712,354.16			712,354.16
Total Fund Balances	<u><u>2,726,790.01</u></u>	<u><u>8,880.93</u></u>	<u><u>13,422.63</u></u>	<u><u>2,749,093.57</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 3,977,451.10</u></u>	<u><u>\$ 706,183.16</u></u>	<u><u>\$ 13,422.63</u></u>	

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Governmental Funds
 Balance Sheet
 June 30, 2017

	Total Governmental <u>Funds</u>
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$49,198,259.00, and the accumulated depreciation is \$13,870,372.00.	\$ 35,327,887.00
Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.	(218,295.44)
Long-term liabilities, including bonds payable, loans payable, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(28,916,566.42)
In accordance with GASB 61, which requires the blended reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, balances maintained by the component unit would be reported on the statement of net position:	
Cash Balances	1,041,345.25
Accounts Receivable	8,278.40
Accounts Payable	(32,063.00)
Net Pension Liability	(9,308,710.00)
Accounts Payable related to the April 1, 2018 Required PERS pension contribution that is not to be liquidated with current financial resources.	(307,119.00)
Deferred Outflows of Resources - Related to Pensions	3,250,227.00
Deferred Inflows of Resources - Related to Pensions	<u>(104,851.00)</u>
Net position of governmental activities	<u>\$ 3,489,226.36</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources	\$ 344,564.35	\$ 11,452.80		\$ 356,017.15
State Sources	23,001,053.13			23,001,053.13
Federal Sources	32,254.11	1,351,522.07		1,383,776.18
Total Revenues	23,377,871.59	1,362,974.87		24,740,846.46
EXPENDITURES:				
Current:				
Regular Instruction	6,706,810.03	657,645.77		7,364,455.80
Special Education Instruction	392,329.70			392,329.70
Bilingual Education Instruction	247,530.20			247,530.20
School Sponsored Extra Curricular Activities Instruction	7,918.82			7,918.82
School Sponsored Athletics Instruction	124,845.30			124,845.30
Summer School	86,324.69			86,324.69
Other Supplemental At Risk Programs	63,690.00			63,690.00
Community Service Programs	435,560.66			435,560.66
Support Services and Undistributed Costs:				
Student and Instruction Related Services	1,390,323.76	515,680.17		1,906,003.93
School Administrative Services	1,320,774.54			1,320,774.54
Other Administrative Services	1,886,522.99			1,886,522.99
Plant Operations and Maintenance	2,999,846.47			2,999,846.47
Pupil Transportation	338,502.41			338,502.41
Employee Benefits	2,832,230.53	186,771.33		3,019,001.86
TPAF Pension and Social Security	1,985,828.13			1,985,828.13
Debt Service:				
Capital Lease Principal	157,739.72			157,739.72
Bonds and Loan Principal	463,485.20			463,485.20
Payment to Sinking Fund	292,235.04			292,235.04
Interest on Current Loans	6,457.30			6,457.30
Interest on Lease Purchase Agreements	36,081.58			36,081.58
Bond and Loan Interest	655,806.16			655,806.16
Capital Outlay	1,654,466.04			1,654,466.04
Total Expenditures	24,085,309.27	1,360,097.27		25,445,406.54
Excess (Deficiency) of Revenues over Expenditures	(707,437.68)	2,877.60		(704,560.08)
OTHER FINANCING SOURCES (USES):				
Assets Acquired by Capital Lease and Other Debt	891,655.74			891,655.74
Deposits Held for Sinking Fund:				
Sinking Fund Deposits	292,235.04			292,235.04
Interest on Sinking Fund Deposits	3,869.41			3,869.41
Total Other Financing Sources and Uses	1,187,760.19			1,187,760.19
Net Change in Fund Balances	480,322.51	2,877.60		483,200.11
Fund Balance -- July 1	2,246,467.50	6,003.33	\$ 13,422.63	2,265,893.46
Fund Balance -- June 30	<u>\$ 2,726,790.01</u>	<u>\$ 8,880.93</u>	<u>\$ 13,422.63</u>	<u>\$ 2,749,093.57</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2017

Total Net Change in Fund Balances - Governmental Funds		\$ 483,200.11
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (1,396,306.00)	
Capital Outlays (B-2)	1,654,466.04	258,160.04
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		621,224.92
Proceeds from the issuance of debt is an increase to fund balance in the government funds, but the receipt increases long-term liabilities in the statement of net position and is not reported in the statement of activities.		(891,655.74)
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an decrease in the reconciliation. (-)		(665,842.56)
The adoption of GASBS 61 requires the reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, as a blended component unit on the statement of activities. Revenue and expenditure activity is not reported in the governmental funds.		141,269.19
In accordance with GASB 61, which requires the blended reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, all revenue and expenditure transactions between the charter school and the component unit would be eliminated.		737,682.68
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-);when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(16,623.35)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		(700,188.00)
Change in Net Position of Governmental Activities		\$ (32,772.71)

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Proprietary Fund
 Statement of Net Position
 June 30, 2017

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash	\$ 87,647.75
Accounts Receivable	257,331.65
Intergovernmental Accounts Receivable:	
State	1,320.43
Federal	110,324.25
Inventories	14,762.21
Total Current Assets	<u>471,386.29</u>
Noncurrent Assets:	
Equipment	514,668.00
Less Accumulated Depreciation	<u>(255,746.82)</u>
Total Noncurrent Assets	<u>258,921.18</u>
Total Assets	<u>730,307.47</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	243,856.19
Interfund Accounts Receivable:	
Due to General Fund	111,448.71
Due to Special Revenue Fund	8,764.95
Total Current Liabilities	<u>364,069.85</u>
NET POSITION:	
Net Investment in Capital Assets	258,921.18
Unrestricted	<u>107,316.44</u>
Total Net Position	<u>\$ 366,237.62</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2017

	Business-Type Activities Enterprise Fund
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 54,950.31
Daily Sales - Non-Reimbursable Programs	36,057.65
Special Functions	36,611.20
Rutgers - ELRA Contract	248,479.50
	<u>248,479.50</u>
Total Operating Revenues	<u>376,098.66</u>
OPERATING EXPENSES:	
Salaries	523,902.49
Employee Benefits	107,141.09
Other Purchased Services	46,492.54
Cleaning, Repair and Maintenance Services	5,071.17
General Supplies	36,077.49
Depreciation	32,167.82
Cost of Sales - Reimbursable Programs	534,960.66
Cost of Sales - Nonreimbursable Programs	133,792.00
	<u>133,792.00</u>
Total Operating Expenses	<u>1,419,605.26</u>
Operating Income (Loss)	<u>(1,043,506.60)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	12,992.86
Federal Sources:	
National School Lunch Program	701,092.46
National School Breakfast Program	359,804.01
Food Distribution Program	55,488.51
Cost Recovery Prior Year National School Breakfast Program	(1,157.86)
Interest and Investment Revenue	68.24
	<u>68.24</u>
Total Nonoperating Revenues (Expenses)	<u>1,128,288.22</u>
Change in Net Position	84,781.62
Net Position -- July 1	<u>281,456.00</u>
Net Position -- June 30	<u>\$ 366,237.62</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2017

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 292,407.17
Payments to Employees	(523,902.49)
Payments for Employee Benefits	(107,141.09)
Payments to Suppliers	<u>(681,769.22)</u>
Net Cash Provided by (used for) Operating Activities	<u>(1,020,405.63)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State Sources	12,705.34
Federal Sources	<u>1,089,284.19</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,101,989.53</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>(9,633.00)</u>
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(9,633.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	<u>68.24</u>
Net Cash Provided by (used for) Investing Activities	<u>68.24</u>
Net Increase (Decrease) in Cash and Cash Equivalents	72,019.14
Balance -- July 1	<u>15,628.61</u>
Balance -- June 30	<u>\$ 87,647.75</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (1,043,506.60)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	32,167.82
Food Distribution Program	55,488.51
(Increase) Decrease in Accounts Receivable, net	(83,691.49)
(Increase) Decrease in Inventories	2,559.40
Increase (Decrease) in Accounts Payable	<u>16,576.73</u>
Total Adjustments	<u>23,100.97</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,020,405.63)</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2017

	Private Purpose Trust Fund	Agency Funds	
	Scholarship Fund	Student Activity	Payroll
ASSETS:			
Cash and Cash Equivalents	\$ 100.38	\$ 89,061.72	\$ 4,964.15
Accounts Receivable		350.00	
Interfund Accounts Receivable:			
Due from General Fund		959.62	5,406.39
Total Assets	<u>100.38</u>	<u>\$ 90,371.34</u>	<u>\$ 10,370.54</u>
LIABILITIES:			
Payroll Deductions and Withholdings			\$ 10,370.54
Accounts Payable		\$ 21,982.59	
Payable to Student Groups		65,331.41	
Payable to Parent Unit		3,057.34	
Total Liabilities		<u>\$ 90,371.34</u>	<u>\$ 10,370.54</u>
NET POSITION:			
Held for Scholarships	<u>100.38</u>		
Total Net Position	<u>\$ 100.38</u>		

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust Fund
	Scholarship Fund
ADDITIONS:	
Program Revenues	\$ 650.00
Total Contributions	650.00
Investment Earnings: Interest	1.17
Net Investment Earnings	1.17
Total Additions	651.17
DEDUCTIONS:	
Program Expenditures	1,847.88
Total Deductions	1,847.88
Change in Net Position	(1,196.71)
Net Position -- July 1	1,297.09
Net Position -- June 30	\$ 100.38

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The Charter School is a K-12 charter school located in the County of Camden, State of New Jersey. It was created on October 15, 1996 through the approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a charter school, the LEAP Academy University Charter School, Inc. functions independently through a Board of Trustees (the "Board"). In accordance with the bylaws of the Charter School, the Board is to consist of no less than twelve and no more than twenty-five individuals. At least three trustees shall be public members representative of the corporate or philanthropic sectors and the broader elected and qualified. The Board's responsibility is to supervise and control the operations of the Charter School. The purpose of the Charter School is to educate students in grades K-12 at its four schools located in Camden, NJ. The Charter School has an approximate enrollment at June 30, 2017 of 1,558.

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

Component Units

In evaluating how to define the Charter School for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The Charter School reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

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

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

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

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

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

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

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

The Charter School reports the following major proprietary fund:

Enterprise Fund

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

Additionally, the Charter School reports the following fund types:

Fiduciary funds are used to account for assets held by the Charter School on behalf of outside related organizations or on behalf of other funds within the Charter School. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The Charter School maintains the following fiduciary funds:

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

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

The Charter School maintains the following fiduciary funds (Cont'd):

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Budgets / Budgetary Control

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, Charter Schools must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for Charter Schools to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

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

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

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

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

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

Revenues from District of Residence, Region of Residence and Non-Resident Districts

The Charter School's primary source of revenue is from the district of residence, region of residence or non-resident districts from which its students are enrolled in the Charter School. The amounts are calculated from the most recent budget data of the student's district.

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

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2017. The Charter School had no prepaid expenses for the fiscal year ended June 30, 2017.

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

Short-Term Interfund Receivables / Payables

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

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

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

The Charter School's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

The Charter School does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

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

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

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

Unearned Revenue

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

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

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

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

Accrued Liabilities and Long-Term Obligations

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

Pensions

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

Bond Discounts / Premiums

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

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

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

Interfund Activity

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

Accounting Estimates

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

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

The Charter School implemented the following GASB Statements for the fiscal year ended June 30, 2017:

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The adoption of this Statement had no impact on the basic financial statements of the Charter School.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of this Statement did not have a significant impact on the basic financial statements of the Charter School.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2017, the Charter School's bank balances of \$4,959,870.37 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 4,149,034.22
Uninsured and Uncollateralized	810,836.15
	<hr/>
Total	<u>\$ 4,959,870.37</u>

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey. All receivables are considered collectible.

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

	<u>Governmental Funds</u>			<u>Total Governmental Activities</u>	<u>Proprietary Fund</u>		<u>Fiduciary Funds</u>	<u>Total</u>
	<u>Blended Component Unit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Food Service Fund</u>	<u>Total Business- Type Activities</u>		
Federal Awards			\$ 573,959.28	\$ 573,959.28	\$ 110,324.25	\$ 110,324.25		\$ 684,283.53
State Awards		\$ 185,281.95		185,281.95	1,320.43	1,320.43		186,602.38
Local - LEA		213,383.14		213,383.14				213,383.14
Rutgers University	\$ 7,528.40	191,815.24		199,343.64	220,131.05	220,131.05		419,474.69
Other	750.00	5,544.00	6,750.00	13,044.00	37,200.60	37,200.60	\$ 350.00	50,594.60
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 8,278.40	\$ 596,024.33	\$ 580,709.28	\$ 1,185,012.01	\$ 368,976.33	\$ 368,976.33	\$ 350.00	<u>\$ 1,554,338.34</u>

Note 4: INVENTORY

Inventory recorded at June 30, 2017 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Supplies	\$ 1,286.51
Food	13,475.70
	<hr/>
	<u>\$ 14,762.21</u>

Note 5: CAPITAL ASSETS

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

	Balance <u>July 1, 2016</u>	<u>Additions</u>	Retirements/ <u>Transfers</u>	Balance <u>June 30, 2017</u>
Government Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 1,663,410.00	\$ 520,101.00		\$ 2,183,511.00
Construction in Progress	11,249,357.49		\$ 11,249,357.49	
Total Capital Assets not being Depreciated	12,912,767.49	520,101.00	11,249,357.49	2,183,511.00
Capital Assets being Depreciated:				
Building and Improvements	29,485,534.00	11,588,272.00		41,073,806.00
Equipment	4,893,789.00	679,038.00		5,572,827.00
Vehicles	191,115.00	177,000.00		368,115.00
Total Capital Assets being Depreciated	34,570,438.00	12,444,310.00		47,014,748.00
Less Accumulated Depreciation for:				
Building and Improvements	(9,138,633.00)	(1,016,184.00)		(10,154,817.00)
Equipment	(3,195,763.00)	(360,929.00)		(3,556,692.00)
Vehicles	(139,670.00)	(19,193.00)		(158,863.00)
Total Accumulated Depreciation	(12,474,066.00)	(1,396,306.00)		(13,870,372.00)
Total Capital Assets being Depreciated, net of Accumulated Depreciation	22,096,372.00	11,048,004.00		33,144,376.00
Government Activities Capital Assets, net	\$ 35,009,139.49	\$ 11,568,105.00	\$ 11,249,357.49	\$ 35,327,887.00
	Balance <u>July 1, 2016</u>	<u>Additions</u>	Retirements	Balance <u>June 30, 2017</u>
Business-Type Activities:				
Equipment	\$ 505,035.00	\$ 9,633.00		\$ 514,668.00
Less Accumulated Depreciation for:				
Equipment	(223,579.00)	(32,167.82)		(255,746.82)
Business-Type Activities Capital Assets, net	\$ 281,456.00	\$ (22,534.82)	\$ -	\$ 258,921.18

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

Governmental Activities:

Instruction	\$ 1,034,107.00
Community Service Programs	1,407.00
Student and Instruction Related Services	350.00
School Administrative Services	23,788.00
Other Administrative Services	56,768.00
Plant Operations and Maintenance	260,693.00
Transportation	19,193.00
Total Depreciation Expense	\$ 1,396,306.00

Note 5: CAPITAL ASSETS (CONT'D)

Depreciation expense was charged to functions / programs of the Charter School as follows (Cont'd):

Business-Type Activities:	
Food Service Operations	<u>\$ 32,167.82</u>

Note 6: SHORT-TERM OBLIGATIONS

The following represents short-term debt activity for the fiscal year ended June 30, 2017:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>
Lines of Credit:				
General Fund		\$ 1,190,857.45	\$ (1,190,857.45)	
	\$ -	\$ 1,190,857.45	\$ (1,190,857.45)	\$ -

The line of credit for the General Fund was for cash flow for operating expenditures. The line of credit is for \$750,000.00 and expires on March 31, 2018.

