

***PRIDE ACADEMY CHARTER
SCHOOL***

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2018

***PRIDE ACADEMY CHARTER
SCHOOL***

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

***Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2018***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
PRIDE ACADEMY CHARTER SCHOOL
EAST ORANGE, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Prepared by

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

And

Meshinsky & Associates LLC, CPAs

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INTRODUCTORY SECTION



October 19, 2018

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

Dear Board Members:

The comprehensive annual financial report of Pride Academy Charter School (Charter School) for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

CHARTER SCHOOL ORGANIZATION

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

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

1) Reporting Entity and its Services:

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

OUR MISSION

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

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

OUR CORE BELIEFS

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

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

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

THE PRIDE PHILOSOPHY

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

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

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

THE PRIDE SCHOOL VISION

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

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

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

Philanthropy
Leadership
Academic Achievement
Cultural Awareness
Excellence

All members of our school community will:

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

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

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

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

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

CORE VALUES

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

The five core values are characterized as follows:

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

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

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

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

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

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

SCHOOL DESCRIPTION

School Name: Pride Academy Charter School

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

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

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

Number of Students, Grades and Classes. The school's original charter authorized a maximum enrollment of 240 students in grades 5-8. During our first Charter Renewal we requested and received approval for an increase in enrollment to a total of 264 students. We requested for and received approval for an additional increase to 288 students for the 2015-2016 school year. The enrollment at the beginning of the school year was 284 students. At the end of the year, the enrollment was 287 students. There are three classes totaling 72 students in each of grades 5, 6, 7, and 8.

Class Size. Class size is 24 students per class.

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

School Year: School began September 5th for all students and ended June 20th for a total of 188 school days.

Planned Expansion: There was no plan for expansion during the 2018-2019 school year.

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

Waiting List: 237 prospective students are currently on the waiting list (10/15/2018).

Student/Teacher Ratio: 9.60

Employees. The school employs 1 Principal, 2 Vice Principals, 1 School Business Administrator, 1 Dean of Students, 1 Coordinator of High School Placement, 22 content teachers, 6 Special Education teachers, 1 Physical Education teacher, 1 Spanish teacher, 1 Computer teacher, 1 Dance teacher, 1 Nurse, and 2 Social Workers. In addition, the school employs the services of 1 Human Resources Manager, 1 Fiscal Assistant, 1 School Secretary, 1 Office Manager, and 1.5 Custodians. On a contract time basis, the school employs a learning consultant, a school psychologist, a speech therapist, and an occupational therapist.

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

Board Members. The school's organizational documents provide for up to 9 Board of Trustee members.

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

Summary of Accomplishments: Board of Trustees

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

- Continued to support the hiring, professional development, and purchase of instructional services and resources that have supported teacher training in special education services and differentiation; PARCC readiness; Common Core aligned curriculum development; Cultural Responsiveness and Competency; Restorative Justice practices; and training surrounding the adoption of a state-approved Teacher/Principal Evaluation System;
- Continued to support parent involvement, decision making, and communication practices that have resulted in maintaining high levels of parent satisfaction in excess of 96%.

A. Board Governance	
# of Board Members required as per charter by-laws	5-9
Date of Board Self-Evaluation (include a copy of the board self-evaluation tool as an Appendix B)	November 4 th , 2017
Date of School Leader Evaluation (include a copy of the school leader evaluation tool as an Appendix C)	6/28/2018
B. By-Law Amendments	
List of amendments to the bylaws of the board of trustees adopted during the 2017-18 school year.	There were no amendments to the bylaws during the 2017-2018 school year.
C. Critical Policies adopted/readopted 2017-2018	
List the Critical Policies adopted by the Board during the 2017-2018 school year.	3516: Safety 3541.33: Transportation Safety 6145.1, 6145.2: Intramural, Interscholastic Competition 6114: Emergencies and Disaster Preparedness 4115: Supervision 4131: Staff Development, Inservice Education etc. 5131.1: Harassment, Intimidation, Bullying 5131: Conduct Discipline 5145.4: Equal Educational Opportunity 5131.5: Vandalism, Violence 5131.6: Substance Abuse 6171.4: Special Education

Summary of Accomplishments: School Administration

During the 2017-2018 school year, the Administrative team continued to lead the growth and strengthening of our 10th year of operation. Some highlights in accomplishments include the following:

- The continued strong leadership of our School Business Administrator and combined efforts, skills, and capacity of our human resources and business office personnel have sustained an efficient and professional management of critical policies and procedures, Federal grants such as ESSA and IDEA, savings in many areas, continued stabilization in enrollment, as well as detailed oversight and management of the school budget, facility issues, and human resources;
- Development and approval of state mandated plans including the School Wide Unified Plan; Professional Development Plan, the Mentoring Plan, the Technology Plan, the Uniform State Memorandum of Agreement Between Education and Law Enforcement Officials, and the Harassment, Intimidation and Bullying Plan, and Comprehensive Equity Plan;
- Designed and implemented our own interim benchmark assessment program to support out data driven instructional school wide process;
- Provided embedded in-class professional development to support our co-teaching model, peer-coaching, transition to the rigor of the Common Core, and to develop our Professional Learning Community.

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

Charter School Organization

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

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

Academic Results

PROFICIENCY RATES ON PARCC ASSESSMENTS			
Assessment	2015-16	2016-17	2017-18 Preliminary Scores
ELA 3	N/A		
ELA 4			
ELA 5	47%	46%	48%
ELA 6	65%	51%	51%
ELA 7	78%	83%	68%
ELA 8	67%	53%	62%
ELA 9	N/A		
ELA 10			
ELA 11			
MAT 3			
MAT 4			
MAT 5	34%	24%	32%
MAT 6	27%	31%	23%
MAT 7	39%	55%	56%
MAT 8	54%	28%	37%
Algebra I	N/A	92%	83%
Geometry	N/A		
Algebra II			

B. Explanation for year over year increases

When analyzing the ELA proficiency rate for the previous three years, we notice that the students' absolute scores increase from year to year. For instance, the 5th grade of 2015-2016 saw 47% of the student population on grade level or above, the 6th grade of 2016-17 had a score of 51%, and the 7th grade of 2017-18 had a preliminary passing rate of 68%.

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

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

When analyzing the Mathematics proficiency rate for the previous three years we notice different trends from our ELA results. For instance, the 5th grade of 2015-2016 had 34% on grade level or above, the 6th grade of 2016-17 had a score of 31%, and the 7th grade of 2017-18 had a preliminary passing rate of 56%. When looking at the trends from 6th grade through 8th grade, we see an increase in the student scores when looking at the students' individual scores. One of these indicators is the teacher SGP, where the median SGP scores for the three years analyzed have had a range from 3.5-3.7 (all highly effective). In other words, although the absolute scores may not reflect growth, when looking at individual growth, most students increase their score from year to year. When examining the 8th grade scores and Algebra 1 scores, one can see a positive trend in the 8th grade scores compared to the year before despite the fact that there were more scholars taking the Algebra 1 assessment. Equally, one can read that about 83% of the scholars taking the Algebra 1 assessment were on level 4 or above in the preliminary results for 2017-2018, a slight decline from the year before. As Pride continues to develop the Algebra 1 program and the criteria for qualifying for the program, these trends will help inform the decision about which scholars qualify for the 2018-19 Algebra 1 cohort.

The following are factors that contributed to the 2017-18 preliminary scores as well as initiatives that Pride will continue to implement:

- Use of a co-teaching model in every Mathematics classroom;
- A co-teaching coach was assigned to support the co-teaching teams to develop and implement best practices in instructional planning, instructional delivery, and in data analysis;
- A focus on data driven instruction with whole school data meetings and Professional Development;
- A school-wide initiative for Interim Assessments administered four times a year where the students are given the opportunity to practice a PARCC-like assessment with similar testing conditions, and teachers are given time to analyze, reflect on, and plan from the student results;
- Teacher-led curriculum evaluation, reflection, and improvement on an on-going basis. 2018-2019 school year will be year two of our newly implemented research-based curriculum ensuring vertical alignment from grade 5 through Algebra 1;
- The Math teachers offer tutoring from 3PM-4PM three days a week to students in need or to students that voluntarily sign up;
- Pride Academy offers Saturday school for the students that fall in the 725-760 score range which equates to about 90% of the students not passing the previous year's PARCC.

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

The following is a list of diagnostics, formative assessments, and summative assessments administered in the ELA department during the 2017-2018 school year:

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

The following is a list of diagnostics, formative assessments, and summative assessments administered in the Mathematics department during the 2017-2018 school year:

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

D. Description of data-driven instruction based on assessment results

In ELA, the I-Ready diagnostics assessment provides teachers with a wide variety of data. The main data point teachers chose to focus on this past year was the students' ability to read, understand, and respond to informational text. The diagnostic assessment provides the teacher with the ability to differentiate text levels, and text complexity, as well as scaffolding for individual learners' needs. Based on I-Ready scores, Pride Academy students had 1.7 years' worth of growth on average in the 2017-18 school year.

