

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

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

Camden, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

Camden's Promise Charter School Board of Trustees

Finance Department

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INTRODUCTORY SECTION

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

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

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

January 23, 2019

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

Dear Board Members,

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

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

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

1. REPORTING ENTITY AND ITS SERVICES:

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

1. REPORTING ENTITY AND ITS SERVICES: (continued)

The Charter School is responsible for providing a thorough and efficient educational system for students in grades Pre K – 12th. The Charter School completed its twentieth year of operations during the 2017-2018 fiscal year with an enrollment of 2,091.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2018	2,091	10.34%
2017	1,895	21.94%
2016	1,554	5.00%
2015	1,480	9.14%
2014	1,356	6.10%
2013	1,278	24.20%
2012	1,029	3.94%
2011	990	7.38%
2010	922	18.51%
2009	778	-2.38%

2. ECONOMIC CONDITION AND OUTLOOK:

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

Initiatives

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

Major initiatives include:

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

3. INTERNAL ACCOUNTING CONTROLS:

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

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

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

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

4. BUDGETARY CONTROLS:

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

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

5. ACCOUNTING SYSTEM AND REPORTS:

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

6. DEBT:

The Debt of the Charter School at June 30, 2018 was \$1,035,912, made up of \$912,380 in Bonds payable and \$123,532 in Capital Leases. The final maturity on the Bonds is in fiscal year ending 2022 and the Capital Leases mature in fiscal year ending 2021.

7. INVESTMENT POLICY:

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

8. RISK MANAGEMENT:

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

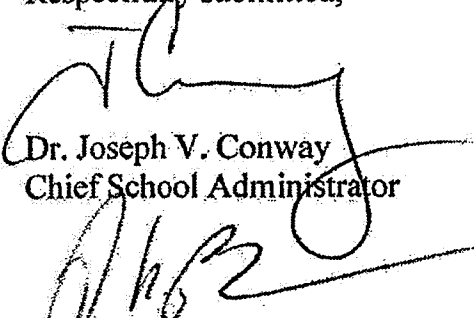
9. OTHER INFORMATION:

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

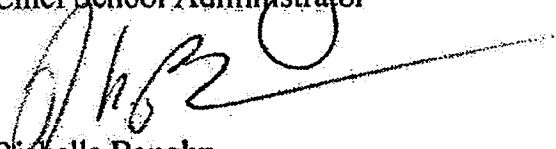
10. ACKNOWLEDGMENTS:

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

Respectfully submitted,



Dr. Joseph V. Conway
Chief School Administrator



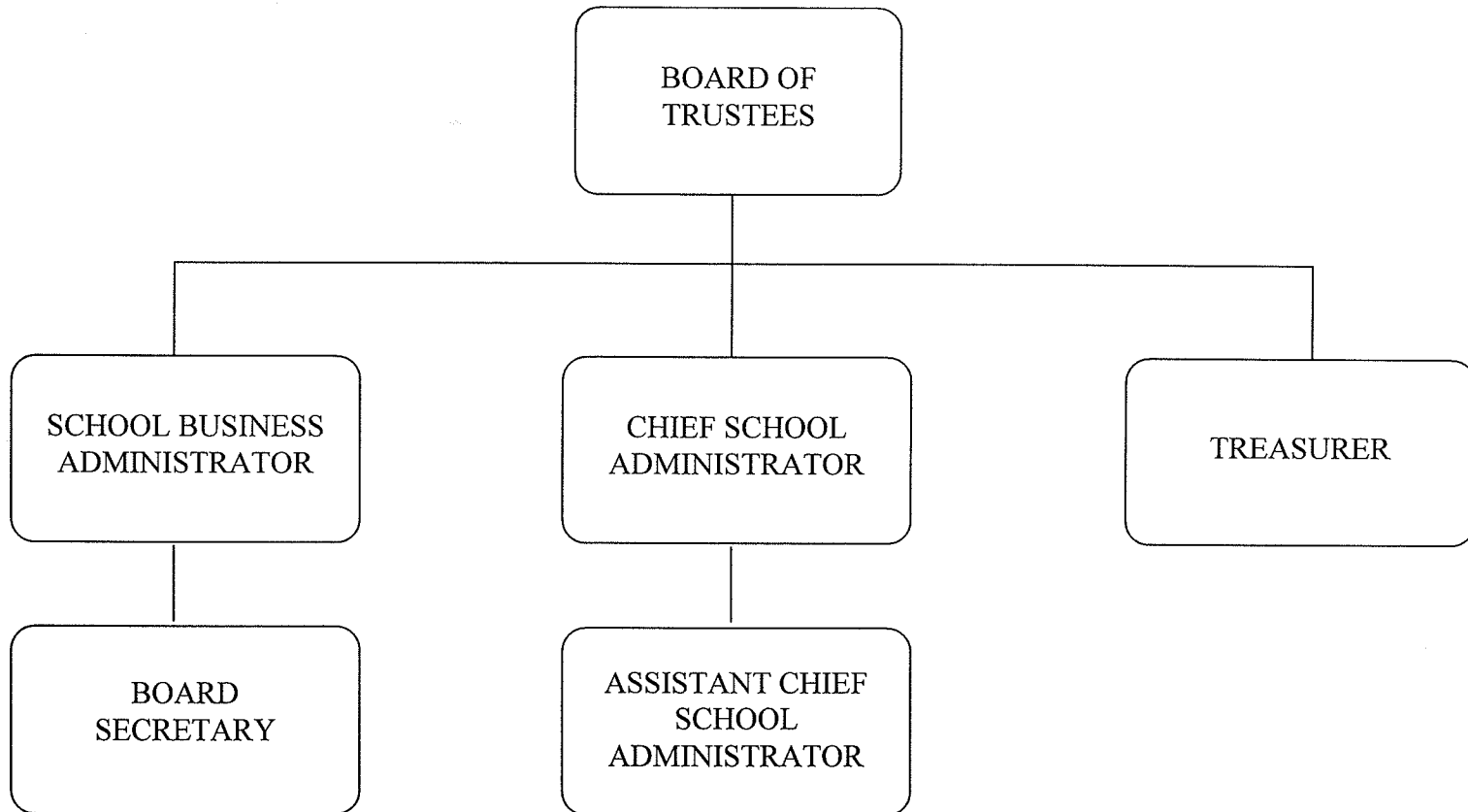
Richelle Baughn
School Business Administrator/
Board Secretary