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 5,673,616.01		\$ (407,079.00)	\$ 5,266,537.01	\$ 416,315.72
Charter School Revenue Bonds:					
Series 2014A Tax Exempt	9,500,000.00			9,500,000.00	
Series 2014B Taxable	500,000.00			500,000.00	
Add Amount:					
Issuance Premium	7,764.46		(228.37)	7,536.09	
Series 2016	1,000,000.00		(32,437.48)	967,562.52	34,784.24
Total Bonds Payable	16,681,380.47		(439,744.85)	16,241,635.62	451,099.96
Other Liabilities:					
Loans Payable	11,362,959.73	\$ 550,000.00	(56,406.20)	11,856,553.53	73,329.30
Capital Leases Payable	531,418.43	341,655.74	(157,739.72)	715,334.45	176,525.71
Compensated Absences	86,419.47	32,511.48	(15,888.13)	103,042.82	
Net Pension Liability	6,788,172.00	4,166,989.00	(1,646,451.00)	9,308,710.00	
Total Other Liabilities	18,768,969.63	5,091,156.22	(1,876,485.05)	21,983,640.80	249,855.01
Governmental Activities					
Long-term Liabilities	\$ 35,450,350.10	\$ 5,091,156.22	\$ (2,316,229.90)	\$ 38,225,276.42	\$ 700,954.97

The bonds payable, loans payable, obligations under capital lease, compensated absences, and net pension liability are liquidated by the general fund.

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

Bonds Payable - Bonds and loans are authorized in accordance with State law by the Board of Trustees. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Charter School are general obligation bonds. The bonds will be paid from general fund revenues.

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

On October 5, 2015, the Charter School issued \$5,940,000.00 Economic Development Refunding Bonds through the New Jersey Economic Development Authority to refund \$5,825,000.00 Charter School Project Bonds, Series 2003 mentioned previously and cover issuance costs of \$115,000.00. At an interest rate of 2.240%, monthly principal and interest payments began on November 1, 2015 and continue through September 1, 2028.

On May 23, 2016, LEAP Cramer Hill, LLC, of which LEAP Academy University Charter School, Inc. is the sole member, issued \$1,000,000.00 in New Jersey Economic Development Authority Charter School Revenue Bonds at an interest rate of 3.98%. The proceeds were used for (i) additional costs to retrofit a 12-story, approximately 73,000 square foot building to be used as a Pre K-12 school facility, (ii) funding the costs of issuing the bonds. Payments of principal and interest are scheduled to begin on July 1, 2016. The final maturity of the bonds is June 1, 2036.

Principal and interest due on bonds outstanding is as follows:

Fiscal Year				
<u>Ending June 30,</u>	<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2018	\$ 451,099.96	\$	777,122.01	\$ 1,228,221.97
2019	461,931.72		766,290.24	1,228,221.96
2020	473,033.83		755,188.13	1,228,221.96
2021	604,413.48		739,008.49	1,343,421.97
2022	621,078.03		717,543.93	1,338,621.96
2023-2027	3,470,869.62		3,246,521.51	6,717,391.13
2028-2032	1,998,362.53		2,711,639.59	4,710,002.12
2033-2037	1,683,286.92		2,271,236.89	3,954,523.81
2038-2042	1,915,000.00		1,738,325.00	3,653,325.00
2043-2047	2,585,000.00		1,045,290.00	3,630,290.00
2048-2050	1,970,000.00		190,890.00	2,160,890.00
	<u>\$ 16,234,076.09</u>	<u>\$</u>	<u>14,959,055.79</u>	<u>\$ 31,193,131.88</u>

Bonds Authorized but not Issued - As of June 30, 2017, the Charter School had no authorizations to issue additional bonded debt.

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

Obligations under Capital Lease - The Charter School is leasing computer equipment totaling \$433,089.91, furniture totaling \$365,708.00 and two school buses totaling \$176,999.34 under capital leases. All capital leases are for terms of five to seven years. Capital leases are depreciated in a manner consistent with the Charter School's depreciation policy for owned assets.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2017.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 176,525.71	\$ 31,289.44	\$ 207,815.15
2019	185,219.72	22,595.44	207,815.16
2020	163,610.47	13,786.34	177,396.81
2021	102,519.75	7,429.91	109,949.66
2022	66,653.39	2,987.57	69,640.96
2023	20,805.41	214.58	21,019.99
	<u>\$ 715,334.45</u>	<u>\$ 78,303.28</u>	<u>\$ 793,637.73</u>

Loans Payable - On September 27, 2011, the Charter School entered into a loan agreement with Chase NMTC TRF Charter School Investment Fund, LLC in the amount of \$10,000,000.00 to purchase and renovate a facility for the Charter School's S.T.E.M. program. The loan will be serviced by TRF NMTC Fund XV, LP c/o The Reinvestment Fund, Inc. and is made up of three loans, Loan A: \$5,472,174.00, Loan B: \$2,562,608.00 and Loan C: \$1,965,218.00 respectively. The terms of the loans require monthly interest only payments at a rate of 4.635% beginning on October 1, 2011 and continuing until September 1, 2018. Prior to September 1, 2018, the Charter School expects to refinance the combined principal of Loan A and B for \$8,034,782.00. On October 1, 2018, the Charter School will also begin making monthly payments of \$11,665.00 for 23 years on Loan C. In addition, the Charter School must maintain a sinking fund with monthly deposits of \$24,352.92 through September 1, 2018. The balance in the sinking fund at June 30, 2017 is \$1,688,380.98.

Loan A: \$5,472,174.00

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Refinance</u> <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018		\$ 235,669.50	\$ 235,669.50
2019	\$ 5,472,174.00	107,090.50	5,579,264.50
	<u>\$ 5,472,174.00</u>	<u>\$ 342,760.00</u>	<u>\$ 5,814,934.00</u>

Note 7: LONG-TERM LIABILITIES (CONT'D)**Loans Payable (Cont'd)****Loan B: \$2,562,608.00**

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Refinance</u> <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018		\$ 110,363.50	\$ 110,363.50
2019	\$ 2,562,608.00	50,150.00	2,612,758.00
	<u>\$ 2,562,608.00</u>	<u>\$ 160,513.50</u>	<u>\$ 2,723,121.50</u>

Loan C: \$1,965,218.00

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018		\$ 92,345.50	92,345.50
2019	\$ 7,910.00	91,634.00	99,544.00
2020	49,048.00	90,930.00	139,978.00
2021	51,150.00	88,828.00	139,978.00
2022	53,860.00	86,118.00	139,978.00
2023-2027	310,421.00	389,469.00	699,890.00
2028-2032	392,491.00	307,399.00	699,890.00
2033-2037	496,171.00	203,719.00	699,890.00
2038-2042	604,167.00	189,043.00	793,210.00
	<u>\$ 1,965,218.00</u>	<u>\$ 1,539,485.50</u>	<u>\$ 3,504,703.50</u>

On December 22, 2015, the Charter School entered into a loan agreement with TD Bank for \$1,380,000.00. The proceeds were used to (i) refinance the mortgage on the elementary school held by the Delaware River Port Authority, (ii) permanently fund the Charter School's capital projects for replacement of flooring in the elementary school and installation of a wireless network throughout the Charter School's facilities. The loan requires monthly payments of principal and interest at a rate of 4.120% of \$8,503.44 for twenty years with the last payment due on January 1, 2036.

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

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

Fiscal Year			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 47,935.52	\$ 54,105.76	\$ 102,041.28
2019	49,976.69	52,064.59	102,041.28
2020	51,967.72	50,073.56	102,041.28
2021	54,317.60	47,723.68	102,041.28
2022	56,630.52	45,410.76	102,041.28
2023-2027	321,318.48	188,887.92	510,206.40
2028-2032	395,797.59	114,408.81	510,206.40
2033-2036	339,040.97	26,602.13	365,643.10
	<u>\$ 1,316,985.09</u>	<u>\$ 579,277.21</u>	<u>\$ 1,896,262.30</u>

On October 6, 2016, the Charter School purchased a property at 527 Cooper Street, Camden, New Jersey for \$310,000.00. After a down payment \$100,000.00, the Charter School entering into a loan agreement with the seller, Thomas DeMarco Holding, LLC, for \$210,000.00. The property is for expanded classroom space attached to an existing building owned by the Charter School. The loan requires monthly payments of principal and interest at a rate of 2.0% of \$1,062.36 for twenty years with the last payment due on October 1, 2036.

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

Fiscal Year			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 8,757.40	\$ 3,990.92	\$ 12,748.32
2019	8,934.14	3,814.18	12,748.32
2020	9,114.49	3,633.83	12,748.32
2021	9,298.44	3,449.88	12,748.32
2022	9,486.13	3,262.19	12,748.32
2023-2027	50,381.17	13,360.43	63,741.60
2028-2032	55,675.13	8,066.47	63,741.60
2033-2037	51,898.95	2,280.21	54,179.16
	<u>\$ 203,545.85</u>	<u>\$ 41,858.11</u>	<u>\$ 245,403.96</u>

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

On January 19, 2017, the Charter School purchased land that it was previously using for a playground under an operating lease with Greyhound Lines, Inc. The purchase was financed through a loan with TD Bank in the amount of \$340,000.00. The loan requires monthly payments of principal and interest at a rate of 4.28% of \$2,574.22 for fifty-nine months through February 1, 2022. The remaining loan balance of \$251,920.51 is due on February 28, 2022. The Charter School anticipates refinancing the loan balance before the due date.

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

Fiscal Year			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 16,636.38	\$ 14,254.26	\$ 30,890.64
2019	17,372.84	13,517.80	30,890.64
2020	18,107.04	12,783.60	30,890.64
2021	18,943.46	11,947.18	30,890.64
2022	264,962.87	8,360.37	273,323.24
	<u>\$ 336,022.59</u>	<u>\$ 60,863.21</u>	<u>\$ 396,885.80</u>

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

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

Note 8: OPERATING LEASES

At June 30, 2017, the Charter School had operating lease agreements in effect for copy machines, mail machines and maintenance equipment. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Year Ending</u>	
<u>June 30,</u>	<u>Amount</u>
2018	\$ 10,432.48
2019	7,994.32
2020	3,676.00
2021	756.00
	<u>\$ 22,858.80</u>

Rental payments under operating leases for the fiscal year ended June 30, 2017 were \$101,535.82.

Note 9: PENSION PLANS

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

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

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

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

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

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

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

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

The following represents the membership tiers for TPAF:

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 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

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

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

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and 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 actuarial determined amount.

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

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2017 was 7.28% of the Charter School's covered payroll, of which 0.00% of payroll was required from the Charter School and 100.00% of payroll was required from the State of New Jersey. The Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2017 was \$6,985,242.00, and was paid by April 1, 2017. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$551,655.13.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Charter School's contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

Public Employees' Retirement System (Cont'd) - The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2017 was 11.18% of the Charter School's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the Charter School's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$307,119.00, and was paid by April 1, 2017. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$215,763.89.

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

For the fiscal year ended June 30, 2017, the Charter School had no employees participating in this program.

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

Teachers' Pension and Annuity Fund - At June 30, 2017, the Charter School was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the Charter School is as follows:

Charter School's Proportionate Share of Net Pension Liability	-
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Charter School	<u>\$ 50,253,464.00</u>
	<u>\$ 50,253,464.00</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. For the June 30, 2016 measurement date, the Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2016, the Charter School proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2016 measurement date, the State's proportionate share of the TPAF net pension liability associated with the Charter School was 0.0638817650%, which was an increase of 0.0093987723% from its proportion measured as of June 30, 2015.

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

Teachers' Pension and Annuity Fund (Cont'd) - For the fiscal year ended June 30, 2017, the Charter School recognized \$3,775,849.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

Public Employees' Retirement System - At June 30, 2017, the Charter School reported a liability of \$9,308,710.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Charter School's proportion was 0.0314301541%, which was an increase of 0.0011906074% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the Charter School recognized pension expense of \$979,394.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date.

At June 30, 2017, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 173,114.00	
Changes of Assumptions	1,928,268.00	
Net Difference between Projected and Actual Earnings on Pension Plan Investments	354,950.00	
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	486,776.00	\$ 104,851.00
Charter School Contributions Subsequent to the Measurement Date	307,119.00	
	<u>\$ 3,250,227.00</u>	<u>\$ 104,851.00</u>

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

Public Employees' Retirement System (Cont'd) - \$307,119.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2018	\$	643,693
2019		643,693
2020		731,365
2021		623,984
2022		195,522
		<u>\$ 2,838,257.00</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.08%
Salary Increases:		
2012-2021	Varies Based on Experience	
Through 2026		1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

For TPAF, pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following tables:

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

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%	Cash	5.00%	0.87%
U.S. Government Bonds	1.50%	1.28%	U.S. Treasuries	1.50%	1.74%
U.S. Credit Bonds	13.00%	2.76%	Investment Grade Credit	8.00%	1.79%
U.S. Mortgages	2.00%	2.38%	Mortgages	2.00%	1.67%
U.S. Inflation-Indexed Bonds	1.50%	1.41%	High Yield Bonds	2.00%	4.56%
U.S. High Yield Bonds	2.00%	4.70%	Inflation-Indexed Bonds	1.50%	3.44%
U.S. Equity Market	26.00%	5.14%	Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	5.91%	Developed Foreign Equities	13.25%	6.83%
Emerging Markets Equity	6.50%	8.16%	Emerging Market Equities	6.50%	9.95%
Private Real Estate Property	5.25%	3.64%	Private Equity	9.00%	12.40%
Timber	1.00%	3.86%	Hedge Funds / Absolute Return	12.50%	4.68%
Farmland	1.00%	4.39%	Real Estate (Property)	2.00%	6.91%
Private Equity	9.00%	8.97%	Commodities	0.50%	5.45%
Commodities	0.50%	2.87%	Global Debt ex U.S.	5.00%	-0.25%
Hedge Funds - MultiStrategy	5.00%	3.70%	REIT	5.25%	5.63%
Hedge Funds - Equity Hedge	3.75%	4.72%			
Hedge Funds - Distressed	3.75%	3.49%			
	<u>100.00%</u>			<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2016 were 3.22% and 3.98% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029 for TPAF and 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 for TPAF and 2034 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2016, the pension plans measurement date, attributable to the Charter School is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the Charter School, using a discount rate of 3.22%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

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

	TPAF		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Charter School's Proportionate Share of the Net Pension Liability			
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Charter School	\$ 60,013,866.00	\$ 50,253,464.00	\$ 42,282,836.00
	<u>\$ 60,013,866.00</u>	<u>\$ 50,253,464.00</u>	<u>\$ 42,282,836.00</u>

Public Employees' Retirement System (PERS) - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a discount rate of 3.98%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Charter School's Proportionate Share of the Net Pension Liability	\$ 11,406,738.00	\$ 9,308,710.00	\$ 7,576,606.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions.