Pride Academy teachers also provide students with a pre-, mid-, and post-assessment which assesses their writing proficiency utilizing the PARCC writing rubric. The pre-assessment is administered in September and serves as a baseline to indicate the level of proficiency that the students will enter with at their grade level. Based off the scores, teachers provide individual and small group instruction to support the growth of all writers, regardless of starting level. In late November, the students are assessed again, and although many writing samples have been provided prior to November, this benchmark serves as a gauge measuring how students are growing and if any adjustments need to be made. The post-assessment is administered in March, usually prior to Spring break, to provide a 4-6-week buffer between the post-assessment and the PARCC assessment.

Finally, Pride Academy provides students with PARCC like assessments on a quarterly basis. During the assessments, administered for ELA and math, the testing conditions within the classroom mirrors the PARCC assessment, with everything from teachers handing out pencils to reading from the script. For quarters 1 and 2, teachers administer the assessments within their subject area classes. For quarters 3 and 4, the whole school practices and mirrors the PARCC Assessment at the same time, with PARCC proctors monitoring their groups, and non-testing grades practicing silent transitions and conduct in order to support testing grades. The data gathered from the assessment is presented to all teachers. During this Professional Development data meeting, *grows* and *glows* from all grade levels and subjects are highlighted, new improvement goals and benchmarks are announced, and all subject teachers (Science, Math, ELA, Social Studies, Spanish, and Technology) are provided with information on how best to support the growth of the students. These practices have been part of our protocols and implementation of data driven instruction for the past 7 years, and it has proven to provide teachers and the administration with historical data that can help predict the students' success on the PARCC and provide teachers with the time, resources and collaborative opportunities to analyze their students' data and create targeted, differentiated re-teach and/or extension instructional plans based on the data trends and growth goals.

In Math, the teachers utilize Tenmarks, an online math curriculum that provides PARCC like questions aligned to all New Jersey Student Learning Standards. The teachers utilize a pre-test at the start of the year that is a mix of the previous year's standards and the standards for the first 14 school weeks. The results of the test provide the teachers with a comprehensive view on where the students stand at the start of the year. This data is utilized to create a differentiated approach to the lessons, utilizing the co-teaching classroom to serve the needs of all students. Throughout the school year, Tenmarks resources are utilized for differentiated

instruction, as the students are given 10 questions for each topic. For the past 3 years, students who score 62% or higher, on average, on the Tenmarks assessments, scored on a level 4 or 5 on the PARCC assessment. More than half of the students scoring 51% or higher also reach level 4 and 5. Teachers can utilize this number as a benchmark, and are also provided with individual and group data to track and analyze based on how students are scoring on the individual standards.

In addition to the quarterly assessments mentioned earlier in the context of ELA, Pride Academy teachers also provide students with unit assessments. These assessments are a combination of more than one learning standard, often including a spiral review standard, where the data provides teachers with results that they can use to plan for the next three weeks.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

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

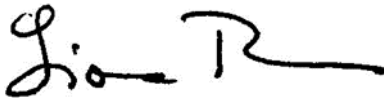
5. **RISK MANAGEMENT:** The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive collision, hazard and theft insurance on property and contents.

6. **OTHER INFORMATION:**

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Fiona Thomas". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mrs. Fiona Thomas
School Principal

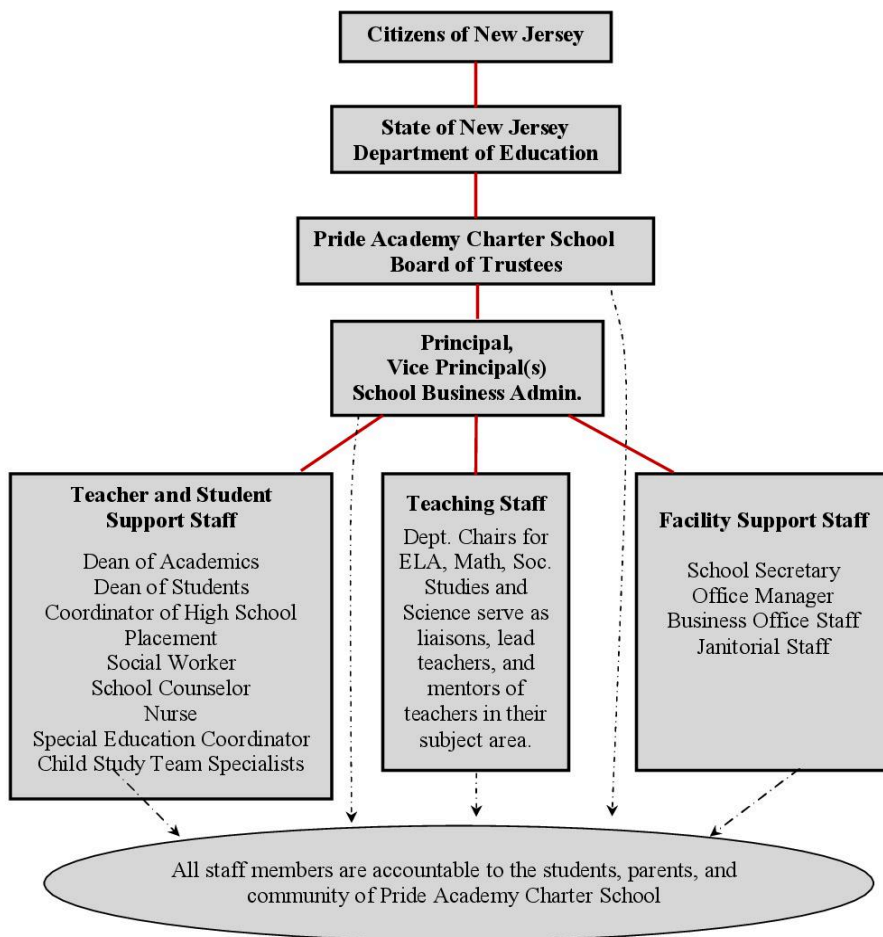
Board of Trustees

Board of Trustees						
Name	Effective Start Date (when individual started on board)	Current Term Expiration Date	Officer Role (e.g. President, Vice President, Secretary, Treasurer)	Email Address	Date of criminal background check	Date of mandatory NJSBA training
Robert Mitchell	04/01/2008	03/31/2020	President	Rmitch71@gmail.com	10/19/2011	01/12/2017
Michael Moore	12/08/2009	12/08/2021	Vice – President	Mikemoore511@hotmail.com	10/31/2011	07/10/2017
Alison Morgan-Black	09/25/2012	09/25/2020	Member	Dr.apmorgan@yahoo.com	12/27/2012	09/25/2016
Yanett Bagce	12/18/2010	12/18/2018	Member	yanettsalazar@gmail.com	10/18/2011	02/11/2014
Deirdre Taylor	02/11/2015	02/11/2023	Member	taylord@evh.org	7/28/2015	09/08/2017
Jacqueline Spence	10/19/2016	10/19/2024	Member	Meljefflin40@aol.com	12/22/2016	N/A



Organizational Chart

2017-2018



CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

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

Official Depository

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

FINANCIAL SECTION



MESHINSKY & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS,
CONSULTANTS & INDEPENDENT TRUSTEES

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pride Academy Charter School (Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pride Academy Charter School, in the County of Essex, State of New Jersey, as of June 30, 2018, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 22 and 80, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and schedules of expenditures of federal awards and state financial assistance, as required by in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey Circular 15-08 OMB State Aid/Grant Compliance Supplement* respectively; and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to

the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2019 on our consideration of the Pride Academy Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.

Meshinsky & Associates LLC, CPA's



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

February 25, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

The discussion and analysis of Pride Academy Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance. Certain comparative information between the current year (2017 to 2018) and the prior year (2016 to 2017) is required to be presented in the MD & A.

Financial Highlights

Key financial highlights for 2018 are as follows:

- ❖ General revenues accounted for \$5,075,112 in revenue or 86% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$836,476 or 14% percent of total revenues of \$5,911,588.
- ❖ The Charter School had \$5,895,143 in expenses; only \$836,476 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$5,075,112 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$4,900,677 in revenues and \$4,783,821 in expenditures. The General Fund's fund balance increased \$116,856 from 2017. This increase was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2016?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Statement of Net Position and the Statement of Activities

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

Governmental Funds

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

Enterprise Fund

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found starting on page **42** of this report.

The Charter School as a Whole

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

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

The Charter School's combined net position were \$200,625 for 2018 and \$184,180 for 2017.