CAMDEN'S PROMISE CHARTER SCHOOL, INC

Camden, New Jersey

Camden County

(UNIT CONTROL)



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

ROSTER OF OFFICIALS

JUNE 30, 2018

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

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

AUDIT FIRM

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

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Attorney-at-Law
Parker McCay
PO Box 5054
Mount Laurel, NJ 08054

OFFICIAL DEPOSITORY

TD Bank
151 Mickle Blvd.
Camden, New Jersey 08103

INSURANCE AGENT

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

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association
Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the Camden's Promise Charter School, Inc. in the County of Camden, State of New Jersey, as of and for the year ended June 30, 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

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

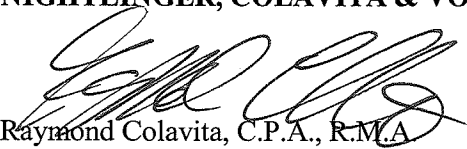
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2019 on our consideration of the Camden's Promise Charter School, Inc.'s Board of Trustees internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Camden's Promise Charter School, Inc.'s Board of Education's of internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Camden's Promise Charter School, Inc.'s Board of Trustees internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
January 23, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

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

UNAUDITED

The discussion and analysis of Camden's Promise Charter School, Inc.'s financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- ❖ General revenues net of adjustments accounted for \$34,729,182 in revenue or 85.6% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,822,243 or 14.4% percent to total revenues of \$40,551,425.
- ❖ Total net position of governmental activities decreased by \$275,026. This decrease was anticipated by the Board of Trustees.
- ❖ The School had total expenses of \$40,834,158, of which \$5,822,243 was offset by program specific charges for services, grants or contributions. General revenues of \$34,729,182 consisted of Federal and State Aid of \$32,381,922, property taxes of \$2,259,726, and other net revenue of \$87,464.
- ❖ The General Fund had \$33,259,534 in revenues and \$32,714,385 in expenditures. The General Fund's balance increased by 457,235 over 2017, which included \$87,914 transferred to the Food Service Fund.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School to provide programs and activities, the view of the School as a whole looks at all financial transactions and asks the question, “How did we do financially during 2018?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School’s Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The Charter School as a Whole

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

Table 1 provides a summary of the School's net position for the years ended in 2018 and 2017, which are the first two years that a comparative presentation are available under the GASB reporting format.

Table 1
Net Position

	2018	2017
Assets		
Current and Other Assets	\$ 2,964,888	\$ 2,140,402
Capital Assets, Net	3,362,278	3,912,572
Total Assets	6,327,166	6,052,974
Deferred Outflows of Resources	3,861,460	2,553,823
Liabilities		
Other Liabilities	1,985,861	1,620,252
Long-term Liabilities	5,869,557	6,183,114
Total Liabilities	7,855,418	7,803,366
Deferred Inflows of Resources	1,940,867	128,357
Net Position		
Investment in Capital Assets, Net of Debt	2,326,366	2,567,223
Restricted	353,461	353,461
Unrestricted (Deficit)	(2,287,486)	(2,245,610)
Total Net Position	\$ 392,341	\$ 675,074

Table 2 shows the changes in net position from fiscal year's 2018 and 2017.