Note 10: SCHOOL EMPLOYEES HEALTH BENEFITS PROGRAM

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving postemployment 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 fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a Board of Trustees or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

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

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$749,402.00, \$27,153.00, \$647,046.00, and \$7,254.00, respectively.

Note 12: RISK MANAGEMENT

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

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

Note 12: RISK MANAGEMENT (CONT'D)

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

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

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are The Group publishes its own financial report for the fiscal year ended June 30, 2017, which can be obtained from:

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

Note 13: DEFERRED COMPENSATION

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

AXA Advisors
Lincoln
Prime America

Note 14: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2017, the liability for compensated absences reported on the government-wide statement of net position was \$103,042.82.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General Fund	\$ 538,919.38	\$ 19,788.64
Special Revenue Fund	8,764.95	427,470.67
Capital Projects Fund	13,422.63	
Proprietary Fund		120,213.66
Fiduciary Funds	6,366.01	
	<u>\$ 567,472.97</u>	<u>\$ 567,472.97</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2018, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 16: CONTINGENCIES

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

Note 17: CONCENTRATIONS

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

Note 18: FUND BALANCES**RESTRICTED**

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

General Fund

For Debt Service - In accordance with the Charter School's debt service agreements, amounts have been restricted for future debt service of \$83,113.95 and \$1,688,380.98.

For Charter School Escrow Reserve - In accordance with the New Jersey Charter School agreement, the Charter School has established an escrow that is restricted for the possible costs associated with the dissolution of the charter school. Within five years of the signing of the agreement, the reserve must reach a balance of \$75,000.00. As of June 30, 2017, the balance of the escrow is \$75,183.74.

Special Revenue Fund - As a result of the receipt of grants from local sources which have not been expended, there is a restricted fund balance in the Special Revenue Fund at June 30, 2017 in the amount of \$8,880.93.

Capital Projects Fund - In the Capital Projects Fund, the Charter School has balances remaining for two projects. As of June 30, 2017, the restricted fund balance amount was \$13,422.63.

ASSIGNED

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

General Fund

Other Purposes - As of June 30, 2017, the Charter School had \$167,757.18 of encumbrances outstanding for purchase orders and contracts signed by the Charter School, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund - As of June 30, 2017, \$712,354.16 of general fund balance was unassigned.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>REVENUES</u>					
Local Sources:					
Rutgers Preschool Contract		\$ 44,082.00	\$ 44,082.00	\$ 194,453.00	\$ 150,371.00
Revenue from Clinic				35,393.64	35,393.64
Miscellaneous Revenue				112,856.82	112,856.82
Restricted Interest Income				69.89	69.89
Interest and Other Revenue				1,791.00	1,791.00
		44,082.00	44,082.00	344,564.35	300,482.35
State Sources:					
Charter School Aid:					
Local Levy/Equalization Aid:					
State and Local Share	\$ 18,439,052.00	(168,380.00)	18,270,672.00	18,270,672.00	
Total - Local Levy/Equalization Aid	18,439,052.00	(168,380.00)	18,270,672.00	18,270,672.00	
Categorical Aid:					
Special Education Aid	396,000.00	(47,111.00)	348,889.00	348,889.00	
Security Aid	594,000.00	(51,616.00)	542,384.00	542,384.00	
Total Categorical Aid	990,000.00	(98,727.00)	891,273.00	891,273.00	
Total Charter School Aid	19,429,052.00	(267,107.00)	19,161,945.00	19,161,945.00	
Other State Sources:					
Non-Public State Aid		164,267.00	164,267.00	164,267.00	
Adjustment Aid	969,000.00	720,013.00	1,689,013.00	1,689,013.00	
On-behalf Contributions:					
T.P.A.F. Post-Retirement Medical				647,046.00	647,046.00
Teacher's Pension and Annuity Fund				749,402.00	749,402.00
T.P.A.F. Non-contributory Insurance				27,153.00	27,153.00
T.P.A.F. LTDI				7,254.00	7,254.00
Reimbursed TPAF Social Security Contributions				554,973.13	554,973.13
Total Other State Sources	969,000.00	884,280.00	1,853,280.00	3,839,108.13	1,985,828.13

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>REVENUES (Cont'd)</u>					
Total - State Sources	\$ 20,398,052.00	\$ 617,173.00	\$ 21,015,225.00	\$ 23,001,053.13	\$ 1,985,828.13
Federal Sources:					
SEMI Medicaid				32,254.11	32,254.11
Total - Federal Sources				32,254.11	32,254.11
Total Revenues	20,398,052.00	661,255.00	\$ 21,059,307.00	23,377,871.59	2,318,564.59
<u>EXPENDITURES</u>					
General Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	310,387.88	(28,590.64)	281,797.24	281,797.24	
Grades 1-5	2,114,265.19	232,236.74	2,346,501.93	2,346,501.93	
Grades 6-8	908,883.22	337,915.69	1,246,798.91	1,246,798.91	
Grades 9-12	1,950,586.89	(168,022.51)	1,782,564.38	1,781,886.34	678.04
Regular Programs - Home Instruction:					
Purchased Professional Educational Services	15,000.00	19,873.75	34,873.75	34,708.75	165.00
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	446,041.15	62,468.23	508,509.38	508,509.38	
Purchased Professional - Educational Services	39,000.00	57,700.00	96,700.00	85,700.00	11,000.00
General Supplies	356,495.88	(78,967.69)	277,528.19	272,930.01	4,598.18
Textbooks	142,689.00	3,587.47	146,276.47	146,276.47	
Other Objects	21,885.04	(20,184.04)	1,701.00	1,701.00	
Total Regular Programs - Instruction	6,305,234.25	418,017.00	6,723,251.25	6,706,810.03	16,441.22

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Special Education Instruction:					
Resource Room / Resource Center:					
Salaries of Teachers	\$ 335,187.83	\$ 55,011.87	\$ 390,199.70	\$ 390,199.70	
Purchased Professional - Educational Services	5,400.00	(5,400.00)			
General Supplies	4,000.00	(4,000.00)			
Total Resource Room / Resource Center	344,587.83	45,611.87	390,199.70	390,199.70	
Homebound Instruction:					
Salaries of Teachers	5,000.00	(5,000.00)			
Purchased Professional - Educational Services		2,130.00	2,130.00	2,130.00	
Total Homebound Instruction	5,000.00	(2,870.00)	2,130.00	2,130.00	
Total Special Education - Instruction	349,587.83	42,741.87	392,329.70	392,329.70	
Basic Skills/ Remedial - Instruction:					
Salaries of Teachers	49,563.50	(49,563.50)			
Total Basic Skills/ Remedial - Instruction	49,563.50	(49,563.50)			
Bilingual Education - Instruction:					
Salaries of Teachers	157,754.55	87,627.25	245,381.80	245,381.80	
General Supplies	11,500.00	(9,491.60)	2,008.40	2,008.40	
Other Objects		140.00	140.00	140.00	
Total Bilingual Education - Instruction	169,254.55	78,275.65	247,530.20	247,530.20	

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
School - Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 7,250.00	\$ 283.82	\$ 7,533.82	\$ 7,533.82	
Supplies and Materials	4,000.00	(4,000.00)			
Other Objects	1,000.00	(615.00)	385.00	385.00	
	<hr/>				
Total School - Sponsored Cocurricular Activities - Instruction	12,250.00	(4,331.18)	7,918.82	7,918.82	
	<hr/>				
School - Sponsored Athletics - Instruction:					
Salaries	50,000.00	38,350.00	88,350.00	88,350.00	
Purchased Services (300-500 Series)	12,690.00	(6,758.00)	5,932.00	5,932.00	
Supplies and Materials		25,145.30	25,145.30	25,145.30	
Other Objects	9,710.00	(4,292.00)	5,418.00	5,418.00	
	<hr/>				
Total School - Sponsored Athletics - Instruction	72,400.00	52,445.30	124,845.30	124,845.30	
	<hr/>				
Summer School - Instruction:					
Salaries of Teachers	97,275.00	(22,736.95)	74,538.05	74,538.05	
General Supplies	2,500.00	6,438.14	8,938.14	8,938.14	
	<hr/>				
Total Summer School Instruction	99,775.00	(16,298.81)	83,476.19	83,476.19	
	<hr/>				
Summer School - Support Services:					
Salaries of Teachers		2,848.50	2,848.50	2,848.50	
	<hr/>				
Total Summer School Support Services		2,848.50	2,848.50	2,848.50	
	<hr/>				
Total Summer School	99,775.00	(13,450.31)	86,324.69	86,324.69	
	<hr/>				
Other Supplemental / At Risk Programs - Instruction:					
Salaries of Reading Specialist	60,192.34	3,497.66	63,690.00	63,690.00	
	<hr/>				
Total Other Supplemental/ At Risk Programs	60,192.34	3,497.66	63,690.00	63,690.00	
	<hr/>				

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Community Service Programs					
Salaries	\$ 404,403.47	\$ (42,337.45)	\$ 362,066.02	\$ 362,066.02	
Other Purchased Services (300-500 series)	50,000.00	(26,597.56)	23,402.44	23,402.44	
Supplies and Materials	30,000.00	15,511.61	45,511.61	45,207.79	\$ 303.82
Other Objects	55,331.00	(50,446.59)	4,884.41	4,884.41	
Total Community Service Programs	539,734.47	(103,869.99)	435,864.48	435,560.66	303.82
Total Instruction	7,657,991.94	423,762.50	8,081,754.44	8,065,009.40	16,745.04
Undistributed Expenditures - Attendance and Social Work:					
Salaries	200,260.84	196.67	200,457.51	200,457.51	
Salaries of Family Liaisons/Community Parent Involvement Specialists	66,950.00	4,295.62	71,245.62	71,245.62	
Purchased Professional and Technical Services		600.00	600.00	600.00	
Supplies and Materials	2,335.00	(153.61)	2,181.39	2,181.39	
Total Undistributed Expenditures - Attendance and Social Work	269,545.84	4,938.68	274,484.52	274,484.52	
Undistributed Expenditures - Health Services:					
Salaries	117,334.00	(54,569.88)	62,764.12	62,764.12	
Purchased Professional and Technical Services	10,465.00	52,589.83	63,054.83	63,054.83	
Supplies and Materials	6,040.00	(1,209.88)	4,830.12	4,830.12	
Other Objects	615.00	(360.00)	255.00	255.00	
Total Undistributed Expenditures - Health Services	134,454.00	(3,549.93)	130,904.07	130,904.07	
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	39,800.00	22,289.20	62,089.20	62,089.20	
Total Undistributed Expenditures -Speech, OT, PT and Related Services	39,800.00	22,289.20	62,089.20	62,089.20	

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Guidance Services:					
Salaries of Other Professional Staff	\$ 84,872.00	\$ (0.08)	\$ 84,871.92	\$ 84,871.92	
Other Salaries	194,145.91	2,444.45	196,590.36	196,590.36	
Purchased Professional - Educational Services	215,720.00	39,383.29	255,103.29	217,194.23	\$ 37,909.06
Supplies and Materials	2,400.00	(2,400.00)			
Other Objects	250.00	(250.00)			
Total Undistributed Expenditures - Guidance Services	497,387.91	39,177.66	536,565.57	498,656.51	37,909.06
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	59,740.00	(22,476.28)	37,263.72	37,263.72	
Salaries of Secretarial and Clerical Assistants		2,924.00	2,924.00	2,924.00	
Purchased Professional - Educational Services	161,500.00	30,073.00	191,573.00	191,573.00	
Supplies and Materials	1,000.00	(505.00)	495.00	495.00	
Total Undistributed Expenditures - Child Study Teams	222,240.00	10,015.72	232,255.72	232,255.72	
Undistributed Expenditures - Improvement of Instructional Services:					
Salary of Supervisor of Instruction	50,000.00	91,575.86	141,575.86	141,575.86	
Salaries of Facilitators, Math & Literacy Coaches		40,814.02	40,814.02	40,814.02	
Total Undistributed Expenditures - Improvement of Instructional Services	50,000.00	132,389.88	182,389.88	182,389.88	
Undistributed Expenditures - Instructional Staff Training Services:					
Other Salaries	2,500.00	(2,500.00)			
Purchased Professional Educational Services		5,800.00	5,800.00	5,800.00	
Other Purchased Services (400-500 series)	16,901.00	(13,007.14)	3,893.86	3,743.86	150.00
Supplies and Materials	1,600.00	(1,600.00)			
Total Undistributed Expenditures - Instructional Staff Training Services	21,001.00	(11,307.14)	9,693.86	9,543.86	150.00

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 177,160.00	\$ (77,375.38)	\$ 99,784.62	\$ 99,784.62	
Legal Services	61,000.00	13,160.27	74,160.27	70,708.27	\$ 3,452.00
Audit Fees	73,500.00	(13,500.00)	60,000.00	60,000.00	
Other Purchased Professional Services	283,614.39	14,184.61	297,799.00	272,048.95	25,750.05
Purchased Technical Services	5,000.00	1,588.56	6,588.56	6,588.56	
Communications / Telephone	95,996.01	11,495.27	107,491.28	107,395.28	96.00
Miscellaneous Purchased Services (400-500 series)	111,594.00	(64,375.92)	47,218.08	46,626.48	591.60
General Supplies	5,350.00	(4,193.57)	1,156.43	1,156.43	
Board of Trustees In-House Training / Meeting Supplies	1,000.00	(204.00)	796.00	796.00	
Judgements Against Charter School	50,000.00	(40,000.00)	10,000.00	10,000.00	
Miscellaneous Expenditures	16,514.00	17,529.82	34,043.82	29,385.58	4,658.24
Board of Trustees Membership Dues and Fees	24,000.00	(3,500.00)	20,500.00	20,500.00	
Total Undistributed Expenditures - Support Services - General Administration	904,728.40	(145,190.34)	759,538.06	724,990.17	34,547.89
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals/ Program Directors	483,708.99	62,853.98	546,562.97	546,562.97	
Salaries of Secretarial and Clerical Assistants	170,805.93	(20,199.01)	150,606.92	150,606.92	
Other Salaries	388,251.42	45,295.66	433,547.08	433,547.08	
Purchased Professional Services	25,000.00	13,000.00	38,000.00	38,000.00	
Supplies and Materials	144,068.00	8,218.97	152,286.97	151,857.57	429.40
Other Objects	200.00		200.00	200.00	
Total Undistributed Expenditures - Support Services - School Administration	1,212,034.34	109,169.60	1,321,203.94	1,320,774.54	429.40
Undistributed Expenditures - Central Services:					
Salaries	554,440.37	111,248.25	665,688.62	665,688.62	
Purchased Professional Services	33,050.00	58,960.00	92,010.00	92,010.00	
Public Relations	76,750.00	2,869.11	79,619.11	27,577.61	52,041.50
Miscellaneous Purchased Services	19,963.45	(9,093.79)	10,869.66	10,119.66	750.00
Supplies and Materials	9,660.00	(5,596.26)	4,063.74	4,063.74	