Governmental Activities

The Charter School's total revenues were \$5,167,366 for 2018 and \$5,080,906 for 2017, this includes \$714,406 for 2018 and \$638,553 for 2017 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was \$5,151,430 for 2018 and \$5,146,674 for 2017. Instruction comprises 45% for 2018 and 48% for 2017 of Charter School expenditures.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

Business-Type Activities

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

- ❖ Food service revenues exceeded expenditures by \$509 for 2018 and by \$3,918 for 2017.
- ❖ Charges for services represent \$4,019 for 2018 and \$4,724 for 2017 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast, and state snack program were \$174,100 for 2018 and \$220,513 for 2017.

Governmental Activities

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

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

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

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

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$5,167,366 for 2018 and \$5,080,906 for 2017 and expenditures were \$5,050,510 for 2018 and \$5,146,674 for 2017. The net change in fund balance was most significant in the general fund, an increase of \$116,856 for 2018 and an increase of \$81,596 for 2017.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2017	Percent of Increase/ (Decrease)
Local Sources	\$ 484,966	9.39%	\$ 6,745	1.41%
State Sources	4,415,711	85.45%	54,667	1.25%
Federal Sources	266,689	5.16%	25,048	10.37%
Total	<u>\$ 5,167,366</u>	<u>100.00%</u>	<u>\$ 86,460</u>	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2018, and the percentage of decreases and increases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2017	Percent of Increase/ (Decrease)
Instruction	\$ 1,685,178	33.37%	\$ (664,096)	(28.27%)
Administration	1,915,198	37.92%	540,958	39.36%
Support Services	1,420,458	28.13%	50,585	3.69%
Capital Outlay	29,676	0.58%	(23,611)	(44.31%)
Total	<u>\$ 5,050,510</u>	<u>100.00%</u>	<u>\$ (96,164)</u>	

Changes in expenditures were the results of varying factors. Current expense decreased due to reductions in staff and medical costs.

General Fund Budgeting Highlights

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

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

Capital Assets (Net of Depreciation)

At the end of the fiscal year 2018, the Charter School had \$20,071 invested in capital assets and \$51,586 for 2017.

For the Future

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

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

Contacting the Charter School's Financial Management

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

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS

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

PRIDE ACADEMY CHARTER SCHOOL

Statement of Net Position

JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 686,513	\$ 16,677	\$ 703,190
Interfund Receivables	178,407	17,865	196,272
Receivables	331,534	9,391	340,925
Other Assets	56,363	-	56,363
Capital Assets, Net	20,071	-	20,071
Total Assets	1,272,888	43,933	1,316,821
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	346,399	-	346,399
Deferred Outflows of Resources	346,399	-	346,399
LIABILITIES:			
Interfund Payable	169,985	-	169,985
Payable to Governments	54,618	-	54,618
Accounts Payable	38,443	8,178	46,621
Payable to Districts	12,889	-	12,889
Noncurrent Liabilities			
Pensions	981,474		981,474
Total Liabilities	1,257,409	8,178	1,265,587
DEFERRED INFLOWS OF RESOURCES:			
Pensions	197,008		197,008
Deferred Inflows of Resources	197,008	-	197,008
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	20,071	-	20,071
Unassigned	144,799	35,755	180,554
Total Net Position	\$ 164,870	\$ 35,755	\$ 200,625

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

PRIDE ACADEMY CHARTER SCHOOL
Statement of Activities
For The Fiscal Year Ended JUNE 30, 2018

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 1,707,248	\$ 603,212	\$ -	\$ 92,254	\$ -	\$ (2,218,206)	\$ -	\$ (2,218,206)
Administration	907,439	473,952	-	-	-	(1,381,391)	-	(1,381,391)
Support Services	1,420,458	-	-	-	-	(1,420,458)	-	(1,420,458)
Capital Outlay	29,676	-	-	-	-	(29,676)	-	(29,676)
Unallocated								
Depreciation	9,445	-	-	-	-	(9,445)	-	(9,445)
Employee Benefits	566,103	-	-	566,103	-	-	-	-
Total Governmental Activities	4,640,369	\$ 1,077,164	-	658,357	-	(5,059,176)	-	(5,059,176)
BUSINESS-TYPE ACTIVITIES:								
Food Service	177,610		4,019	174,100	-	-	509	509
Total Business-Type Activities	177,610		4,019	174,100	-	-	509	509
Total Primary Government	\$ 4,817,979		\$ 4,019	\$ 832,457	\$ -	\$ (5,059,176)	\$ 509	\$ (5,058,667)
GENERAL REVENUES								
General Purposes						\$ 483,739	\$ -	\$ 483,739
Federal and State Aid Not Restricted						4,590,146	-	4,590,146
Investment Earnings						230	-	230
Miscellaneous Revenue						997	-	997
Total General Revenues						5,075,112	-	5,075,112
Change in Net Position						15,936	509	16,445
Net Position (Deficit) - Beginning of Year						148,934	35,246	184,180
Net Position (Deficit) - Ending						\$ 164,870	\$ 35,755	\$ 200,625

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

SECTION B – FUND FINANCIAL STATEMENTS

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

**GOVERNMENTAL
FUNDS**

PRIDE ACADEMY CHARTER SCHOOL

Governmental Funds

Balance Sheet

JUNE 30, 2018

	General Fund	Special Revenue	Total
ASSETS:			
Cash	\$ 259,787	\$ 169,985	\$ 429,772
Cash-Restricted	256,741	-	256,741
Interfund Receivables	178,406	-	178,406
Receivables From Other Governments	70,526	-	70,526
Other Receivables	261,009	-	261,009
Security Deposits	56,363	-	56,363
	<u>1,082,832</u>	<u>169,985</u>	<u>1,252,817</u>
Total Assets	<u>\$ 1,082,832</u>	<u>\$ 169,985</u>	<u>\$ 1,252,817</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payable	\$ -	\$ 169,985	\$ 169,985
Payable to State Government	54,618	-	54,618
Accounts Payable	38,443	-	38,443
Payable to District	12,889	-	12,889
	<u>105,950</u>	<u>169,985</u>	<u>275,935</u>
Total Liabilities	<u>105,950</u>	<u>169,985</u>	<u>275,935</u>
Fund Balances:			
Unassigned:			
General Fund	976,882	-	976,882
	<u>976,882</u>	<u>-</u>	<u>976,882</u>
Total Fund Balances	<u>976,882</u>	<u>-</u>	<u>976,882</u>
Total Liabilities and Fund Balances	<u>\$ 1,082,832</u>	<u>\$ 169,985</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of the assets is \$274,954 and the accumulated depreciation is \$254,883.

20,071

Net pension liability of \$981,474, deferred inflows of resources of \$197,008 less deferred outflows of resources of \$346,399 related to pensions are not reported in the governmental funds

(832,083)

Net Position of Governmental Activities

\$ 164,870

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

PRIDE ACADEMY CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 For The Fiscal Year Ended JUNE 30, 2018

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 483,739	\$ -	\$ 483,739
Interest on Investments	230	-	230
Miscellaneous	997	-	997
Total Local Sources	484,966	-	484,966
State Sources	4,415,711	-	4,415,711
Federal Sources	-	266,689	266,689
Total Revenues	4,900,677	266,689	5,167,366
EXPENDITURES:			
Current:			
Instruction	1,500,498	184,680	1,685,178
Administration	1,915,198	-	1,915,198
Support Services	1,338,449	82,009	1,420,458
Capital Outlay	29,676	-	29,676
Total Expenditures	4,783,821	266,689	5,050,510
NET CHANGE IN FUND BALANCE	116,856	-	116,856
FUND BALANCE, JULY 1	860,026	-	860,026
FUND BALANCE, JUNE 30	\$ 976,882	\$ -	\$ 976,882

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

PRIDE ACADEMY CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For The Fiscal Year Ended JUNE 30, 2018

Total net change in fund balances - governmental fund (from B-2)	\$	116,856
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets if capitalized is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current fiscal year.</p>		
Depreciation Expense	\$ 31,515	(31,515)
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized</p>		
		(69,405)
Change in net position of governmental activities	\$	15,936

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

PROPRIETARY FUNDS

PRIDE ACADEMY CHARTER SCHOOL
 Proprietary Funds
 Statement of Fund Net Position
 JUNE 30, 2018

	Business-Type Activities
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 16,677
Interfund Accounts Receivable	17,865
Intergovernmental Accounts Receivable:	
Federal	9,272
State	119
Total Current Assets	43,933
 Total Assets	 \$ 43,933
 LIABILITIES AND NET POSITION:	
Liabilities:	
Accounts Payable	\$ 8,178
Total Liabilities	8,178
 NET POSITION:	
Unassigned	35,755
Total Liabilities and Net Position	\$ 43,933

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

PRIDE ACADEMY CHARTER SCHOOL
 Proprietary Funds
 Statement of Revenues, Expenses, and Changes in Net Position
 For The Fiscal Year Ended JUNE 30, 2018