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Central Services (Cont'd):					
Interest on Current Loans	\$ 20,000.00	\$ (13,542.70)	\$ 6,457.30	\$ 6,457.30	
Interest on Lease Purchase Agreements	36,669.91	(588.33)	36,081.58	36,081.58	
Mortgage and Loan Interest	653,048.34	2,757.82	655,806.16	655,806.16	
Miscellaneous Expenditures	50.00	78,124.84	78,174.84	78,174.84	
Total Undistributed Expenditures - Central Services	1,403,632.07	225,138.94	1,628,771.01	1,575,979.51	\$ 52,791.50
Undistributed Expenditures - Administration of Information Technology:					
Salaries	244,942.71	(25,004.38)	219,938.33	219,938.33	
Purchased Professional Services	13,400.00	(9,018.01)	4,381.99	4,381.99	
Supplies and Materials	52,317.22	7,260.81	59,578.03	59,578.03	
Total Undistributed Expenditures - Administration of Information Technology	310,659.93	(26,761.58)	283,898.35	283,898.35	
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	211,919.23	88,468.81	300,388.04	300,313.04	75.00
General Supplies	51,782.10	(14,304.27)	37,477.83	37,477.83	
Total Undistributed Expenditures - Required Maintenance for School Facilities	263,701.33	74,164.54	337,865.87	337,790.87	75.00
Undistributed Expenditures - Custodial Services:					
Salaries	567,840.82	109,669.37	677,510.19	677,510.19	
Salaries of Non-Instructional Aides	5,000.00	1,825.75	6,825.75	6,825.75	
Rental of Land and Buildings Other Than Lease Purchase Agreement	750,330.00	36,847.82	787,177.82	787,177.82	
Other Purchased Property Services	28,800.34	9,837.48	38,637.82	38,637.82	
Insurance	130,985.00	(293.67)	130,691.33	130,691.33	
General Supplies	102,400.00	(22,865.78)	79,534.22	79,534.22	
Energy - Electricity	465,600.89	(49,501.67)	416,099.22	416,099.22	
Total Undistributed Expenditures - Custodial Services	2,050,957.05	85,519.30	2,136,476.35	2,136,476.35	

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Security:					
Purchased Professional and Technical Services	\$ 545,000.00	\$ (9,361.00)	\$ 535,639.00	\$ 535,639.00	
Cleaning, Repair, and Maintenance Services		1,025.00	1,025.00	1,025.00	
General Supplies		116.49	116.49	116.49	
	<hr/>		<hr/>	<hr/>	
Total Undistributed Expenditures - Security	545,000.00	(8,219.51)	536,780.49	536,780.49	
	<hr/>		<hr/>	<hr/>	
Total Undistributed Expenditures - Operation and Maintenance of Plant	2,859,658.38	151,464.33	3,011,122.71	3,011,047.71	\$ 75.00
	<hr/>		<hr/>	<hr/>	
Undistributed Expenditures - Student Transportation Services:					
Salaries	110,281.81	7,827.15	118,108.96	118,108.96	
Cleaning, Repair, & Maintenance Services	4,000.00	(1,948.28)	2,051.72	2,051.72	
Contracted Services (Regular Education Students) - Vendors	198,000.00	(7,923.00)	190,077.00	190,077.00	
Contracted Services (Other than Between Home and School) - Vendors		7,963.00	7,963.00	7,963.00	
Insurance		3,473.28	3,473.28	3,473.28	
General Supplies		1,339.88	1,339.88	1,339.88	
Transportation Supplies	21,150.00	(12,352.93)	8,797.07	8,797.07	
Other Objects	2,520.00	4,171.50	6,691.50	6,691.50	
	<hr/>		<hr/>	<hr/>	
Total Undistributed Expenditures - Student Transportation Services	335,951.81	2,550.60	338,502.41	338,502.41	
	<hr/>		<hr/>	<hr/>	
Allocated Benefits - Community Service Programs:					
Workmen's Compensation		2,909.00	2,909.00	2,909.00	
	<hr/>		<hr/>	<hr/>	
Total Allocated Benefits - Community Service Programs		2,909.00	2,909.00	2,909.00	
	<hr/>		<hr/>	<hr/>	
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	225,000.00	71,613.65	296,613.65	296,613.65	
Other Retirement Contributions - PERS	400,000.00	(114,586.00)	285,414.00	285,414.00	
Unemployment Compensation	49,520.00	6,531.11	56,051.11	56,051.11	
Workmen's Compensation	220,266.01	(10,872.26)	209,393.75	209,393.75	
Health Benefits	2,033,711.46	(52,862.44)	1,980,849.02	1,980,849.02	
Tuition Reimbursement	10,000.00	(9,000.00)	1,000.00	1,000.00	
	<hr/>		<hr/>	<hr/>	

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Total Unallocated Benefits - Employee Benefits	\$ 2,938,497.47	\$ (109,175.94)	\$ 2,829,321.53	\$ 2,829,321.53	
Total Personal Services Employee Benefits	2,938,497.47	(106,266.94)	2,832,230.53	2,832,230.53	
On-behalf Contributions (Non-Budgeted):					
T.P.A.F. Post-Retirement Medical				647,046.00	\$ (647,046.00)
Teacher's Pension and Annuity Fund				749,402.00	(749,402.00)
T.P.A.F. Non-contributory Insurance				27,153.00	(27,153.00)
T.P.A.F. LTDI				7,254.00	(7,254.00)
Reimbursed TPAF Social Security Contributions				554,973.13	(554,973.13)
Total On-behalf Contributions				1,985,828.13	(1,985,828.13)
Total Undistributed Expenditures	11,199,591.15	404,058.68	11,603,649.83	13,463,575.11	(1,859,925.28)
Total General Current Expense	18,857,583.09	827,821.18	19,685,404.27	21,528,584.51	(1,843,180.24)
Capital Outlay:					
Equipment:					
Undistributed Expenditures - Instruction	20,000.00	117,187.51	137,187.51	137,187.51	
Undistributed Expenditures - Non-Instructional Equipment	336,800.00	(289,669.31)	47,130.69	47,130.69	
Total Equipment	356,800.00	(172,481.80)	184,318.20	184,318.20	
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services		44,124.27	44,124.27	44,124.19	0.08
Construction Services	360,000.00	63,633.75	423,633.75	423,633.75	
Land Improvements		15,000.00	15,000.00	857.45	14,142.55
Capital Lease Principal	126,382.09	31,357.63	157,739.72	157,739.72	
Mortgage, Bonds and Loan Principal	753,942.35	1,777.89	755,720.24	755,720.24	
Buildings Other Than Lease Purchase		98,675.47	98,675.47	98,675.47	
Total Facilities Acquisition and Construction Services	1,240,324.44	254,569.01	1,494,893.45	1,480,750.82	14,142.63

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Capital Outlay (Cont'd):					
Assets Acquired Under Capital Lease and Other Debt (Non-Budgeted):					
Land				\$ 340,000.00	\$ (340,000.00)
Building				210,000.00	(210,000.00)
Laptop Computers				164,656.40	(164,656.40)
School Buses				176,999.34	(176,999.34)
Total Assets Acquired Under Capital Lease				891,655.74	(891,655.74)
Total Capital Outlay	\$ 1,597,124.44	\$ 82,087.21	\$ 1,679,211.65	2,556,724.76	(877,513.11)
Total Expenditures	20,454,707.53	909,908.39	21,364,615.92	24,085,309.27	(2,720,693.35)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,655.53)	(248,653.39)	(305,308.92)	(707,437.68)	(402,128.76)
Other Financing Sources (Uses):					
Assets Acquired by Capital Lease and Other Debt				891,655.74	891,655.74
Deposits Held for Sinking Fund:					
Sinking Fund Deposits				292,235.04	292,235.04
Interest on Sinking Fund Deposits				3,869.41	3,869.41
Total Other Financing Sources (Uses)				1,187,760.19	1,187,760.19
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(56,655.53)	(248,653.39)	(305,308.92)	480,322.51	785,631.43
Fund Balances, July 1	2,246,467.50		2,246,467.50	2,246,467.50	
Fund Balances, June 30	\$ 2,189,811.97	\$ (248,653.39)	\$ 1,941,158.58	\$ 2,726,790.01	\$ 785,631.43

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Fund Balances, June 30	\$ 2,189,811.97	\$ (248,653.39)	\$ 1,941,158.58	\$ 2,726,790.01	\$ 785,631.43
Recapitulation:					
Restricted Fund Balance:					
Debt Service Escrow				\$ 83,113.95	
Sinking Fund Reserve				1,688,380.98	
Charter School Escrow Reserve				75,183.74	
Assigned Fund Balance:					
Year-End Encumbrances				167,757.18	
Unassigned Fund Balance				<u>712,354.16</u>	
				<u>\$ 2,726,790.01</u>	

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Special Revenue Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Arter Charter Grant		\$ 3,724.06	\$ 3,724.06	\$ 1,551.30	\$ (2,172.76)
NJSIG Safety Grant		4,531.32	4,531.32	4,424.80	(106.52)
College Access Grant		465.01	465.01		(465.01)
Sci-Girls Grant		200.00	200.00		(200.00)
Weed Out Hunger		4,500.00	4,500.00		(4,500.00)
LEAP Cramer Hill, LLC Donations		2,328.00	2,328.00	2,328.00	
		<u>15,748.39</u>	<u>15,748.39</u>	<u>8,304.10</u>	<u>(7,444.29)</u>
Federal Sources:					
Title I, Part A	\$ 1,173,110.00		1,173,110.00	1,075,307.88	(97,802.12)
Title II, Part A	71,185.00		71,185.00	62,748.70	(8,436.30)
Title III	24,061.00		24,061.00	20,183.85	(3,877.15)
I.D.E.A., Part B, Basic	342,770.00		342,770.00	335,823.44	(6,946.56)
Instructional Improvement System -- (edConnectNJ) - Race to the Top Phase Three		12,702.00	12,702.00	7,875.00	(4,827.00)
Total - Federal Sources	<u>1,611,126.00</u>	<u>12,702.00</u>	<u>1,623,828.00</u>	<u>1,501,938.87</u>	<u>(121,889.13)</u>
Total Revenue	<u>1,611,126.00</u>	<u>28,450.39</u>	<u>1,639,576.39</u>	<u>1,510,242.97</u>	<u>(129,333.42)</u>

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 441,624.00	\$ (99,553.59)	\$ 342,070.41	\$ 336,015.20	\$ 6,055.21
Salaries of Supervisors of Instruction		56,707.00	56,707.00	35,124.62	21,582.38
Other Salaries for Instruction		43,847.14	43,847.14	35,193.45	8,653.69
Other Salaries		3,840.00	3,840.00		3,840.00
Purchased Technical Services	215,000.00		215,000.00	215,000.00	
Other Purchased Services (400-500 series)		5,975.00	5,975.00	5,975.00	
General Supplies	122,015.00	(80.87)	121,934.13	120,659.71	1,274.42
Other Objects		200.00	200.00		200.00
Total Instruction	778,639.00	10,934.68	789,573.68	747,967.98	41,605.70
Support Services:					
Salaries of Program Directors	178,641.00	(90,368.00)	88,273.00	88,272.39	0.61
Other Salaries		88,916.25	88,916.25	46,470.00	42,446.25
Personal Services - Employee Benefits	223,325.00	(11,048.13)	212,276.87	186,771.33	25,505.54
Other Purchased Professional Services		1,900.00	1,900.00	1,900.00	
Purchased Technical Services	387,302.00	10,205.75	397,507.75	389,071.45	8,436.30
Other Purchased Services (400-500 series)	3,850.00	(1,850.00)	2,000.00	1,612.00	388.00
Travel		1,200.00	1,200.00	1,188.00	12.00
Miscellaneous Purchased Services		650.00	650.00	650.00	
Supplies and Materials	39,369.00	17,909.84	57,278.84	46,339.82	10,939.02
Total Support Services	832,487.00	17,515.71	850,002.71	762,274.99	87,727.72
Total Expenditures	1,611,126.00	28,450.39	1,639,576.39	1,510,242.97	129,333.42
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2017

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

	General	Special Revenue
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 23,377,871.59	\$ 1,510,242.97
Difference between the local grant award amounts and the amounts realized as revenue on a budgetary basis		2,877.60
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		<u>(150,145.70)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 23,377,871.59</u>	<u>\$ 1,362,974.87</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 24,085,309.27	\$ 1,510,242.97
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(150,145.70)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 24,085,309.27</u>	<u>\$ 1,360,097.27</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

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

	Measurement Date Ending June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Charter School's Proportion of the Net Pension Liability	0.0314301541%	0.0302395467%	0.0279011432%	0.0289281896%
Charter School's Proportionate Share of the Net Pension Liability	\$ 9,308,710.00	\$ 6,788,172.00	\$ 5,223,857.00	\$ 5,528,752.00
Charter School's Covered Payroll (Plan Measurement Period)	\$ 2,165,344.00	\$ 2,078,156.00	\$ 1,871,476.00	\$ 2,061,568.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	429.90%	326.64%	279.13%	268.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

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

	Fiscal Year Ended June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 307,119.00	\$ 279,221.00	\$ 259,979.00	\$ 230,013.00
Contributions in Relation to the Contractually Required Contribution	<u>(307,119.00)</u>	<u>(279,221.00)</u>	<u>(259,979.00)</u>	<u>(230,013.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's Covered Payroll (Fiscal Year)	\$ 2,746,473.00	\$ 1,989,781.00	\$ 1,977,716.00	\$ 1,776,453.00
Contributions as a Percentage of Charter School's Covered Payroll	11.18%	14.03%	13.15%	12.95%

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

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

	Measurement Date Ending June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Charter School's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the Charter School	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Charter School's Proportionate Share of the Net Pension Liability	-	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>\$ 50,253,464.00</u>	<u>\$ 34,435,578.00</u>	<u>\$ 24,526,395.00</u>	<u>\$ 20,511,366.00</u>
	<u>\$ 50,253,464.00</u>	<u>\$ 34,435,578.00</u>	<u>\$ 24,526,395.00</u>	<u>\$ 20,511,366.00</u>
Charter School's Covered Payroll (Measurement Period)	\$ 8,117,496.00	\$ 7,472,100.00	\$ 6,417,648.00	\$ 5,239,808.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	-	-	-	-
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	619.08%	460.86%	382.17%	391.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Required Supplementary Information
Schedule of Charter School Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable.

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

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	<u>N.C.L.B.</u>			I.D.E.A. Part B, Basic	Instructional Improvement System Race to the Top Phase Three	Total Carried Forward
	<u>Title I, Part A</u>	<u>Title II, Part A</u>	<u>Title III</u>			
REVENUES:						
Federal Sources	\$ 1,075,307.88	\$ 62,748.70	\$ 20,183.85	\$335,823.44	\$ 7,875.00	\$ 1,501,938.87
Local Sources						
Total Revenues	<u>1,075,307.88</u>	<u>62,748.70</u>	<u>20,183.85</u>	<u>335,823.44</u>	<u>7,875.00</u>	<u>1,501,938.87</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	179,187.79		1,305.00	155,522.41		336,015.20
Salaries of Supervisors of Instruction	35,124.62					35,124.62
Other Salaries for Instruction	35,193.45					35,193.45
Purchased Technical Services	215,000.00					215,000.00
Other Purchased Services (400-500 series)					5,975.00	5,975.00
General Supplies	104,834.44		9,939.00	5,886.27		120,659.71
Total Instruction	<u>569,340.30</u>		<u>11,244.00</u>	<u>161,408.68</u>	<u>5,975.00</u>	<u>747,967.98</u>
Support Services:						
Salaries of Program Directors				88,272.39		88,272.39
Other Salaries	43,230.00		3,240.00			46,470.00
Personal Services - Employee Benefits	106,014.06		347.70	80,409.57		186,771.33
Other Purchased Professional Services					1,900.00	1,900.00
Purchased Technical Services	326,322.75	62,748.70				389,071.45
Other Purchased Services (400-500 series)	1,612.00					1,612.00
Travel	1,188.00					1,188.00
Miscellaneous Purchased Services	650.00					650.00
Supplies and Materials	26,950.77		5,352.15	5,732.80		38,035.72
Total Support Services	<u>505,967.58</u>	<u>62,748.70</u>	<u>8,939.85</u>	<u>174,414.76</u>	<u>1,900.00</u>	<u>753,970.89</u>
Total Expenditures	<u>1,075,307.88</u>	<u>62,748.70</u>	<u>20,183.85</u>	<u>335,823.44</u>	<u>7,875.00</u>	<u>1,501,938.87</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Total Brought Forward	Arter Charter Grant	NJSIG Safety Grant	LEAP Cramer Hill LLC Donations	Total
REVENUES:					
Federal Sources	\$ 1,501,938.87				\$ 1,501,938.87
Local Sources		\$ 1,551.30	\$ 4,424.80	\$ 2,328.00	8,304.10
Total Revenues	1,501,938.87	1,551.30	4,424.80	2,328.00	1,510,242.97
EXPENDITURES:					
Instruction:					
Salaries of Teachers	336,015.20				336,015.20
Salaries of Supervisors of Instruction	35,124.62				35,124.62
Other Salaries for Instruction	35,193.45				35,193.45
Purchased Technical Services	215,000.00				215,000.00
Other Purchased Services (400-500 series)	5,975.00				5,975.00
General Supplies	120,659.71				120,659.71
	<u>747,967.98</u>			-	<u>747,967.98</u>
Support Services:					
Salaries of Program Directors	88,272.39				88,272.39
Other Salaries	46,470.00				46,470.00
Personal Services - Employee Benefits	186,771.33				186,771.33
Other Purchased Professional Services	1,900.00				1,900.00
Purchased Technical Services	389,071.45				389,071.45
Other Purchased Services (400-500 series)	1,612.00				1,612.00
Travel	1,188.00				1,188.00
Miscellaneous Purchased Services	650.00				650.00
Supplies and Materials	38,035.72	1,551.30	4,424.80	2,328.00	46,339.82
Total Support Services	753,970.89	1,551.30	4,424.80	2,328.00	762,274.99
Total Expenditures	1,501,938.87	1,551.30	4,424.80	2,328.00	1,510,242.97
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CAPITAL PROJECTS FUND

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
CAPITAL PROJECTS FUND
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2017

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Apropiations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2017</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Lower School Flooring Project	10/23/2014	\$ 275,000.00	\$ 261,693.18		\$ 13,306.82
Wireless Installation	11/20/2014	<u>105,000.00</u>	<u>104,884.19</u>		<u>115.81</u>
		<u>\$ 380,000.00</u>	<u>\$ 366,577.37</u>	<u>\$ -</u>	<u>\$ 13,422.63</u>

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
CAPITAL PROJECTS FUND
 Schedule of Revenues, Expenditures, Project Balance and Project Status
 Lower School Flooring Project
 From Inception and For the Fiscal Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
Local Source - Loan Proceeds	\$ 275,000.00		\$ 275,000.00	\$ 275,000.00
Expenditures and Other Financing Uses				
Construction Services	261,693.18		261,693.18	275,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 13,306.82	\$ -	\$ 13,306.82	\$ -
Designated for Subsequent Years Expenditures			<u>\$ 13,306.82</u>	
Additional Project Information				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 275,000.00			
Additional Authorized Cost				
Revised Authorized Cost	275,000.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	95%			
Original Target Completion Date	8/31/2015			
Revised Target Completion Date	8/31/2015			

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures, Project Balance and Project Status
Wireless Installation
From Inception and For the Fiscal Year Ended June 30, 2017

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

PROPRIETARY FUNDS

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Proprietary Fund
 Statement of Net Position
 June 30, 2017

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash	\$ 87,647.75
Accounts Receivable	257,331.65
Intergovernmental Accounts Receivable:	
State	1,320.43
Federal	110,324.25
Inventories	<u>14,762.21</u>
Total Current Assets	<u>471,386.29</u>
Noncurrent Assets:	
Equipment	514,668.00
Less Accumulated Depreciation	<u>(255,746.82)</u>
Total Noncurrent Assets	<u>258,921.18</u>
Total Assets	<u>730,307.47</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	243,856.19
Interfund Accounts Payable:	
Due to General Fund	111,448.71
Due to Special Revenue Fund	<u>8,764.95</u>
Total Current Liabilities	<u>364,069.85</u>
NET POSITION:	
Net Investment in Capital Assets	258,921.18
Unrestricted	<u>107,316.44</u>
Total Net Position	<u><u>\$ 366,237.62</u></u>

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2017

	Business-Type Activities Enterprise Fund
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 54,950.31
Daily Sales - Non-Reimbursable Programs	36,057.65
Special Functions	36,611.20
Rutgers - ELRA Contract	248,479.50
	376,098.66
Total Operating Revenues	376,098.66
OPERATING EXPENSES:	
Salaries	523,902.49
Employee Benefits	107,141.09
Other Purchased Services	46,492.54
Cleaning, Repair and Maintenance Services	5,071.17
General Supplies	36,077.49
Depreciation	32,167.82
Cost of Sales - Reimbursable Programs	534,960.66
Cost of Sales - Nonreimbursable Programs	133,792.00
	1,419,605.26
Total Operating Expenses	1,419,605.26
Operating Income / (Loss)	(1,043,506.60)
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	12,992.86
Federal Sources:	
National School Lunch Program	701,092.46
National School Breakfast Program	359,804.01
Food Distribution Program	55,488.51
Cost Recovery Prior Year National School Breakfast Program	(1,157.86)
Interest and Investment Revenue	68.24
	1,128,288.22
Total Nonoperating Revenues (Expenses)	1,128,288.22
Change in Net Position	84,781.62
Net Position -- July 1	281,456.00
Net Position -- June 30	\$ 366,237.62

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2017

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 292,407.17
Payments to Employees	(523,902.49)
Payments for Employee Benefits	(107,141.09)
Payments to Suppliers	<u>(681,769.22)</u>
Net Cash Provided by (used for) Operating Activities	<u>(1,020,405.63)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	12,705.34
Federal Sources	<u>1,089,284.19</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,101,989.53</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>(9,633.00)</u>
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(9,633.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	<u>68.24</u>
Net Cash Provided by (used for) Investing Activities	<u>68.24</u>
Net Increase (Decrease) in Cash and Cash Equivalents	72,019.14
Balance -- July 1	<u>15,628.61</u>
Balance -- June 30	<u>\$ 87,647.75</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (1,043,506.60)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation	32,167.82
Food Distribution Program	55,488.51
(Increase) Decrease in Accounts Receivable, net	(83,691.49)
(Increase) Decrease in Inventories	2,559.40
Increase (Decrease) in Accounts Payable	<u>16,576.73</u>
Total Adjustments	<u>23,100.97</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,020,405.63)</u>

FIDUCIARY FUNDS

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2017

	Private Purpose Trust Fund	Agency Funds		Total
	Scholarship Fund	Student Activity	Payroll	
ASSETS:				
Cash and Cash Equivalents	\$ 100.38	\$ 89,061.72	\$ 4,964.15	\$ 94,126.25
Accounts Receivable		350.00		350.00
Interfund Accounts Receivable:				
Due from General Fund		959.62	5,406.39	6,366.01
Total Assets	100.38	\$ 90,371.34	\$ 10,370.54	100,842.26
LIABILITIES:				
Payroll Deductions and Withholdings			\$ 10,370.54	10,370.54
Accounts Payable		\$ 21,982.59		21,982.59
Payable to Student Groups		65,331.41		65,331.41
Payable to Parent Unit		3,057.34		3,057.34
Total Liabilities		\$ 90,371.34	\$ 10,370.54	100,741.88
NET POSITION:				
Held for Scholarships	100.38			100.38
Total Net Position	\$ 100.38			\$ 100.38

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust Fund
	Scholarship Fund
ADDITIONS:	
Program Revenues	\$ 650.00
Total Contributions	650.00
Investment Earnings: Interest	1.17
Total Additions	651.17
DEDUCTIONS:	
Program Expenditures	1,847.88
Total Deductions	1,847.88
Change in Net Position	(1,196.71)
Net Position -- July 1	1,297.09
Net Position -- June 30	\$ 100.38

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>
LEAP Academy University Charter School:				
Student Groups	\$ 32,381.63	\$ 140,163.74	\$ 107,213.96	\$ 65,331.41
Parent Unit	<u>(93.40)</u>	<u>28,188.35</u>	<u>25,037.61</u>	<u>3,057.34</u>
	<u>\$ 32,288.23</u>	<u>\$ 168,352.09</u>	<u>\$ 132,251.57</u>	<u>\$ 68,388.75</u>

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 7,488.17	\$ 10,797,577.52	\$ 10,800,101.54	\$ 4,964.15
Interfund Accounts Receivable:				
Due General Fund	<u>2,492.20</u>	<u>28,051.67</u>	<u>25,137.48</u>	<u>5,406.39</u>
Total Assets	<u>\$ 9,980.37</u>	<u>\$ 10,825,629.19</u>	<u>\$ 10,825,239.02</u>	<u>\$ 10,370.54</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 9,980.37	\$ 5,467,950.54	\$ 5,467,560.37	\$ 10,370.54
Net Payroll	<u> </u>	<u>5,357,678.65</u>	<u>5,357,678.65</u>	<u> </u>
Total Liabilities	<u>\$ 9,980.37</u>	<u>\$ 10,825,629.19</u>	<u>\$ 10,825,239.02</u>	<u>\$ 10,370.54</u>

LONG-TERM DEBT

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>					
Serial Bonds:									
Charter School Revenue Bonds:									
Series 2014A (Tax Exempt)	9/29/2014	\$ 9,500,000.00	10/1/2020	\$ 120,000.00	8.00%				
Series 2014B (Taxable)	9/29/2014	500,000.00	10/1/2021	125,000.00	8.00%				
			10/1/2022	140,000.00	8.00%				
			10/1/2023	150,000.00	8.00%				
			10/1/2024	165,000.00	5.125%				
			10/1/2025	170,000.00	6.00%				
			10/1/2026	180,000.00	6.00%				
			10/1/2027	190,000.00	6.00%				
			10/1/2028	200,000.00	6.00%				
			10/1/2029	210,000.00	6.00%				
			10/1/2030	225,000.00	6.00%				
			10/1/2031	240,000.00	6.00%				
			10/1/2032	250,000.00	6.00%				
			10/1/2033	265,000.00	6.00%				
			10/1/2034	280,000.00	6.00%				
			10/1/2035	300,000.00	6.20%				
			10/1/2036	320,000.00	6.20%				
			10/1/2037	340,000.00	6.20%				
			10/1/2038	360,000.00	6.20%				
			10/1/2039	380,000.00	6.20%				
			10/1/2040	405,000.00	6.20%				
			10/1/2041	430,000.00	6.20%				
			10/1/2042	455,000.00	6.20%				
			10/1/2043	485,000.00	6.20%				
			10/1/2044	515,000.00	6.20%				
			10/1/2045	550,000.00	6.30%				
			10/1/2046	580,000.00	6.30%				
			10/1/2047	620,000.00	6.30%				
			10/1/2048	655,000.00	6.30%				
			10/1/2049	695,000.00	6.30%	\$ 10,000,000.00			\$ 10,000,000.00
Charter School Refunding Bonds	10/2/2015	5,940,000.00	2018	416,315.72	2.24%				
Monthly Amortization			2019	425,737.56	2.24%				
			2020	435,372.58	2.24%				
			2021	445,225.66	2.24%				
			2022	455,301.75	2.24%				
			2023	465,605.90	2.24%				
			2024	476,143.20	2.24%				
			2025	486,919.00	2.24%				
			2026	497,938.68	2.24%				

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>					
Serial Bonds (Cont'd):									
Charter School Refunding Bonds Monthly Amortization (Continued)	10/2/2015	\$ 5,940,000.00	2027	\$ 509,207.71	2.24%	\$ 5,673,616.01		\$ 407,079.00	\$ 5,266,537.01
			2028	520,731.79	2.24%				
			2029	132,014.02	2.24%				
Charter School Revenue Bonds: Series 2016 Note Monthly Amortization	5/23/2016	1,000,000.00	2018	34,784.24	3.98%	1,000,000.00		32,437.48	967,562.52
			2019	36,194.16	3.98%				
			2020	37,661.25	3.98%				
			2021	39,187.82	3.98%				
			2022	40,776.28	3.98%				
			2023	42,429.10	3.98%				
			2024	44,148.93	3.98%				
			2025	45,938.47	3.98%				
			2026	47,800.54	3.98%				
			2027	49,738.09	3.98%				
			2028	51,754.18	3.98%				
			2029	53,852.00	3.98%				
			2030	56,034.83	3.98%				
			2031	58,306.15	3.98%				
			2032	60,669.56	3.98%				
			2033	63,128.72	3.98%				
			2034	65,687.60	3.98%				
2035	68,350.19	3.98%							
2036	71,120.41	3.98%							
						1,000,000.00		32,437.48	967,562.52
						\$ 16,673,616.01	\$ -	\$ 439,516.48	\$ 16,234,099.53

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2017

<u>SERIES</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding July 1, 2016</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2017</u>
				<u>Principal</u>	<u>Interest</u>				
Laptop Computers	December 1, 2014	January 1, 2015 to December 31, 2019	5.00%	\$ 268,433.51	\$ 35,504.14	\$ 194,804.65		\$ 52,238.11	\$ 142,566.54
Furniture	November 1, 2015	November 1, 2015 to October 1, 2022	5.50%	365,708.00	75,712.00	336,613.78		45,686.52	290,927.26
Laptop Computers	September 16, 2016	September 16, 2016 to August 16, 2020	4.00%	164,656.40	13,302.20		\$ 164,656.40	32,536.57	132,119.83
School Buses	September 13, 2016	September 13, 2016 to August 13, 2021	4.50%	176,999.34	20,371.46		176,999.34	27,278.52	149,720.82
						<u>\$ 531,418.43</u>	<u>\$ 341,655.74</u>	<u>\$ 157,739.72</u>	<u>\$ 715,334.45</u>