	Business-Type Activities
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ 4,019
Total Operating Revenues	4,019
OPERATING EXPENSES:	
Salaries	21,000
Cost of Sales	156,610
Total Operating Expenses	177,610
OPERATING (LOSS)	(173,591)
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	2,266
Federal Sources:	
National School Breakfast Program	18,505
National School Lunch Program	119,110
National School Snack Program	34,219
Total Nonoperating Revenues	174,100
CHANGE IN NET POSITION	509
TOTAL NET POSITION, JULY 1	35,246
TOTAL NET POSITION, JUNE 30	\$ 35,755

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

PRIDE ACADEMY CHARTER SCHOOL
 Proprietary Fund
 Statement of Cash Flows
 For The Fiscal Year Ended JUNE 30, 2018

	Business-Type Activities
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 4,019
Cash Payments to Suppliers and Employees	(182,275)
Net Cash Used In Operating Activities	(178,256)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	174,100
Net Cash Provided by Noncapital Financing Activities	174,100
Net Decrease in Cash and Cash Equivalents	(4,156)
Cash and Cash Equivalents, Beginning of the Year	20,833
Cash and Cash Equivalents, End of the Year	\$ 16,677
Reconciliation of Operating Loss to Net Cash Used in:	
Operating Activities:	
Operating Loss Used for Operating Activities	\$ (173,591)
Changes in Assets and Liabilities:	
Decrease in Interfund Receivable	15,379
Decrease in Intergovernmental Accounts Receivable	3,443
Decrease in Accounts Payable	(23,487)
Net Cash Used in Operating Activities	\$ (178,256)

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

***FIDUCIARY
FUNDS***

PRIDE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 JUNE 30, 2018

	<u>Total Agency Fund</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$ 225,956</u>
Total Assets	<u><u>\$ 225,956</u></u>
LIABILITIES:	
Liabilities:	
Interfund Accounts Payable	\$ 26,287
Payroll Deductions and Withholdings	190,055
Due to Student Groups	<u>9,614</u>
Total Liabilities	<u><u>\$ 225,956</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

For fiscal year 2016, the Charter School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources and expense/expenditure.

A. Reporting Entity

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

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

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation. Basis of Accounting

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

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

The statement of net position presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School. *Fund Financial Statements:* During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental, proprietary, and fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation. Basis of Accounting (Continued)

The Charter School reports the following governmental funds:

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

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Generally accepted accounting principles 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 that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

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

Debt Service Fund: Not applicable.

The Charter School reports the following proprietary fund:

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

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation. Basis of Accounting (Continued)

Additionally, the Charter School reports the following fund type:

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

Basis of Accounting

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

Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements: The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets/Budgetary Control

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

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

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

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

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

Total Revenues & Expenditures (Budgetary Basis)	\$ 266,689
Adjustments:	
Less Encumbrances at June 30, 2018	-
Plus Encumbrances at June 30, 2017	-
Total Revenue and Expenditures (GAAP Basis)	<u>\$ 266,689</u>

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Encumbrances Accounting

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

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

E. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Capital Assets:

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

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

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

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

Unearned Revenue:

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

Accrued Liabilities and Long-term Obligations:

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

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Net Position:

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

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. There is no fund balance reserve for the current year.

Revenues — Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

Accrued Salaries and Wages:

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

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Pensions

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

B. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2018, the Charter School implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Charter School is required to measure certain investments at fair value for financial reporting purposes. In addition, the Charter School is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Charter School's financial statements.

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

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

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements

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

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

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

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68,

Accounting and Financial Reporting for Pensions. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements (Continued)

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

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

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

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

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2: CASH AND CASH EQUIVALENTS

original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

Deposits

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

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

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

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

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

Investments

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

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

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

c. Bonds or other obligations of the charter school.

The Charter School had no investments as of June 30, 2018. Cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating					
Account	\$ 516,528	\$ 169,985	\$ 16,677	\$ 225,956	\$ 929,146

The carrying amount of the Board’s cash and cash equivalents at June 30, 2018 was \$929,146 and the bank balance was \$1,018,675. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

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

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

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

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

As of June 30, 2018, the Board had funds invested and on deposit in checking accounts. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

Risk Category (Continued)

New Jersey Cash Management Fund (Continued)

securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2018, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2018 consisted of accounts, intergovernmental, grants, and miscellaneous.

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

	<u>Governmental Fund Financial Statements</u>	<u>Governmental Wide Financial Statements</u>
State Aid	\$ 70,525	\$ 70,644
Federal Aid	-	9,272
Other	<u>261,009</u>	<u>261,009</u>
Total Receivables, Net	<u>\$ 331,534</u>	<u>\$ 340,925</u>

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

The following interfund balances remained on the fund financial statements at June 30, 2018:

Fund	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 178,407	\$ -
Special Revenue Fund	-	169,985
Proprietary Fund	17,865	-
Fiduciary Fund	-	26,287
Total	<u>\$ 196,272</u>	<u>\$ 196,272</u>

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Being Depreciated:				
Building Improvements	\$ 130,681	\$ -	\$ -	\$ 130,681
Equipment	144,273	-	-	144,273
Totals at Historical Cost	<u>274,954</u>	<u>-</u>	<u>-</u>	<u>274,954</u>
Less Accumulated Depreciation For:				
Building Improvements	21,194	4,692		25,886
Equipment	202,174	26,823	-	228,997
Total Accumulated Depreciation	<u>223,368</u>	<u>31,515</u>	<u>-</u>	<u>254,883</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>51,586</u>	<u>31,515</u>	<u>-</u>	<u>20,071</u>
Government Activity Capital Assets, Net	<u>\$ 51,586</u>	<u>\$ 31,515</u>	<u>\$ -</u>	<u>\$ 20,071</u>

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

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$31,515 was charged to an unallocated function.

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

NOTE 6: RENTAL LEASES

The school leases space at 117 Elmwood Ave, East Orange, New Jersey under a lease agreement commencing April 21, 2011 with Shining Schools Inc. for one (1) year and shall automatically renew for additional periods of five (5) years each after the expiration of the initial term. The Base Rent for the initial year is \$324,000 per annum payable in equal monthly installments. Each year thereafter, the Base Rent shall be increased by 1% of the prior year's Base Rent paid. The rent for the year is payable in monthly installments.

School also leases additional office space at 115 Elmwood Avenue for a monthly rental of \$1,181. The lease for the office space is for one (1) year. Rent expense for the year amounted to \$434,788.

NOTE 7: OBLIGATIONS UNDER EQUIPMENT LEASES

In March, 2013, the Charter School leased three (3) copier machines for 48 months with monthly payments in the amount of \$1,400.00 expiring March 2017. The lease was renewed for an additional (5) years in the amount of \$1,100 per month. The following is a schedule of the future minimum lease payments under the capital leases at June 30, 2018:

<u>Year</u>	<u>Amount</u>
2019	\$ 13,200
2010	13,200
2021	13,200
2022	<u>8,800</u>
Total minimum lease payments	<u>\$ 48,400</u>

NOTE 8: 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, 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.

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: PENSION PLANS (CONT'D)

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

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

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.

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.

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

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.

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.

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: PENSION PLANS (CONT'D)

Contributions (Cont'd)

For fiscal year 2017, 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 the 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 commenced operations on January 1, 2013 and the enrollment process of Charter School employees in the TPAF began upon hiring of applicable personnel. As a result of the timing of participation in the pension plan, at June 30, 2017 there are no contractual requirements to contribute. Timing of participation aside, the Charter School would not have been required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017 and the timing of the Charter School's participation in the pension plan, there was no State contractually required contribution, on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2018. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$324,254.

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.

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: 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, 2018 was 15.73% 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, 2017, the Charter School's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$39,059 and was paid by April 1, 2018. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$108,464.

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.

At June 30, 2018, 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

Public Employees' Retirement System - At June 30, 2018, the Charter School reported a liability of \$981,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017 measurement date, the Charter School's proportion was .0042162442%, which was an increase of .0042162442% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the Charter School recognized pension expense of \$37,383, in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2017 measurement date.

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: 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) - At June 30, 2018, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Deferred Outflows of Resources	Deferred Inflows of Resources
\$ 346,339	\$ 197,008

Actuarial Assumptions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases:	
2012-2021	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

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 (setback 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 PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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 PERS's target asset allocation as of June 30, 2017 are summarized in the following tables:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS. For PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 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 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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

Public Employees' Retirement System (PERS) - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, 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 (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Charter School's Proportionate Share of the Net Pension Liability	\$ 1,202,036	\$ 981,474	\$ 798,848

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: PENSION PLANS (CONT'D)

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 PERS and additions to/deductions from PERS's respective fiduciary net position have been determined on the same basis as they are reported by 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 PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions.

NOTE 9: STATE POST-RETIREMENT MEDICAL BENEFITS

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, 2015, there were 107,314 retirees receiving postemployment medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical 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 Education, Charter School or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

General Information about the OPEB Plan

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post retirement medical benefits and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The state paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2017, was \$53,639,841,858. Of this amount, the total OPEB liability attributable to the Charter School was \$912,778. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the Charter School of 0.00170%. The total OPEB liability for the Charter School measured as of June 30, 2017 is zero as a result of the Special Funding Situation with the State of New Jersey. The Charter School's proportionate share of the total OPEB liability measured as of June 30, 2017 is 0.00%. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS
Inflation Rate	2.50%	2.50%
	Based on Years of Service	Based on Age
Salary Increases:		
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount- Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is 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.

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2016 Measurement Date	\$ 3,197,867
Changes for the Year:	
Service Cost	494,447
Interest Cost	104,245
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(601,528)
Member Contributions	2,666
Gross Benefit Payments	(72,389)
Net Changes	(72,559)
Balance as of June 30, 2017 Measurement Date	\$ 3,125,308

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2017		
At 1.00% Decrease	At Discount Rate	At 1.00% Increase
2.58%	3.58%	4.58%
\$ 63,674,362,200	53,639,841,858	45,680,364,953

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2017		
1.00% Decrease	Healthcare Cost Trend Rate	At 1.00% Increase
\$ 44,113,584,560	53,639,841,858	66,290,599,457

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2018, the Charter School recognized OPEB expense of \$566,103. The Charter School reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	369,621
Net Difference Between Projected and Actual Earnings		
On OPEB Plan Investments	-	-
Changes in Proportion	135,686	-
Contributions Subsequent To the Measurement Date	-	-
	<u> </u>	<u> </u>
Total	<u>\$ 135,686</u>	<u>\$ 369,621</u>

Special Funding Situation

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

**PRIDE ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11: RISK MANAGEMENT

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

Property and Liability Insurance

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

NOTE 12: FUND BALANCE APPROPRIATED

General Fund

The General Fund fund balance in the fund financial statements at June 30, 2018, in the amount of \$976,882, is unassigned and undesignated.

NOTE 13: SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 25, 2019, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

PRIDE ACADEMY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Equalization Aid-Local Share	\$ 483,739	\$ -	\$ 483,739	\$ 483,739	\$ -
Total Local Sources	483,739	-	\$ 483,739	483,739	\$ -
Categorical Aid:					
Equalization Aid-State Share	3,152,966	-	3,152,966	3,152,966	-
Security Aid	110,124	-	110,124	110,124	-
State Adjustment	345,961	-	345,961	345,961	-
Special Education Categorical Aid	92,254	-	92,254	92,254	-
Total Categorical Aid	3,701,305	-	3,701,305	3,701,305	-
Other Sources:					
Interest Income	-	-	-	230	230
Miscellaneous Revenue	-	-	-	997	997
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	556,087	556,087
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	158,319	158,319
Total other Sources	-	-	-	715,633	715,633
Total Revenues	4,185,044	-	4,185,044	4,900,677	715,633
EXPENDITURES:					
Administration:					
Salaries of Teachers - Grade 5	365,146	-	365,146	351,277	13,869
Salaries of Teachers - Grades 6 to 8	1,147,596	-	1,147,596	1,104,008	43,588
Other Salaries for Instruction	7,000	-	7,000	-	7,000
Other Purchased Services	9,376	-	9,376	4,753	4,623
General Supplies	23,512	-	23,512	16,156	7,356
Textbooks	25,000	-	25,000	10,631	14,369
Miscellaneous	25,000	-	25,000	13,673	11,327
Total Instruction	1,602,630	-	1,602,630	1,500,498	102,132
Administration					
Salaries - General Administration	721,618	-	721,618	699,100	22,518
Total Benefits Cost	352,653	-	352,653	293,353	59,300
Purchases Prof/Tech Services	87,600	-	87,600	83,604	3,996
Other Purchased Services	33,765	-	33,765	33,678	87
Communications/Telephone	38,000	-	38,000	32,161	5,839
Supplies and Materials	11,000	-	11,000	9,609	1,391
Miscellaneous Expenses	50,040	-	50,040	49,287	753
Total Administration	1,294,676	-	1,294,676	1,200,792	93,884

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

PRIDE ACADEMY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued From Prior Page)					
Support Services:					
Salaries	\$ 461,690	\$ -	\$ 461,690	\$ 458,328	\$ 3,362
Purchased Prof/Ed Services	57,000	-	57,000	56,922	78
Other Purchased Services	286,778	-	286,778	286,044	734
Rental of Land and Buildings	445,000	-	445,000	434,788	10,212
Insurance for Property, Liability and Fidelity	65,000	-	65,000	61,954	3,046
Supplies and Materials	20,000	-	20,000	9,111	10,889
Energy Costs (Heat and Electricity)	33,000	-	33,000	30,979	2,021
Miscellaneous Expenses	500	-	500	323	177
Total Support Services	1,368,968	-	1,368,968	1,338,449	30,519
Capital Outlay:					
Instructional Equipment	30,000	-	30,000	23,787	6,213
Non-Instructional Equipment	10,000	-	10,000	5,889	4,111
Total Capital Outlay	40,000	-	40,000	29,676	10,324
On-Behalf TPAF Pension Contributions (Non-Budgeted)				556,087	(556,087)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				158,319	(158,319)
Total Expenditures	4,306,274	-	4,306,274	4,783,821	(477,547)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(121,230)	-	(121,230)	116,856	238,086
FUND BALANCE, JULY 1	860,026	-	860,026	860,026	-
FUND BALANCE, JUNE 30	\$ 738,796	\$ -	\$ 738,796	\$ 976,882	\$ 238,086
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Budgeted Fund Balance	\$ 738,796	\$ -	\$ 738,796	\$ 976,882	\$ 238,086
Total	\$ 738,796	\$ -	\$ 738,796	\$ 976,882	\$ 238,086

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

PRIDE ACADEMY CHARTER SCHOOL
 Special Revenue Fund
 Budgetary Comparison Schedule
 For The Fiscal Year Ended JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 266,689	\$ -	\$ 266,689	\$ 266,689	\$ -
Total Revenues	266,689	-	266,689	266,689	-
EXPENDITURES:					
Instruction:					
Salaries	173,392	-	173,392	173,392	-
General Supplies	11,288	-	11,288	11,288	-
Total Instruction	184,680	-	184,680	184,680	-
Support Services:					
Salaries	10,000	-	10,000	10,000	-
Personal Services - Employee Benefits	47,215	-	47,215	47,215	-
Purchased Professional Services	19,794	-	19,794	19,794	-
Supplies and Materials	5,000	-	5,000	5,000	-
Total Support Services	82,009	-	82,009	82,009	-
Total Expenditures	266,689	-	266,689	266,689	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PRIDE ACADEMY CHARTER SCHOOL

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

Fiscal Year Ended JUNE 30, 2018

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/Inflows of Resources			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 4,900,677		[C-2] \$ 266,689
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>-</u>		<u>-</u>
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>4,900,677</u>		[B-2] \$ <u>266,689</u>
Uses/Outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 4,783,821		[C-2] \$ 266,689
Differences - Budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes	<u>-</u>		<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>4,783,821</u>		[B-2] \$ <u>266,689</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

**PRIDE ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST ONE PLAN YEAR
UNAUDITED**

	Date Ending June 30
	<u>2017</u>
Charter School's Proportion of the Net Pension Liability	0.000421624%
Charter School's Proportionate Share of the Net Pension Liability	\$ 981,474
Charter School's Covered Employees Payroll	N/A
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A

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

**PRIDE ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST TWO FISCAL YEARS
UNAUDITED**

	Fiscal Year Ended June 30,	
	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 29,720	\$ 39,059
Contributions in relation to the contractually required contribution	<u>(29,720)</u>	<u>(39,059)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Charter School's Covered Payroll (Fiscal Year)	\$ 435,086	\$ 458,328
Contributions as a percentage of covered employee payroll	6.83%	8.52%

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

OTHER SUPPLEMENTARY INFORMATION

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

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

PRIDE ACADEMY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended JUNE 30, 2018

	ESEA Consolidated Title I	I.D.E.A. Basic	ESEA Consolidated Title II	ESEA Consolidated Title IV	Grand Total
REVENUE SOURCES:					
Federal	\$ 168,657	\$ 70,408	\$ 17,624	\$ 10,000	\$ 266,689
Total Revenues	168,657	70,408	17,624	10,000	266,689
EXPENDITURES:					
Instruction:					
Salaries	111,892	54,000	-	7,500	173,392
General Supplies	7,500	1,288	-	2,500	11,288
Total Instruction	119,392	55,288	-	10,000	184,680
Support Services:					
Salaries	-	-	10,000	-	10,000
Personal Services - Employee Benefits	31,330	15,120	765	-	47,215
Purchased Professional Services	12,935	-	6,859	-	19,794
Supplies and Materials	5,000	-	-	-	5,000
Total Support Services	49,265	15,120	17,624	-	82,009
Total Expenditures	168,657	70,408	17,624	10,000	266,689
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