STATISTICAL SECTION

Financial Trends Information

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

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

	<u>Fiscal Year Ending June 30,</u>									
	<u>2017</u>	<u>2016</u>	<u>2015 (1)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 6,514,363.40	\$ 6,433,380.86	\$ 3,977,322.16	\$ 5,564,897.49	\$ 5,540,432.23	\$ (512,995.84)	\$ 4,847,133.82	\$ 3,286,633.42	\$ 3,112,842.13	\$ 3,251,012.41
Restricted	2,699,540.78	2,410,225.66	2,895,846.81	1,130,605.96	806,270.22	6,955,011.41	370,916.10	368,286.58	365,752.47	352,093.37
Unrestricted (Deficit)	(5,724,677.82)	(5,321,607.45)	(3,272,117.93)	(4,458,784.63)	726,198.06	575,314.99	1,709,409.29	2,417,645.35	1,549,213.43	475,014.33
Total Governmental Activities Net Position	\$ 3,489,226.36	\$ 3,521,999.07	\$ 3,601,051.04	\$ 2,236,718.82	\$ 7,072,900.51	\$ 7,017,330.56	\$ 6,927,459.21	\$ 6,072,565.35	\$ 5,027,808.03	\$ 4,078,120.11
Business-type Activities										
Net Investment in Capital Assets	\$ 258,921.18	\$ 281,456.00	\$ 311,075.00	\$ 156,306.00	\$ 179,344.57	\$ 71,483.00	\$ 87,857.62	\$ 90,309.67	\$ 85,992.06	\$ 94,756.72
Restricted										
Unrestricted (Deficit)	107,316.44			(156,306.00)	(266,916.20)	(343,724.66)				
Total Business-type Activities Net Position	\$ 366,237.62	\$ 281,456.00	\$ 311,075.00	\$ -	\$ (87,571.63)	\$ (272,241.66)	\$ 87,857.62	\$ 90,309.67	\$ 85,992.06	\$ 94,756.72
Government-wide										
Net Investment in Capital Assets	\$ 6,773,284.58	\$ 6,714,836.86	\$ 4,288,397.16	\$ 5,721,203.49	\$ 5,719,776.80	\$ (441,512.84)	\$ 4,934,991.44	\$ 3,376,943.09	\$ 3,198,834.19	\$ 3,345,769.13
Restricted	2,699,540.78	2,410,225.66	2,895,846.81	1,130,605.96	806,270.22	6,955,011.41	370,916.10	368,286.58	365,752.47	352,093.37
Unrestricted (Deficit)	(5,617,361.38)	(5,321,607.45)	(3,272,117.93)	(4,615,090.63)	459,281.86	231,590.33	1,709,409.29	2,417,645.35	1,549,213.43	475,014.33
Total Government-wide Net Position	\$ 3,855,463.98	\$ 3,803,455.07	\$ 3,912,126.04	\$ 2,236,718.82	\$ 6,985,328.88	\$ 6,745,088.90	\$ 7,015,316.83	\$ 6,162,875.02	\$ 5,113,800.09	\$ 4,172,876.83

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

Source: Comprehensive Annual Financial Report Exhibit A-1

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

	Fiscal Year Ending June 30,									
	2017	2016 (1)	2015 (2)	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities										
Instruction			\$ 8,092,058.48	\$ 8,377,052.13	\$ 8,123,628.90	\$ 6,162,700.29	\$ 5,218,477.56	\$ 4,766,178.72	\$ 4,273,627.54	\$ 4,119,025.29
Administration			7,950,283.88	6,804,647.11	5,543,619.01	3,275,635.42	2,969,821.70	3,170,749.46	2,631,365.92	2,692,493.55
Support Services			5,261,626.38	4,593,787.61	4,437,863.61	4,478,028.68	3,652,161.40	3,129,000.76	3,180,982.01	2,713,035.73
Regular Instruction	\$ 8,400,920.93	\$ 7,832,801.23								
Special Education Instruction	392,329.70	303,695.15								
Basic Skills Remedial Instruction		31,850.00								
Bilingual Education Instruction	247,530.20	144,870.62								
School Sponsored Extra Curricular Activities Instruction	7,918.82	3,912.26								
School Sponsored Athletics Instruction	124,845.30	71,448.12								
Before and After School Programs Instruction		18,188.88								
Summer School	86,324.69	80,160.02								
Other Supplemental At Risk Programs	63,690.00	59,508.00								
Community Service Programs	439,917.57	404,239.09								
Support Services and Undistributed Costs:										
Student and Instruction Related Services	1,914,359.81	2,105,472.08								
School Administrative Services	1,347,645.47	1,322,907.17								
Other Administrative Services	2,016,071.62	2,120,185.30								
Plant Operations and Maintenance	2,533,408.89	2,451,476.77								
Pupil Transportation	358,905.81	287,316.10								
Unallocated Benefits	8,705,493.31	6,290,359.70								
Interest on Long Term Debt	1,364,187.60	1,374,969.22	1,342,285.33	841,420.17	572,294.65	786,648.55	406,797.79	432,223.95	444,170.33	455,366.18
Unallocated Amortization and Depreciation						5,678.66	8,616.02	18,847.55	29,439.32	29,439.32
Total Governmental Activities Expenses	28,003,549.72	24,903,359.71	22,646,254.07	20,616,907.02	18,677,406.17	14,708,691.60	12,255,874.47	11,517,000.44	10,559,585.12	10,009,360.07
Business-type Activities:										
Food Service	1,419,605.26	1,377,923.54	1,244,851.63	1,145,665.68	1,091,167.24	1,027,915.73	640,235.95	680,342.86	564,600.54	608,639.88
Total Business-type Activities Expense	1,419,605.26	1,377,923.54	1,244,851.63	1,145,665.68	1,091,167.24	1,027,915.73	640,235.95	680,342.86	564,600.54	608,639.88
Total Government-Wide Expenses	\$ 29,423,154.98	\$ 26,281,283.25	\$ 23,891,105.70	\$ 21,762,572.70	\$ 19,768,573.41	\$ 15,736,607.33	\$ 12,896,110.42	\$ 12,197,343.30	\$ 11,124,185.66	\$ 10,617,999.95
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 6,348,097.00	\$ 4,946,929.04	\$ 3,750,804.89	\$ 2,913,464.88	\$ 1,833,393.50	\$ 2,491,184.79	\$ 1,225,257.26	\$ 1,500,923.91	\$ 1,432,949.12	\$ 1,164,496.05
Capital Grants and Contributions								258,960.42		
Total Governmental Activities Program Revenues	6,348,097.00	4,946,929.04	3,750,804.89	2,913,464.88	1,833,393.50	2,491,184.79	1,225,257.26	1,759,884.33	1,432,949.12	1,164,496.05
Business-type activities:										
Food Services:										
Charges for services	376,098.66	335,636.26	243,269.52	126,754.65	202,013.15	189,619.42	77,400.96	53,084.59	43,366.14	56,294.63
Operating Grants and Contributions	1,128,219.98	1,007,664.34	975,403.52	917,782.55	760,758.05	486,275.38	518,191.92	539,501.54	440,686.82	461,037.20
Capital Grants and Contributions										
Total Business-type Activities Program Revenues	1,504,318.64	1,343,300.60	1,218,673.04	1,044,537.20	962,771.20	675,894.80	595,592.88	592,586.13	484,052.96	517,331.83
Total Government-Wide Program Revenues	\$ 7,852,415.64	\$ 6,290,229.64	\$ 4,969,477.93	\$ 3,958,002.08	\$ 2,796,164.70	\$ 3,167,079.59	\$ 1,820,850.14	\$ 2,352,470.46	\$ 1,917,002.08	\$ 1,681,827.88
Net (Expense)/Revenue										
Governmental Activities	\$ (21,655,452.72)	\$ (19,956,430.67)	\$ (18,895,449.18)	\$ (17,703,442.14)	\$ (16,844,012.67)	\$ (12,217,506.81)	\$ (11,030,617.21)	\$ (9,757,116.11)	\$ (9,126,636.00)	\$ (8,844,864.02)
Business-type Activities	84,713.38	(34,622.94)	(26,178.59)	(101,128.48)	(128,396.04)	(352,020.93)	(44,643.07)	(87,756.73)	(80,547.58)	(91,308.05)
Total Government-Wide Net Expense	\$ (21,570,739.34)	\$ (19,991,053.61)	\$ (18,921,627.77)	\$ (17,804,570.62)	\$ (16,972,408.71)	\$ (12,569,527.74)	\$ (11,075,260.28)	\$ (9,844,872.84)	\$ (9,207,183.58)	\$ (8,936,172.07)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Charter School Aid	\$ 19,161,945.00	\$ 19,258,462.00	\$ 19,439,739.00	\$ 18,498,317.00	\$ 17,103,843.00	\$ 11,863,382.00	\$ 10,770,723.00	\$ 10,307,561.00	\$ 9,455,024.00	\$ 7,849,111.00
State and Federal Aid - Not Restricted	1,885,534.11	52,457.10	34,995.00	9,472.85	3,120.68		979,962.66	473,929.52	501,120.65	1,126,223.05
Investment Earnings	6,385.95	4,995.15	3,765.44	58,290.26		56,369.54	3,610.87	3,633.08	10,824.65	28,537.43
Miscellaneous Income	568,814.95	566,422.64	846,426.63	170,033.56	84,423.91	232,666.46	173,212.44	108,690.12	180,515.80	97,141.79
Transfers		(4,958.19)	(175,921.11)	(188,671.98)	(200,000.00)		(41,997.91)	(91,940.30)	(71,161.19)	(143,995.97)
Total Governmental Activities	\$ 21,622,680.01	\$ 19,877,378.70	\$ 20,149,004.96	\$ 18,547,441.69	\$ 16,991,387.59	\$ 12,152,418.00	\$ 11,885,511.06	\$ 10,801,873.42	\$ 10,076,323.91	\$ 8,957,017.30

(Continued)

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

	2017	2016 (1)	2015 (2)	2014	Fiscal Year Ending June 30, 2013	2012	2011	2010	2009	2008
General Revenues and Other Changes in Net Assets (Cont'd)										
Business-type Activities:										
Investment Earnings	\$ 68.24	\$ 45.75	\$ 30.70	\$ 28.13	\$ 11.82	\$ 57.80	\$ 193.11	\$ 134.04	\$ 621.73	\$ 1,780.41
Transfers		4,958.19	175,921.11	188,671.98	200,000.00		41,997.91	91,940.30	71,161.19	143,995.97
Total Business-type Activities	<u>68.24</u>	<u>5,003.94</u>	<u>175,951.81</u>	<u>188,700.11</u>	<u>200,011.82</u>	<u>57.80</u>	<u>42,191.02</u>	<u>92,074.34</u>	<u>71,782.92</u>	<u>145,776.38</u>
Total Government-Wide	<u>\$ 21,622,748.25</u>	<u>\$ 19,882,382.64</u>	<u>\$ 20,324,956.77</u>	<u>\$ 18,736,141.80</u>	<u>\$ 17,191,399.41</u>	<u>\$ 12,152,475.80</u>	<u>\$ 11,927,702.08</u>	<u>\$ 10,893,947.76</u>	<u>\$ 10,148,106.83</u>	<u>\$ 9,102,793.68</u>
Change in Net Position										
Governmental Activities	\$ (32,772.71)	\$ (79,051.97)	\$ 1,253,555.78	\$ 843,999.55	\$ 147,374.92	\$ (65,088.81)	\$ 854,893.85	\$ 1,044,757.31	\$ 949,687.91	\$ 112,153.28
Business-type Activities	<u>84,781.62</u>	<u>(29,619.00)</u>	<u>149,773.22</u>	<u>87,571.63</u>	<u>71,615.78</u>	<u>(351,963.13)</u>	<u>(2,452.05)</u>	<u>4,317.61</u>	<u>(8,764.66)</u>	<u>54,468.33</u>
Total Government-Wide	<u>\$ 52,008.91</u>	<u>\$ (108,670.97)</u>	<u>\$ 1,403,329.00</u>	<u>\$ 931,571.18</u>	<u>\$ 218,990.70</u>	<u>\$ (417,051.94)</u>	<u>\$ 852,441.80</u>	<u>\$ 1,049,074.92</u>	<u>\$ 940,923.25</u>	<u>\$ 166,621.61</u>

(1) In the fiscal year ended June 30, 2016, the Charter School began reporting using the full uniform chart of accounts. In prior fiscal years, reporting was based on the Charter School 108 budget lines organized into Instruction, Administration and Support Services and also reported General Fund Debt and Capital Outlay.

(2) Beginning in 2015 amounts included the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Source: Comprehensive Annual Financial Report Exhibit A-2

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>Fiscal Year Ending June 30,</u>		<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
					<u>2013</u>	<u>2012</u>				
Fund Balances										
Nonspendable		\$ 61,372.21								
Restricted:										
Debt Service Reserve	\$ 83,113.95	71,966.40	\$ 412,752.51	\$ 404,167.68	\$ 395,334.08	\$ 390,916.98	\$ 381,650.03			
Sinking Fund Reserve	1,688,380.98	1,392,276.53	1,097,546.66	804,592.87	511,691.63	219,176.28				
State Mandated Reserve	75,183.74	75,589.39	75,249.14							
Committed:										
Other Purposes			857,436.99	406,541.17	390,647.47	459,863.93	47,467.41			
Assigned:										
Other Purposes	167,757.18	15,216.39	99,229.16	268,318.44	179,153.27	45,367.09	421,098.46			
Unassigned:										
General Fund	712,354.16	630,046.58	1,275,372.38	486,804.34	230,442.76	148,306.66	1,327,729.05			
Reserved								\$ 507,231.21	\$ 437,054.99	\$ 385,501.99
Unreserved								2,385,028.34	1,598,022.82	545,303.74
Total General Fund	<u>\$ 2,726,790.01</u>	<u>\$ 2,246,467.50</u>	<u>\$ 3,817,586.84</u>	<u>\$ 2,370,424.50</u>	<u>\$ 1,707,269.21</u>	<u>\$ 1,263,630.94</u>	<u>\$ 2,177,944.95</u>	<u>\$ 2,892,259.55</u>	<u>\$ 2,035,077.81</u>	<u>\$ 930,805.73</u>
All Other Governmental Funds										
Restricted	\$ 22,303.56	\$ 19,425.96	\$ 11,041.96	\$ 4,809.33		\$ 6,357,700.74				
Unassigned, Reported in:										
Capital Projects Fund			(169,694.63)							
Total All Other Governmental Funds	<u>\$ 22,303.56</u>	<u>\$ 19,425.96</u>	<u>\$ (158,652.67)</u>	<u>\$ 4,809.33</u>	<u>\$ -</u>	<u>\$ 6,357,700.74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Beginning for the fiscal year ended June 30, 2011, the Charter School began reporting fund balances under GASB 54.