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

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENTS**

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

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

Payroll Fund – This agency fund is used to account for the payroll transactions of the school

PRIDE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 JUNE 30, 2018

	Agency			
	Payroll Agency	Net Payroll	Student Activities	Total Agency Funds
ASSETS:				
Cash and Cash Equivalents	\$ 200,466	\$ 15,876	\$ 9,614	\$ 225,956
Total Assets	\$ 200,466	\$ 15,876	\$ 9,614	\$ 225,956
LIABILITIES:				
Interfund Accounts Payable	\$ 10,411	\$ 15,876	\$ -	\$ 26,287
Payroll Deductions and Withholdings	190,055	-	-	190,055
Due to Student Groups	-	-	9,614	9,614
Total Liabilities	\$ 200,466	\$ 15,876	\$ 9,614	\$ 225,956

PRIDE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 JUNE 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance JUNE 30, 2018
Students Groups	\$ 4,710	\$ 24,212	\$ 19,308	\$ 9,614
Total	<u>\$ 4,710</u>	<u>\$ 24,212</u>	<u>\$ 19,308</u>	<u>\$ 9,614</u>

PRIDE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For The Fiscal Year Ended JUNE 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
ASSETS:				
Cash	\$ 199,525	\$ 3,146,453	\$ 3,129,636	\$ 216,342
Total Assets	\$ 199,525	\$ 3,146,453	\$ 3,129,636	\$ 216,342
LIABILITIES:				
Interfund Accounts Payable	\$ 17,642	\$ 8,645	\$ -	\$ 26,287
Payroll Deductions and Withholdings	181,883	3,137,808	3,129,636	190,055
Total Liabilities	\$ 199,525	\$ 3,146,453	\$ 3,129,636	\$ 216,342

**STATISTICAL SECTION
(UNAUDITED)**

GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

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

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Invested in Capital Assets, Net or Related Debt	\$ 20,071	\$ 51,586	\$ 83,101	\$ 49,989	\$ 80,436	\$ 74,057	\$ 81,083	\$ 105,373	\$ 89,032	\$ -
Restricted	-	-	-	-	-	-	-	500,000.00	500,000.00	-
Unassigned	144,799	97,348	131,601	127,809	928,256	1,126,499	1,100,639	1,158,677	843,542	792,480
Total Governmental Activities Net Assets/Position (Deficit)	\$ 164,870	\$ 148,934	\$ 214,702	\$ 177,798	\$ 1,008,692	\$ 1,200,556	\$ 1,181,722	\$ 1,764,050	\$ 1,432,574	\$ 792,480
Business-Type Activities										
Unassigned	\$ 35,755	\$ 35,246	\$ 31,328	\$ 23,205	\$ 13,022	\$ 8,549	\$ 12,766	\$ 9,600	\$ (2,165)	\$ -
Total Business-Type Activities Net Position	\$ 35,755	\$ 35,246	\$ 31,328	\$ 23,205	\$ 13,022	\$ 8,549	\$ 12,766	\$ 9,600	\$ (2,165)	\$ -
Charter School-wide										
Invested in Capital Assets, Net or Related Debt	\$ 20,071	\$ 51,586	\$ 83,101	\$ 49,989	\$ 80,436	\$ 74,057	\$ 81,083	\$ 105,373	\$ 89,032	\$ -
Restricted	-	-	-	-	-	-	-	500,000.00	500,000.00	-
Unassigned	180,554	132,594	162,929	151,014	941,278	1,135,048	1,113,405	1,168,277	841,377	792,480
Total Charter School Net Position (Deficit)	\$ 200,625	\$ 184,180	\$ 246,030	\$ 201,003	\$ 1,021,714	\$ 1,209,105	\$ 1,194,488	\$ 1,773,650	\$ 1,430,409	\$ 792,480

Source: Comprehensive Annual Financial Report

PRIDE ACADEMY CHARTER SCHOOL
Changes in Net Position
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
Instruction	\$ 2,310,460	\$ 2,349,274	\$ 1,860,430	\$ 2,382,422	\$ 2,280,493	\$ 2,388,042	\$ 2,113,011	\$ 1,853,383	\$ 1,700,070	\$ 1,137,418
Administration	1,381,391	1,374,240	1,940,372	1,945,219	2,027,582	1,744,982	1,577,495	1,295,020	1,006,856	679,838
Support Services	1,420,458	1,369,873	1,063,843	609,835	496,420	513,522	426,075	478,781	541,550	607,330
Capital Outlay	29,676	43,842	67,131	50,620	81,202	55,511	613,658	1,775	90,745	59,955
Unallocated Depreciation										
Depreciation	9,445	9,445	9,445	3,873	3,873	2,032	2,915	2,915	2,759	-
Employee Benefits	566,103	-	-	-	-	-	-	-	-	-
Total Governmental Activities Net Assets/Position	<u>5,717,533</u>	<u>5,146,674</u>	<u>4,941,221</u>	<u>4,991,969</u>	<u>4,889,570</u>	<u>4,704,089</u>	<u>4,733,154</u>	<u>3,631,874</u>	<u>3,341,980</u>	<u>2,484,541</u>
Business-Type Activities:										
Food Service	177,610	221,319	221,243	189,646	187,877	164,192	92,829	97,973	96,613	67,842
Total Business-Type Activities Expenses	<u>177,610</u>	<u>221,319</u>	<u>221,243</u>	<u>189,646</u>	<u>187,877</u>	<u>164,192</u>	<u>92,829</u>	<u>97,973</u>	<u>96,613</u>	<u>67,842</u>
Total Charter School Expenses	<u>\$ 5,895,143</u>	<u>\$ 5,367,993</u>	<u>\$ 5,162,464</u>	<u>\$ 5,181,615</u>	<u>\$ 5,077,447</u>	<u>\$ 4,868,281</u>	<u>\$ 4,825,983</u>	<u>\$ 3,729,847</u>	<u>\$ 3,438,593</u>	<u>\$ 2,552,383</u>
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	658,357	115,517	120,633	131,404	158,773	150,708	148,270	126,826	95,005	80,436
Total Governmental Activities Expenses	<u>658,357</u>	<u>115,517</u>	<u>120,633</u>	<u>131,404</u>	<u>158,773</u>	<u>150,708</u>	<u>148,270</u>	<u>126,826</u>	<u>95,005</u>	<u>80,436</u>
Business-Type Activities:										
Charges for Services	4,019	4,724	6,449	6,916	4,997	4,763	3,080	5,119	3,064	7,648
Operating Grants and Contributions	174,100	220,513	222,917	192,914	187,353	155,212	92,915	104,620	91,383	37,458
Total Business-Type Activities Expenses	<u>178,119</u>	<u>225,237</u>	<u>229,366</u>	<u>199,830</u>	<u>192,350</u>	<u>159,975</u>	<u>95,995</u>	<u>109,739</u>	<u>94,447</u>	<u>45,106</u>
Total Charter School Program Revenues	<u>\$ 836,476</u>	<u>\$ 340,754</u>	<u>\$ 349,999</u>	<u>\$ 331,234</u>	<u>\$ 351,123</u>	<u>\$ 310,683</u>	<u>\$ 244,265</u>	<u>\$ 236,565</u>	<u>\$ 189,452</u>	<u>\$ 125,542</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (5,059,176)	\$ (5,031,157)	\$ (4,820,588)	\$ (4,860,565)	\$ (4,730,797)	\$ (4,553,381)	\$ (4,584,884)	\$ (3,505,048)	\$ (3,246,975)	\$ (2,404,105)
Business-Type Activities	509	3,918	8,123	10,184	4,473	(4,217)	3,166	11,766	(2,166)	(22,736)
Total Charter School-wide Net Expense	<u>\$ (5,058,667)</u>	<u>\$ (5,027,239)</u>	<u>\$ (4,812,465)</u>	<u>\$ (4,850,381)</u>	<u>\$ (4,726,324)</u>	<u>\$ (4,557,598)</u>	<u>\$ (4,581,718)</u>	<u>\$ (3,493,282)</u>	<u>\$ (3,249,141)</u>	<u>\$ (2,426,841)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 483,739	\$ 461,081	\$ 474,667	\$ 450,397	\$ 475,126	\$ 467,747	\$ 407,757	\$ 394,189	\$ 400,626	\$ 303,905
Federal and State Aid Not Restricted	4,590,146	4,487,168	4,367,521	4,121,847	4,058,566	4,055,079	3,586,788	3,398,638	3,463,459	2,821,196
Investment Earnings	230	464	2,668	2,284	142	998	1,448	2,497	1,799	-
Miscellaneous Income	997	16,676	12,636	13,179	5,098	48,391	6,563	41,199	21,185	71,484
Total Governmental Activities	<u>5,075,112</u>	<u>4,965,389</u>	<u>4,857,492</u>	<u>4,587,707</u>	<u>4,538,932</u>	<u>4,572,215</u>	<u>4,002,556</u>	<u>3,836,523</u>	<u>3,887,069</u>	<u>3,196,585</u>
Business-Type Activities:										
Miscellaneous Earnings	-	-	-	-	-	-	-	-	-	22,736
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,736</u>
Total Charter School-wide	<u>\$ 5,075,112</u>	<u>\$ 4,965,389</u>	<u>\$ 4,857,492</u>	<u>\$ 4,587,707</u>	<u>\$ 4,538,932</u>	<u>\$ 4,572,215</u>	<u>\$ 4,002,556</u>	<u>\$ 3,836,523</u>	<u>\$ 3,887,069</u>	<u>\$ 3,219,321</u>
Change in Net Assets/Position										
Governmental Activities	\$ 15,936	\$ (65,768)	\$ 36,904	\$ (272,858)	\$ (191,865)	\$ 18,834	\$ (582,328)	\$ 331,475	\$ 640,094	\$ 792,480
Business-Type Activities	509	3,918	8,123	10,184	4,473	(4,217)	3,166	11,766	(2,166)	-
Total Charter School	<u>\$ 16,445</u>	<u>\$ (61,850)</u>	<u>\$ 45,027</u>	<u>\$ (262,674)</u>	<u>\$ (187,392)</u>	<u>\$ 14,617</u>	<u>\$ (579,162)</u>	<u>\$ 343,241</u>	<u>\$ 637,928</u>	<u>\$ 792,480</u>