Source: Comprehensive Annual Financial Report Exhibit B-1

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

	Fiscal Year Ending June 30,									
	2017	2016 (1)	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Revenue from Local Sources	\$ 356,017.15	\$ 402,312.88	\$ 141,235.49	\$ 169,003.26	\$ 82,752.01	\$ 182,452.54	\$ 172,010.81	\$ 180,044.94	\$ 190,603.97	119,920.77
Charter School Aid:										
Equalization Aid - State and Local Share	18,270,672.00	18,319,554.00	18,564,339.00	17,502,834.00	16,039,557.00	11,167,658.00	10,770,723.00	9,853,628.00	9,029,352.00	\$ 6,809,193.00
Categorical Aid	891,273.00	938,908.00	875,400.00	995,483.00	1,064,286.00	695,724.00	471,057.00	453,933.00	425,672.00	1,039,918.00
Other State Sources	3,839,108.13	1,695,874.29	1,292,054.03	1,012,033.52	987,035.29	647,050.28	508,905.66	473,929.52	501,120.65	1,134,715.55
Federal Sources	1,383,776.18	1,698,975.85	1,458,455.86	1,900,904.21	846,358.21	1,844,134.51	1,225,257.26	1,759,884.33	1,432,949.12	1,162,252.55
Total Revenue	24,740,846.46	23,055,625.02	22,331,484.38	21,580,257.99	19,019,988.51	14,537,019.33	13,147,953.73	12,721,419.79	11,579,697.74	10,265,999.87
Expenditures										
Instruction			7,186,530.87	7,321,896.38	6,568,589.29	5,761,428.62	4,724,651.78	4,274,367.77	3,736,005.77	3,576,770.86
Administration			6,878,154.05	6,787,372.48	5,025,145.65	3,258,950.46	3,368,388.38	3,160,929.04	2,626,142.81	2,673,666.76
Support Services			4,948,052.00	4,843,084.84	4,616,241.31	4,509,327.75	3,686,375.81	3,219,889.61	3,241,944.15	2,830,641.09
Regular Instruction	7,364,455.80	6,959,613.05								
Special Education Instruction	392,329.70	303,695.15								
Basic Skills Remedial Instruction		31,850.00								
Bilingual Education Instruction	247,530.20	144,870.62								
School Sponsored Extra Curricular Activities Instruction	7,918.82	3,912.26								
School Sponsored Athletics Instruction	124,845.30	71,448.12								
Before and After School Programs Instruction		18,188.88								
Summer School	86,324.69	80,160.02								
Other Supplemental At Risk Programs	63,690.00	59,508.00								
Community Service Programs	435,560.66	357,550.20								
Support Services and Undistributed Costs:										
Student and Instruction Related Services	1,906,003.93	2,111,320.79								
School Administrative Services	1,320,774.54	1,314,710.06								
Other Administrative Services	1,886,522.99	1,828,588.57								
Plant Operations and Maintenance	2,999,846.47	2,891,659.40								
Pupil Transportation	338,502.41	287,316.10								
Unallocated Benefits	3,019,001.86	2,783,653.13								
TPAF Pension and Social Security	1,985,828.13	1,675,874.29								
General Fund Debt Service	1,611,805.00	1,567,592.89	1,715,605.81	1,663,937.88	1,674,840.64	1,225,086.25	881,954.58	882,201.87	878,816.67	867,599.58
Capital Outlay	1,654,466.04	2,546,847.77	692,794.65	597,736.63	7,209,893.52	4,567,187.58	1,205,710.28	258,960.42		
Total Expenditures	25,445,406.54	25,038,359.30	21,421,137.38	21,214,028.21	25,094,710.41	19,321,980.66	13,867,080.83	11,796,348.71	10,482,909.40	9,948,678.29
Excess (Deficiency) of Revenues Over (Under) Expenditures	(704,560.08)	(1,982,734.28)	910,347.00	366,229.78	(6,074,721.90)	(4,784,961.33)	(719,127.10)	925,071.08	1,096,788.34	317,321.58
Other Financing Sources (Uses)										
Trustee Payment of Debt Service		(896,827.08)	(591,770.00)	(588,870.00)	(590,470.00)	(586,570.00)	(587,170.00)	(587,370.00)	(582,070.00)	(581,270.00)
Deposits Held with Trustee for Debt Service		556,040.97	600,354.83	597,703.60	594,887.10	595,836.95	591,982.50	592,221.66	589,553.74	583,358.79
Deposits Held with Trustee for Sinking Fund	296,104.45	294,729.87	292,953.79	292,901.24	292,610.52	219,081.11				
Loan Proceeds		275,000.00	105,000.00			10,000,000.00				
Assets Acquired by Capital Lease	891,655.74	365,708.00	268,433.51							
Recovery or Adjustments for State Aid or Federal Grants			(125,697.68)		(136,368.19)			(72,741.00)		(6,249.00)
Transfer to Fund Deficit in Food Service Enterprise Fund		(4,958.19)	(175,921.11)							
Transfers Out						(909,139.08)				
Transfer In						909,139.08				
Total Other Financing Sources (Uses)	1,187,760.19	589,693.57	373,353.34	301,734.84	160,659.43	10,228,348.06	4,812.50	(67,889.34)	7,483.74	(4,160.21)
Net Change in Fund Balances	\$ 483,200.11	\$ (1,393,040.71)	\$ 1,283,700.34	\$ 667,964.62	\$ (5,914,062.47)	\$ 5,443,386.73	\$ (714,314.60)	\$ 857,181.74	\$ 1,104,272.08	\$ 313,161.37
Debt Service as a Percentage of Noncapital Expenditures	7.3%	7.5%	9.0%	8.8%	10.3%	9.1%	7.5%	8.3%	9.2%	9.6%

(1) In the fiscal year ended June 30, 2016, the Charter School began reporting using the full uniform chart of accounts. In prior fiscal years, reporting was based on the Charter School 108 budget lines organized into Instruction, Administration and Support Services and also reported General Fund Debt and Capital Outlay.

Source: Comprehensive Annual Financial Report Exhibit B-2

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

	<u>Fiscal Year Ending June 30,</u>										
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>*</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Donations	\$ 170.00	\$ 75,170.00	\$ 418.96		\$ 11,772.00						
E-Rate Reimbursements	100,697.78			\$ 22,271.12							
Miscellaneous	5,544.00	95,864.52	24,806.77	3,776.77	6,519.75						
Refunds	6,445.04	65.09	6,852.26	21,514.73	34,741.24						
Cancellation of Prior Year Accounts Payable			4,211.85	10,727.64	29,719.02						
	<u>\$ 112,856.82</u>	<u>\$ 171,099.61</u>	<u>\$ 36,289.84</u>	<u>\$ 58,290.26</u>	<u>\$ 82,752.01</u>		-	-	-	-	-

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

Source: Charter School Records.

Debt Capacity Information

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Charter School	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Mortgages Payable	Capital Leases	Loan Payable	Capital Leases			
2017	\$ 16,234,099.53		\$ 715,334.45	\$ 11,856,553.53		\$ 28,805,987.51	Unavailable	Unavailable
2016	16,673,616.01		531,418.43	11,362,959.73		28,567,994.17	Unavailable	\$ 383.88
2015	16,157,992.83	\$ 1,111,304.03	244,500.24	10,095,768.80		27,609,565.90	0.75%	362.72
2014	6,460,000.00	2,855,169.51	8,930.04	10,000,000.00		19,324,099.55	0.54%	252.59
2013	6,755,000.00	1,582,514.38	26,268.33	10,000,000.00		18,363,782.71	0.53%	238.42
2012	7,040,000.00	1,804,376.92	51,021.60	10,000,000.00		18,895,398.52	0.55%	244.23
2011	7,310,000.00	2,017,554.27	66,725.42			9,394,279.69	0.27%	121.07
2010	7,570,000.00	2,222,386.42	82,115.00			9,874,501.42	0.30%	127.73
2009	7,820,000.00	2,419,200.11				10,239,200.11	0.31%	129.96
2008	8,055,000.00	2,608,309.19				10,663,309.19	0.32%	134.10

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

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

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (2)</u>	<u>Personal Income (3)</u>	<u>Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2017	Unavailable	Unavailable	Unavailable	Unavailable
2016	74,420	Unavailable	Unavailable	10.1%
2015	76,119	\$ 3,660,105,996.00	\$ 48,084.00	11.1%
2014	76,504	3,586,966,544.00	46,886.00	12.7%
2013	77,023	3,471,965,771.00	45,077.00	16.0%
2012	77,367	3,461,554,314.00	44,742.00	18.5%
2011	77,594	3,423,059,310.00	44,115.00	19.6%
2010	77,310	3,246,478,830.00	41,993.00	18.6%
2009	78,790	3,280,894,390.00	41,641.00	17.8%
2008	79,519	3,289,939,587.00	41,373.00	11.8%

Source:

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Principal Employers

Current Year and Nine Years Ago

Unaudited

<u>Employer (1)</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Our Lady Of Lourdes Med Ctr	1,468	1	6.13%	5,642	2	21.20%
L-3 Communication Systems-East	700	2	2.92%	2,300	3	8.64%
Campbell Soup Co	500	3	2.09%	1,200	6	4.51%
Catelli Brothers Inc	300	4	1.25%			
Adventure Aquarium	290	5	1.21%			
Contemporary Graphics Inc	250	6	1.04%			
Contemporary Graphics-Bindery	250	7	1.04%			
Philadelphia Sixers	201	8	0.84%			
Campbell Away From Home	200	9	0.84%			
MAFCO Worldwide Corp	200	10	0.84%	730	8	2.74%
Cooper Health Care/Cooper Health Systems				10,875	1	40.86%
Diocese of Camden New Jersey				1,260	4	4.73%
General Electric				1,200	5	4.51%
County of Camden				1,000	7	3.76%
Delaware River Port Authority				623	9	2.34%
Hospital Central Services, Inc				340	10	1.28%
	<u>4,359</u>		<u>18.20%</u>	<u>25,170</u>		<u>94.57%</u>

(1) Source: ReferenceUSA.Com (2017)

Operating Information

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

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

<u>Function/Program</u>	<u>Fiscal Year Ending June 30,</u>									
	<u>2017</u>	<u>2016 (1)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction	N/A	N/A	113	102	93	78	64	63	63	64
Administration	N/A	N/A	16	21	17	15	14	10	10	15
Support Services	N/A	N/A	38	40	36	30	24	22	18	14
Regular Instruction	120	118								
Special Education Instruction	8	11								
Basic Skills Remedial Instruction		1								
Bilingual Education Instruction	9	4								
Extra Curricular Activities Instruction		2								
Athletics Instruction	15	13								
Before and After School Programs Instruction										
Summer School	40	40								
Other Supplemental At Risk Programs	1	1								
Community Service Programs	7	4								
Support Services and Undistributed Costs:										
Student and Instruction Related Services	20	21								
School Administrative Services	24	20								
Other Administrative Services	15	24								
Plant Operations and Maintenance	11	9								
Pupil Transportation	2	3								
Total	272	271	167	163	146	123	102	95	91	93

Source: Charter School Personnel Records

(1) In the fiscal year ended June 30, 2016, the Charter School began reporting using the full uniform chart of accounts. In prior fiscal years, reporting was based on the Charter School 108 budget lines organized into Instruction, Administration and Support Services.

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

Fiscal Year Ending <u>June 30,</u>	<u>Enrollment</u>	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	<u>Pupil/Teacher Ratio</u>			Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						<u>Elementary (K-5)</u>	<u>Middle School (6-8)</u>	<u>High School (9-12)</u>				
2017	1,558	\$ 22,179,135.50	\$ 14,235.65	2.80%	137	1:20	1:20	1:20	1,551	1,460	8.23%	94.13%
2016	1,436	20,923,918.64	14,570.97	5.22%	100	1:20	1:20	1:20	1,433	1,355	4.22%	94.56%
2015	1,373	19,012,736.92	13,847.59	-4.07%	113	1:20	1:20	1:20	1,375	1,301	5.12%	94.62%
2014	1,313	18,952,353.70	14,434.39	6.32%	102	1:20	1:20	1:20	1,308	1,233	9.36%	94.27%
2013	1,194	16,209,976.25	13,576.19	-13.70%	93	1:20	1:20	1:20	1,196	1,137	38.86%	95.07%
2012	860	13,529,706.83	15,732.22	0.30%	78	1:20	1:20	1:20	861	815	15.30%	94.59%
2011	751	11,779,415.97	15,684.97	13.50%	64	1:20	1:20	1:20	747	707	-3.23%	94.65%
2010	771	10,655,186.42	13,819.96	8.93%	60	1:20	1:20	1:20	772	721	1.97%	93.44%
2009	757	9,604,092.73	12,687.04	8.83%	60	1:20	1:20	1:20	757	704	-1.17%	93.00%
2008	779	9,081,078.71	11,657.35	-2.23%	60	1:20	1:20	1:20	766	713	6.24%	93.08%

Sources: District records and enrollment counts.

Note: Enrollment based on end of school year enrollment count.

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

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

	<u>Fiscal Year Ending June 30,</u>									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 (1)</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>District Building</u>										
<u>Elementary</u>										
Leap Academy- Lower School (2000)										
Square Feet	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Capacity (students)	480	480	480	480	480	420	420	420	420	420
Enrollment	487	479	480	480	431	419	423	422	420	420
<u>High School</u>										
Leap Academy- Upper School (2005)										
Square Feet	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736
Capacity (students)	380	380	380	380	380	380	380	380	380	380
Enrollment	363	354	352	352	343			349	337	346
<u>STEM School</u>										
STEM Program (2012)										
Square Feet	39,000	39,000	39,000	39,000	39,000					
Capacity (students)	300	300	480	480	480					
Enrollment	242	243	481	481	420					
<u>Dr. Gloria Bonilla-Santiago (S.T.E.A.M. Campus)</u>										
S.T.E.A.M. Campus (2015)	73,000	73,000								
Square Feet	480	480								
Capacity (students)	478	366								
Enrollment										

Number of Schools at June 30, 2017

- Elementary = 1
- Upper Elementary = 1
- STEM Middle = 1
- High School = 1

Source: District records, Enrollment Counts

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

- (1) During fiscal year 2011-12, 100 STEM High School 9th and 10th graders were housed at a satellite facility on the Camden County College campus in Blackwood, NJ. Therefore, the breakout of students housed at Upper School was 340 and students housed at STEM High School was 100.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2017

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group		
Burlington and Camden County Educators Insurance Consortium		
Property		
Real and Personal Property (per occurrence)	\$ 450,000,000.00	
Extra Expense	50,000,000.00	
Valuable Papers and Records	10,000,000.00	
Demolition and Increased Cost of Construction (Per occurrence)	25,000,000.00	
Loss of Rents	Not covered	
Loss of Business Income/Tuition	18,000,000.00	
Limited Builder's Risk (per occurrence)	5,000,000.00	
Fire Department Service Charge	10,000.00	
Arson Reward	10,000.00	
Pollutant Cleanup and Removal	250,000.00	
Fine Arts	Not covered	
Sublimits: Special Flood Hazard Area Flood Zones (Per occurrence/ NJSIG annual aggregate)	25,000,000.00	
Accounts Receivable	250,000.00	
All Flood Zones (Per occurrence/NJSIG annual aggregate)	75,000,000.00	
Earthquake (per occurrence, NJSIG annual aggregate)	50,000,000.00	
Terrorism (per occurrence, NJSIG annual aggregate)	1,000,000.00	
Deductibles (per occurrence):		
Real & Personal		\$ 1,000.00
Extra Expense		1,000.00
Valuable Papers		1,000.00
Flood Deductibles (Special Flood Hazard Area):		
Per building		500,000.00
Per building contents		500,000.00
Flood Deductibles (All other flood zones):		
Per member/ per occurrence		10,000.00
Electronic Data Processing		
Hardware/ Software (per occurrence)	1,000,000.00	
Blanket Extra Expense	Included	
Coverage Extensions:		
Transit	25,000.00	
Loss of Income	10,000.00	
Terrorism	Included in property	
Computer Virus (\$10,000,000 NJSIG Annual Aggregate)	250,000.00	
Deductible (per occurrence)		1,000.00
Special Flood Hazard Area Flood Deductible (per building contents)		500,000.00
Flood Deductibles (All other flood zones):		
Per member/ per occurrence		10,000.00

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2017

Unaudited

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

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2017

Unaudited

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

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

	2015 Audit	2016 Audit	2017 Audit	Source
Cash	\$ 6,210,008.55	\$ 4,087,885.51	\$ 4,060,435.82	Audit: Exhibit A-1
Current Assets	5,106,513.20	3,173,456.68	3,765,969.00	Audit: Exhibit A-1
Total Assets	38,677,960.77	40,744,032.70	41,215,994.55	Audit: Exhibit A-1
Current Liabilities	2,712,862.07	3,370,797.80	2,981,585.12	Audit: Exhibit A-1
Total Liabilities	34,985,034.95	38,237,705.63	40,505,906.57	Audit: Exhibit A-1
Net Position	3,640,047.82	3,803,455.07	3,855,463.98	Audit: Exhibit A-1
Total Revenue	20,324,956.77	19,882,382.64	21,622,748.25	Audit: Exhibit A-2
Total Expenses	18,921,627.77	19,991,053.61	21,570,739.34	Audit: Exhibit A-2
Change in Net Position	1,403,329.00	(108,670.97)	52,008.91	Audit: Exhibit A-2
Non-Cash Pension Expense (1)	7,962.00	233,551.00	700,188.00	Financial Statements/Audit Workpapers
Depreciation Expense	1,047,393.39	1,161,288.00	1,428,473.82	Financial Statements/Audit Workpapers
Interest Expense	1,342,285.33	1,374,969.22	1,364,187.60	Financial Statements/Audit Workpapers
Principal Payments	592,403.33	800,257.00	653,662.40	Financial Statements/Audit Workpapers
Interest Payments	1,160,683.01	1,441,501.64	1,363,990.24	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	1,373	1,436	1,558	DOE Enrollment Reports
March 30th Budgeted Enrollment	1,330	1,390	1,390	Charter School Budget

RATIOS ANALYSIS

Near Term Indicators	2015	2016	2017	3 YR CUM.	Source:
1a. Current Ratio	1.88	0.94	1.26	1.36	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	119.79	74.64	68.71	87.71	Cash/(Total Expenses/365)
1c. Enrollment Variance	103%	103%	112%	106%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	No	No	No	No	Audit
Sustainability Indicators					
2a. Total Margin	6.9%	-0.5%	0.2%	2.2%	Change in Net Position/Total Revenue
2b. Debt to Asset	0.90	0.94	0.98	0.94	Total Liabilities/Total Assets
2c.** Cash Flow	3,179,911.21	(2,122,123.04)	(27,449.69)	343,446.16	Net change in cash flow from prior years (Change in Net Position+Depreciation+Interest Expense+Non-Cash Pension Expense)/(Principal & Interest Payments)
2d. Debt Service Coverage Ratio (1)	2.17	1.19	1.76	1.71	

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

** 2017 =2017 Cash - 2016 Cash; 2016 =2016 Cash-2015 Cash; 2015 =2015 Cash-2014 Cash

(1) Beginning in 2015 the non-cash pension expense resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* has been included in the ratio calculation for purposes of determining operating expenses.

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the LEAP Academy University Charter School, Inc.'s, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2017. The Charter School's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the LEAP Academy University Charter School, Inc.'s, in the County of Camden, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
November 30, 2017

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2017

Federal Grant / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	
					From	To
<u>General Fund:</u>						
U.S. Department of Health and Human Services:						
Passed-through State Department of Education:						
Medical Assistance Program (SEMI)	93.778	1705NJMAP	N/A	\$ 32,254.11	7/1/16	6/30/17
Special Revenue Fund:						
U.S. Department of Education						
Passed-through State Department of Education:						
Twenty-First Century Community Learning Centers	84.287C	S287150030	12000167	500,000.00	9/1/11	8/31/12
Total 21st Century Community Learning Centers						
No Child Left Behind (N.C.L.B.):						
Title I Cluster:						
Title I, Part A (P.L. 103-382)	84.010	S010A150030	NCLB710916	1,213,191.00	7/1/15	6/30/16
Title I, Part A (P.L. 103-382)	84.010	S010A160030	NCLB710917	1,173,110.00	7/1/16	6/30/17
Total Title I Cluster						
Title II, Part A	84.367	S367A150029	NCLB710916	70,371.00	7/1/15	6/30/16
Title II, Part A	84.367	S367A160029	NCLB710917	71,185.00	7/1/16	6/30/17
Total Title IIA						
Title III	84.365	S365A150030	NCLB710916	24,223.00	7/1/15	6/30/16
Title III	84.365	S365A160030	NCLB710917	24,061.00	7/1/15	6/30/16
Total Title III						
Total No Child Left Behind (N.C.L.B)						
Special Education Cluster:						
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA710916	409,089.00	7/1/15	6/30/16
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	IDEA710917	342,770.00	7/1/16	6/30/17
Total Special Education Cluster						
ARRA Race to the Top Phase Three:						
Instructional Improvement System (edConnectNJ) Grant Program	84.413A	B413A120008	16E00176	12,702.00	6/1/16	11/30/16
Total Race to the Top						
Total U.S. Department of Education						
U.S. Department of Agriculture						
Farm to School Program	10.575	14148NJ011L3203	N/A	44,460.00	12/01/13	11/30/14
Total U.S. Department of Agriculture						
Total Special Revenue Fund						

Balance June 30, 2016	Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures			Adjustments (A)	Repayment of Prior Years' Balances	Balance, June 30, 2017		Due to Grantor at June 30, 2017
			Pass-Through Funds	Direct Funds	Total Budgetary Expenditures			(Accounts Receivable)	Unearned Revenue	
		\$ 32,254.11	\$ (32,254.11)		\$ (32,254.11)					
\$ 13,897.00							\$ (13,897.00)			
13,897.00							(13,897.00)			
(608,710.29)		608,711.00 477,574.00	(1,075,307.88)		(1,075,307.88)	\$ (0.71)		\$ (597,733.88)		
(608,710.29)		1,086,285.00	(1,075,307.88)		(1,075,307.88)	(0.71)		(597,733.88)		
(5,047.78)		5,198.00 29,410.00	(150.00) (62,598.70)		(150.00) (62,598.70)	(0.22)		(33,188.70)		
(5,047.78)		34,608.00	(62,748.70)		(62,748.70)	(0.22)		(33,188.70)		
(6,211.17)		6,211.00 12,071.00	(20,183.85)		(20,183.85)	0.17		(8,112.85)		
(6,211.17)		18,282.00	(20,183.85)		(20,183.85)	0.17		(8,112.85)		
(619,969.24)		1,139,175.00	(1,158,240.43)		(1,158,240.43)	(0.76)		(639,035.43)		
(185,421.60)		185,421.00 212,518.00	(335,823.44)		(335,823.44)	0.60		(123,305.44)		
(185,421.60)		397,939.00	(335,823.44)		(335,823.44)	0.60		(123,305.44)		
		7,875.00	(7,875.00)		(7,875.00)					
		7,875.00	(7,875.00)		(7,875.00)					
(791,493.84)		1,544,989.00	(1,501,938.87)		(1,501,938.87)	(0.16)		(762,340.87)		
(7,614.36)						7,614.36				
(7,614.36)						7,614.36				
(799,108.20)		1,544,989.00	(1,501,938.87)		(1,501,938.87)	7,614.20		(762,340.87)		

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2017

Federal Grant / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	<u>Grant Period</u>	
					From	To
Enterprise Fund:						
U.S. Department of Agriculture						
Passed-through State Department						
of Education:						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	10.555	171NJ304N1099	N/A	\$ 55,488.51	7/1/16	6/30/17
Non-Cash Assistance Subtotal						
Cash Assistance:						
National School Lunch Program	10.555	16161NJ304N1099	N/A	640,756.28	7/1/15	6/30/16
National School Lunch Program	10.555	171NJ304N1099	N/A	701,092.46	7/1/16	6/30/17
After School Snack Program	10.555	16161NJ304N1099	N/A	99.96	7/1/15	6/30/16
School Breakfast Program	10.553	16161NJ304N1099	N/A	285,239.40	7/1/15	6/30/16
School Breakfast Program	10.553	171NJ304N1099	N/A	359,804.01	7/1/16	6/30/17
Cash Assistance Subtotal						
Total Child Nutrition Cluster						
Total U.S. Department of Agriculture						
Total Enterprise Fund						
Total Federal Financial Assistance						

(A) See Note 6 to the Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

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

Balance June 30, 2016	Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures			Adjustments (A)	Repayment of Prior Years' Balances	Balance, June 30, 2017		Due to Grantor at June 30, 2017
			Pass-Through Funds	Direct Funds	Total Budgetary Expenditures			(Accounts Receivable)	Unearned Revenue	
		\$ 55,488.51	\$ (55,488.51)		\$ (55,488.51)					
		55,488.51	(55,488.51)		(55,488.51)					
\$ (55,062.68)		55,062.68								
		628,661.76	(701,092.46)		(701,092.46)			\$ (72,430.70)		
(10.08)		10.08								
(29,308.56)		28,150.70				\$ 1,157.86				
		321,910.46	(359,804.01)		(359,804.01)			(37,893.55)		
(84,381.32)		1,033,795.68	(1,060,896.47)		(1,060,896.47)	1,157.86		(110,324.25)		
(84,381.32)		1,089,284.19	(1,116,384.98)		(1,116,384.98)	1,157.86		(110,324.25)		
(84,381.32)		1,089,284.19	(1,116,384.98)		(1,116,384.98)	1,157.86		(110,324.25)		
(84,381.32)		1,089,284.19	(1,116,384.98)		(1,116,384.98)	1,157.86		(110,324.25)		
\$ (883,489.52)	\$ -	\$ 2,666,527.30	\$ (2,650,577.96)	\$ -	\$ (2,650,577.96)	\$ 8,772.06	\$ -	\$ (872,665.12)	\$ -	\$ -

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2017

<u>State Grantor/ Program or Cluster Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2016</u>	<u>Carryover / (Walkover) Amount</u>
			<u>From</u>	<u>To</u>		
General Fund:						
New Jersey Department of Education:						
Pass Through Local Education Agencies:						
Current Expense:						
State Aid - Public Cluster:						
Charter School Aid:						
Local Levy-Equalization Aid (State and Local Share)	16-495-034-5120-078	\$ 18,564,339.00	7/1/15	6/30/16	\$ 209,989.92	\$ (11,609.02)
Local Levy-Equalization Aid (State and Local Share)	17-495-034-5120-078	18,270,672.00	7/1/16	6/30/17		11,609.02
Categorical Special Education Aid	17-495-034-5120-089	348,889.00	7/1/16	6/30/17		
Categorical Security Aid	17-495-034-5120-084	542,384.00	7/1/16	6/30/17		
Total Passed-Through Local Education Agencies					<u>209,989.92</u>	
State Aid - Public Cluster:						
Adjustment Aid	17-495-034-5120-085	1,689,013.00	7/1/16	6/30/17		
Total State Aid - Public Cluster					<u>209,989.92</u>	
Non-public Charter School Aid						
	17-495-034-5120-071	164,267.00	7/1/16	6/30/17		
T.P.A.F. Social Security Aid						
	17-495-034-5094-003	554,973.13	7/1/16	6/30/17		
Total General Fund					<u>209,989.92</u>	
Enterprise Fund:						
New Jersey Department of Agriculture:						
State School Lunch Program	16-100-010-3350-023	12,089.52	7/1/15	6/30/16	(1,032.91)	
State School Lunch Program	17-100-010-3350-023	12,992.86	7/1/16	6/30/17		
Total Enterprise Fund					<u>(1,032.91)</u>	
Total State Financial Assistance subject to Major Program Determination for State Single Audit					<u>208,957.01</u>	
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:						
General Fund (Non-Cash Assistance):						
New Jersey Department of the Treasury:						
T.P.A.F. Post-Retirement Medical	17-495-034-5094-001	647,046.00	7/1/16	6/30/17		
Teacher's Pension and Annuity Fund	17-495-034-5094-002	749,402.00	7/1/16	6/30/17		
T.P.A.F. LTDI	17-495-034-5094-004	7,254.00	7/1/16	6/30/17		
T.P.A.F. Non-contributory Insurance	17-495-034-5094-004	27,153.00	7/1/16	6/30/17		
Total General Fund (Non-Cash Assistance)						
Total State Financial Assistance					<u>\$ 208,957.01</u>	<u>\$ -</u>

(A) See Note 6 to the Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

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

Cash Received	Total Budgetary Expenditures	Passed - Through Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance, June 30, 2017			Memo	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2017	Cumulative Total Expenditures
\$ 181,750.60				\$ (380,131.50)					\$ 18,564,339.00
18,388,875.00	\$ (18,270,672.00)				\$ (213,383.14)		\$ 343,195.16		18,270,672.00
348,889.00	(348,889.00)								348,889.00
542,384.00	(542,384.00)								542,384.00
<u>19,461,898.60</u>	<u>(19,161,945.00)</u>			<u>(380,131.50)</u>	<u>(213,383.14)</u>		<u>343,195.16</u>		<u>37,726,284.00</u>
<u>1,529,946.00</u>	<u>(1,689,013.00)</u>				<u>(159,067.00)</u>				<u>1,689,013.00</u>
<u>20,991,844.60</u>	<u>(20,850,958.00)</u>			<u>(380,131.50)</u>	<u>(372,450.14)</u>		<u>343,195.16</u>		<u>39,415,297.00</u>
<u>164,267.00</u>	<u>(164,267.00)</u>								<u>164,267.00</u>
<u>528,758.18</u>	<u>(554,973.13)</u>				<u>(26,214.95)</u>				<u>554,973.13</u>
<u>21,684,869.78</u>	<u>(21,570,198.13)</u>			<u>(380,131.50)</u>	<u>(398,665.09)</u>		<u>343,195.16</u>		<u>40,134,537.13</u>
<u>1,032.91</u>									<u>12,089.52</u>
<u>11,672.43</u>	<u>(12,992.86)</u>				<u>(1,320.43)</u>				<u>12,992.86</u>
<u>12,705.34</u>	<u>(12,992.86)</u>				<u>(1,320.43)</u>				<u>25,082.38</u>
<u>21,697,575.12</u>	<u>(21,583,190.99)</u>			<u>(380,131.50)</u>	<u>(399,985.52)</u>		<u>343,195.16</u>		<u>40,159,619.51</u>
<u>647,046.00</u>	<u>(647,046.00)</u>								<u>647,046.00</u>
<u>749,402.00</u>	<u>(749,402.00)</u>								
<u>7,254.00</u>	<u>(7,254.00)</u>								
<u>27,153.00</u>	<u>(27,153.00)</u>								<u>27,153.00</u>
<u>1,430,855.00</u>	<u>(1,430,855.00)</u>								<u>674,199.00</u>
<u>\$ 23,128,430.12</u>	<u>\$ (23,014,045.99)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (380,131.50)</u>	<u>\$ (399,985.52)</u>	<u>\$ -</u>	<u>\$ 343,195.16</u>	<u>\$ -</u>	<u>\$ 40,833,818.51</u>

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the LEAP Academy University Charter School, Inc. (hereafter referred to as the “Charter School”). The Charter School is defined in note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the Charter School, it is not intended to and does not present the financial position and changes in operations of the Charter School.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the Charter School's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: INDIRECT COST RATE

The Charter School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is zero for the general fund and \$150,145.70 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 32,254.11	\$ 23,001,053.13	\$ 23,033,307.24
Special Revenue	1,351,522.07		1,351,522.07
Food Service	<u>1,116,384.98</u>	<u>12,992.86</u>	<u>1,129,377.84</u>
Total Awards and Financial Assistance	<u>\$ 1,383,776.18</u>	<u>\$ 23,001,053.13</u>	<u>\$ 24,384,829.31</u>

Note 5: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 6: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" are as follows:

<u>Description</u>	<u>Federal</u>
Rounding	\$ (0.16)
Uncollectible Receivable	7,614.36
Cost Recovery State Audit of Child Nutrition	<u>1,157.86</u>
	<u>\$ 8,772.06</u>

Note 7: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2017, the Charter School was the recipient of federal and state assistance that represented either a reimbursement to the Charter School or payments made on-behalf of the Charter School. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the Charter School's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 8: MAJOR PROGRAMS

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2017

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? yes X no

 Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? yes X no

 Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		Child Nutrition Cluster:
<u>10.553</u>	<u>171NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>Food Distribution Program</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs \$ 750,000.00

Auditee qualified as low-risk auditee? X yes no

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 2- Schedule of Financial Statement Findings

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

None.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

None.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

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

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

None.

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

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