Source: Comprehensive Annual Financial Report

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

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ -
Unassigned	976,882	860,026	778,430	737,326	928,256	1,126,499	1,100,639	1,158,677	843,542	792,480
Total General Fund	<u>\$ 976,882</u>	<u>\$ 860,026</u>	<u>\$ 778,430</u>	<u>\$ 737,326</u>	<u>\$ 928,256</u>	<u>\$ 1,126,499</u>	<u>\$ 1,100,639</u>	<u>\$ 1,658,677</u>	<u>\$ 1,343,542</u>	<u>\$ 792,480</u>

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

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Local Sources:										
Local Tax Levy	\$ 483,739	\$ 461,081	\$ 474,667	\$ 450,397	\$ 475,126	\$ 467,747	\$ 407,757	\$ 394,189	\$ 400,626	\$ 303,905
Interest In Investments	230	464	2,668	2,284	142	998	1,448	2,497	1,799	-
Miscellaneous	997	16,676	12,636	13,179	5,098	48,391	6,563	41,200	21,185	71,484
State Sources	4,415,711	4,361,044	4,188,323	3,967,435	3,971,623	3,960,826	3,486,089	3,242,500	3,093,882	2,542,186
Federal Sources	266,689	241,641	299,831	285,816	245,716	244,961	248,969	282,964	464,582	359,446
Total Revenues	<u>5,167,366</u>	<u>5,080,906</u>	<u>4,978,125</u>	<u>4,719,111</u>	<u>4,697,705</u>	<u>4,722,923</u>	<u>4,150,826</u>	<u>3,963,350</u>	<u>3,982,074</u>	<u>3,277,021</u>
Expenditures:										
Instruction	1,685,178	1,716,428	1,770,685	1,891,652	1,853,135	1,926,833	1,868,396	1,530,297	1,455,078	984,983
Administration	1,915,198	1,869,167	1,970,735	1,839,024	1,822,872	1,796,305	1,497,974	1,303,840	1,016,430	679,255
Support Services	1,420,458	1,369,873	1,063,843	1,128,745	1,101,914	896,834	728,836	771,672	757,469	760,348
Capital Outlay	29,676	43,842	131,758	50,620	118,028	77,091	613,658	42,406	202,035	59,955
Total Expenditures	<u>5,050,510</u>	<u>4,999,310</u>	<u>4,937,021</u>	<u>4,910,041</u>	<u>4,895,949</u>	<u>4,697,063</u>	<u>4,708,864</u>	<u>3,648,215</u>	<u>3,431,012</u>	<u>2,484,541</u>
Net Change in Fund Balance	<u>\$ 116,856</u>	<u>\$ 81,596</u>	<u>\$ 41,104</u>	<u>\$ (190,930)</u>	<u>\$ (198,244)</u>	<u>\$ 25,860</u>	<u>\$ (558,038)</u>	<u>\$ 315,135</u>	<u>\$ 551,062</u>	<u>\$ 792,480</u>

Source: Comprehensive Annual Financial Report

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

Fiscal Year Ending June 30,	Donations	Miscellaneous Revenue	Total
2018	\$ -	\$ 997	\$ 997
2017	10,000	6,676	16,676
2016	12,636	2,668	15,304
2015	13,179	-	13,179
2014	5,098	142	5,240
2013	48,391	-	48,391
2012	6,563	-	6,563
2011	41,200	-	41,200
2010	21,185	-	21,185
2009	71,484	-	71,484

Source: Charter School records

OPERATING INFORMATION

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

Function	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	29	29	31	32	30	32.0	31	26	24	24
Administrative	8	8	9	8	3.0	3.0	3.0	3	1	1
Support Service	8	7	7	7	11	12	11	9	6	6
Total	45	44	47	47	44	47	45	38	31	31

Source: Charter School Personnel Records

PRIDE ACADEMY CHARTER SCHOOL
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures*	Cost Per Pupil	Percentage Change	Teaching Staff**	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)***	Average Daily Attendance (ADA)***	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2018	287	\$ 5,020,834	\$ 17,494	1.32%	29	9.9:1	287.0	278.0	0.00%	97.00%
2017	287	4,955,468	17,266	2.76%	29	9.9:1	287.5	278.9	0.00%	97.18%
2016	286	4,805,263	16,802	-9.07%	31	9.3:1	287.5	279.4	8.17%	97.18%
2015	263	4,859,421	18,477	1.71%	32	8.2:1	264.0	256.0	0.38%	96.97%
2014	263	4,777,921	18,167	3.81%	30	8.8:1	263.0	255.1	-0.34%	97.00%
2013	264	4,619,972	17,500	2.56%	32	8.5:1	263.9	253.0	9.28%	95.87%
2012	240	4,095,206	17,063	13.10%	31	7.7:1	239.4	232.6	2.63%	97.16%
2011	239	3,605,809	15,087	9.33%	26	10:1	233.1	219.0	0.00%	93.95%
2010	234	3,228,977	13,799	30.90%	24	10:1	233.1	219.0	5.02%	93.95%
2009	230	2,424,586	10,542	0.00%	24	15:1	221.4	216.4	100.00%	97.74%

Sources: Charter School records.

Note: Enrollment based on annual final Charter School count.

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

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

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

Commercial General Liability Coverage

Named Insured: Pride Academy Charter School

Policy Term: 7/1/2017 to 7/1/2018

Coverage Form Used

Occurrence Form Claims Made Form Retroactive Date:

Limits of Liability

General Liability	16,000,000
Per Occurrence Limit	16,000,000
Fund Aggregate	
Employee Benefits Liability Limit	2,000,000
Deductible	
School Leaders Professional Liability	16,000,000
Per Occurrence	100,000
Aggregate	300,000
Deductible	5,000
Sexual Abuse and Molestation	17,000,000
Fund Aggregate	17,000,000
Boiler Machinery	100,000,000
Employee Dishonesty	250,000
Money and Securities	50,000
Environmental Impairment Liability	50,000,000
Fund Aggregate	150,000
Critical Incident Management	

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

	2016 Audit	2017 Audit	2018 Audit	Source
Cash	\$ 692,960	\$ 622,650	\$ 703,190	Audit: Exhibit A-1
Current Assets (Includes CASH)	1,063,224	1,140,472	1,296,750	Audit: Exhibit A-1
Total Assets	1,146,325	1,192,058	1,316,821	Audit: Exhibit A-1
Current Liabilities	253,466	245,200	284,113	Audit: Exhibit A-1
Total liabilities	1,071,011	1,466,910	1,265,587	Audit: Exhibit A-1
Net Assets	246,030	184,180	200,625	Audit: Exhibit A-1
Total Revenue	5,207,491	5,306,143	5,911,588	Audit: Exhibit A-2
Total Expenses	5,162,464	5,367,993	5,895,143	Audit: Exhibit A-2
Change in Net Assets	45,027	(61,850)	16,445	Audit: Exhibit A-2
Depreciation Expense	31,515	31,515	31,515	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	263.2	287.0	287.0	DOE Enrollment Reports
March 30th Budgeted Enrollment	286	287	287	Charter School Budget

Changes

RATIOS ANALYSIS...						Changes	
Near Term Indicators		2016	2017	2018	3 Yr CUM	Source:	Target
1a.	Current Ratio	4.19	4.65	4.56		Current Assets/Current Liabilities	>1.1
1b.	Unrestricted Days Cash	48.99	42.34	48.16		Cash/(Total Expenses/365)	30-60
1c.	Enrollment Variance	92%	0%	0%		Average Daily Enrollment/Budgeted Enrollment	>95%
1d.*	Default	N/A	N/A	N/A		Audit	not in default
Sustainability Indicators							
2a.	Total Margin	1%	-1%	0.028%	-3%	Change in Net Assets/Total Revenue	positive
2b.	Debt to Asset	0.93	1.23	0.96		Total Liabilities/Total Assets	<9
2c.**	Cash Flow	11,463	(70,310)	80,540		Net change in cash flow from prior years	3 yr cum positive
2d.	Debt Service Coverage Ratio	N/A	N/A	N/A		(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	>1.10

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

** 2018 = 2018 Cash - 2017 Cash

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pride Academy Charter School (Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 25, 2019.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We also noted other matters that we reported to the Board of Trustees of the Pride Academy Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated February 25, 2019.

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 the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



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

February 25, 2019



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

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

Report on Compliance for Each Major State Program

We have audited the Pride Academy Charter School's compliance with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018. The Pride Academy Charter School's major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits as prescribed by the *Office of School Finance, Department of Education, State of New Jersey*; New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey Circular 15-08-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Pride Academy Charter School, in the County of Essex, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey Circular 15-08-OMB

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pride Academy Charter School, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial

statements. We issued our report thereon dated February 25, 2019, which contained unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey Circular 15-08- OMB are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and schedule of relation to the basic financial statements as a whole.

Purpose of this Report

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

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



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

February 25, 2019

PRIDE ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For The Fiscal Year Ended JUNE 30, 2018

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017	Cash Received	Budgetary Expenditures	Balance at June 30, 2018	
				From	To				Accounts Receivable	Unearned Revenue
U.S. Department of Education										
Passed through State Department of Education										
Special Revenue Fund:										
<u>ESEA Consolidated</u>										
Title 1 Part A	84.010	ESEA-8010-18	\$ 168,657	7/1/17	6/30/18	\$ -	\$ 168,657	\$ 168,657	\$ -	\$ -
Title II Part A	84.367A	ESEA-8010-18	17,624	7/1/17	6/30/18	-	17,624	17,624	-	-
Title IV	84.424A	ESEA-8010-18	10,000	7/1/17	6/30/18	-	10,000	10,000	-	-
ESEA Consolidated						-	196,281	196,281	-	-
<u>Individuals with Disabilities Cluster</u>										
I.D.E.A. Part B Basic	84.027	ESEA-8010-18	70,408	7/1/17	6/30/18	-	70,408	70,408	-	-
Total Special Revenue Fund						-	266,689	266,689	-	-
U.S. Department of Agriculture										
Passed through State Department of Agriculture										
Enterprise Fund:										
School Breakfast Program	10.553	N/A	-	7/1/17	6/30/18	-	17,352	(18,505)	(1,153)	-
School Breakfast Program	10.553	N/A	-	7/1/16	6/30/17	(4,660)	4,660	-	-	-
National School Lunch Program	10.555	N/A	-	7/1/17	6/30/18	-	112,837	(119,110)	(6,273)	-
National School Lunch Program	10.555	N/A	-	7/1/16	6/30/17	(6,250)	6,250	-	-	-
National School Snack Program	10.558	N/A	-	7/1/17	6/30/18	-	32,373	(34,219)	(1,846)	-
National School Snack Program	10.558	N/A	-	7/1/16	6/30/17	(1,806)	1,806	-	-	-
Total Enterprise Fund						(12,716)	175,278	(171,834)	(9,272)	-
Total Federal Financial Award.						\$ (12,716)	\$ 441,967	\$ (438,523)	\$ (9,272)	\$ -

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

PRIDE ACADEMY CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For The Fiscal Year Ended JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017			Balance at June 30, 2018			MEMO
			From	To	Unearned Revenue (Accounts Receivable)	Cash Received	Budgetary Expenditures	Accounts Receivable	Unearned Revenue/ Interfund Payable	Budgetary Receivable	
State Department of Education											
General Fund:											
State Aid-Public Cluster											
Equalization Aid- State Share	17-495-034-5120-078	\$ -	7/1/16	6/30/17	\$ (108,879)	\$ 108,879	\$ -	\$ -	\$ -	\$ -	\$ -
Equalization Aid- State Share	18-495-034-5120-078	3,152,966	7/1/17	6/30/18	-	3,082,440	(3,152,966)	(70,526)	-	70,526	3,152,966
Special Education Categorical Aid	18-495-034-5120-089	92,254	7/1/17	6/30/18	-	92,254	(92,254)	-	-	-	92,254
Adjustment Aid	18-495-034-5120-085	345,961	7/1/17	6/30/18	-	345,961	\$ (345,961)	-	-	-	345,961
Security Aid	18-495-034-5120-084	110,124	7/1/17	6/30/18	-	110,124	(110,124)	-	-	-	110,124
Total State Aid- Public Cluster					(108,879)	3,739,658	(3,701,305)	(70,526)	-	70,526	3,701,305
On-Behalf TPAF Pension Contributions	18-495-034-5095-006	556,087	7/1/17	6/30/18	-	556,087	(556,087)	-	-	-	556,087
Reimburse TPAF - Social Security	17-495-034-5095-002	170,666	7/1/16	6/30/17	(7,772)	7,772	-	-	-	-	-
Reimburse TPAF - Social Security	18-495-034-5095-002	158,319	7/1/17	6/30/18	-	158,319	(158,319)	-	-	-	158,319
Total General Fund					(116,651)	4,461,836	(4,415,711)	(70,526)	-	70,526	4,415,711
State Department of Agriculture											
Enterprise Fund:											
National School Lunch Program (State Share)	17-100-010-3350-023	2,210	7/1/16	6/30/17	(118)	118	-	-	-	-	-
National School Lunch Program (State Share)	18-100-010-3350-023	2,266	7/1/17	6/30/18	-	2,147	(2,266)	(119)	-	119	2,266
Total Enterprise Fund					(118)	2,265	(2,266)	(119)	-	119	2,266
Total All Funds					(116,769)	4,464,101	(4,417,977)	(70,645)	-	70,645	4,417,977
State Financial Assistance Not Subject to Major Program Determination:											
General Funds:											
On-Behalf TPAF Pension Contributions	18-495-034-5095-006	-	7/1/17	6/30/18	-	(556,087)	556,087	-	-	-	(556,087)
Total General Fund					-	(556,087)	556,087	-	-	-	(556,087)
Total State Financial Assistance					\$ (116,769)	\$ 3,908,014	\$ (3,861,890)	\$ (70,645)	\$ -	\$ 70,645	\$ 3,861,890

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

PRIDE ACADEMY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2018

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, Pride Academy Charter School. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 (CFR) Part 200 -Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

PRIDE ACADEMY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2018

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ -	\$ 4,415,711	\$ 4,415,711
Special Revenue Fund	266,689	-	266,689
Food Service Fund	171,834	2,266	174,100
Total Awards & Financial Assistance	<u>\$ 438,523</u>	<u>\$ 4,417,977</u>	<u>\$ 4,856,500</u>

NOTE 4. RELATIONSHIP TO FEDERAL STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Pride Academy Charter School has no loan balances outstanding at June 30, 2018.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's basic financial statements and the amount subject to State single audit and major program determination.

PRIDE ACADEMY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2018

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in Uniform Guidance; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. There are no funds by program included in schoolwide programs in the charter school.

PRIDE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to basic financial statements noted? Yes X No

State Awards

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

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ Circular 15-08-OMB? Yes X No

Identification of major state programs:

GMIS Number(s)	Name of State Program
<u>18-495-034-5120-085</u>	<u>STATE-AID-PUBLIC CLUSTER</u>
<u>18-495-034-5120-078</u>	<u>EQUALIZATION AID</u>
<u>18-495-034-5120-089</u>	<u>SPECIAL EDUCATION CATEGORICAL AID</u>
<u>18-495-034-5120-084</u>	<u>SECURITY AID</u>

PRIDE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section II –Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a NJ Circular 15-08-OMB. See paragraphs 13.15 and 13.35.

Finding

There were no matters reported.

PRIDE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

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

This section identifies audit findings required to be reported by NJ Circular 15-08-OMB.

STATE AWARDS

Findings

There were no matters reported.

PRIDE ACADEMY CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs As Prepared by Management
For the Fiscal Year Ended June 30, 2018

STATUS OF PRIOR YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, NJ Circular 04-04-OMB or 15-08-OMB as applicable.

Findings

There were no matters reported.