Table 2
Changes in Net Position

	2018	2017
Revenues		
Program Revenues		
Charges for Services	\$ 64,781	\$ 59,026
Operating Grants and Contributions	5,757,462	7,104,065
General Revenues		
Property Taxes	2,259,726	1,844,556
Grants and Entitlements	32,381,992	27,573,488
Other	87,464	94,339
Total Revenues	40,551,425	36,675,474
Program Expenses		
Instruction	16,333,133	15,288,338
Support Services		
General Administration, School Administration, Business Operations and Maintenance of Facilities	4,473,104	5,281,082
Pupil Transportation	5,667,197	4,647,323
Employee Benefits	93,294	43,885
Food Service	12,208,461	10,628,974
Other	1,481,656	1,576,103
Total Expenses	40,834,158	38,043,038
Increase (Decrease) in Net Position	\$ (282,733)	\$ (1,367,564)

The School's total revenue for the fiscal year ended June 30, 2018 was \$40,551,425, of which net governmental revenues were \$34,641,137. As a Charter School, voter approval for the School operations is not required in New Jersey. Property taxes made up 5.6% percent of total revenues for the Camden Promise Charter School, Inc. for fiscal year 2018. Federal, state and local grants accounted for another 94.1%. The School's total expenses were \$40,834,158, of which total governmental expenses were \$39,352,502 and the cost of all governmental activities, net of program revenues from charges for services or grants was \$34,916,163. Instruction comprises 40.0% of total expenditures and 43.6% of net governmental activity expenses.

Business-Type Activities

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

- ❖ Food service expenses exceeded revenues by \$7,707. Expenses were \$1,481,656.
- ❖ Charges for services represent \$64,781 of revenue. This represents amount paid by patrons for daily food services.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$1,321,123.

Governmental Activities

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

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

Table 3

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Instruction	\$ 16,333,133	\$ 15,228,249	\$ 15,288,338	\$ 14,163,499
Support Services				
General Administration, School Administration, Business Operation and Maintenance of Facilities	4,473,104	3,964,882	5,281,082	4,776,785
Pupil Transportation	5,667,197	5,667,197	4,647,323	4,647,323
Employee Benefits	93,294	93,294	43,885	43,885
Other	12,208,461	9,385,228	10,628,974	6,405,553
	577,313	577,313	577,333	577,333
Total Expenses	\$ 39,352,502	\$ 34,916,163	\$ 36,466,935	\$ 30,614,378

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

The School's Funds

Information about the School's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general funds, special revenue funds and capital projects fund presented in the fund-based statements) had total revenues of \$35,449,424 and expenditures of \$34,904,275. The net positive/negative change in fund balance for the year, from revenues and expenditures, resulted in an increase of \$457,235. In addition, there were other financing uses of \$87,914. This shows that the School met current operating costs with revenues for the current year.

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

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 2,347,059	6.6%	\$ 376,672	19.1%
State Sources	31,082,259	87.7%	3,558,762	12.9%
Federal Sources	2,020,106	5.7%	42,822	2.2%
Total	<u>\$ 35,449,424</u>	<u>100%</u>	<u>\$ 3,978,256</u>	<u>12.6%</u>

The increase in Local Sources is attributed to an increase in local tax levy of \$415,170 and decreases in various miscellaneous revenues of \$38,498.

The increase in State Sources is attributed to the increase general fund state aid and on-behalf social security reimbursements and pension contributions of \$3,558,762.

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

The following schedule presents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2018.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 16,333,133	46.8%	\$ 1,044,795	6.8%
Undistributed expenditures	18,226,979	52.2%	2,058,752	12.7%
Capital Outlay	72,563	0.2%	(251,048)	-77.6%
Debt Service Principal	271,600	0.8%	11,479	4.4%
Total	<u>\$ 34,904,275</u>	<u>100%</u>	<u>\$ 2,863,978</u>	<u>8.9%</u>

The increase in Current – Instruction is attributed to increases in teacher salaries costs of \$1,201,283 offset by a decrease in Special Revenue Fund expenditures of \$19,955 and other instructional costs of \$136,533.

The increase in Current – Undistributed Expenditures is attributed to a decrease in administrative services of \$807,978, offset by increases in employee benefit costs of \$1,795,805 and plant operations and maintenance costs of \$1,070,925.

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

General Fund Budgeting Highlights

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

During the course of the fiscal year 2018, the School amended its General Fund budget as needed. The School uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

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

While the School's final budget for the general fund anticipated that surplus use would be \$277,050, the actual results for the year shows an excess of revenue over expenses of \$457,235, which includes a transfer out to food service of \$87,914.

- ❖ Actual revenues were \$189,149 more than expected, which excludes the on-behalf pension, long-term disability and social security reimbursement of \$4,184,980.
- ❖ The actual expenditures in various line items were less than expected in the total amount of \$839,954, excluding the on-behalf pension, long-term disability and social security reimbursement of \$4,184,980.

Capital Assets

At the end of the fiscal year 2018, the School had \$3,362,278 invested in leasehold improvements, machinery and equipment, and Vehicle. Table 4 shows fiscal 2018 balances compared to 2017.

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

	<u>2018</u>	<u>2017</u>
Leasehold Improvement	\$ 2,704,992	\$ 3,092,002
Building	96,951	100,908
Machinery and Equipment	363,175	480,806
Vehicle	197,160	238,856
Totals	<u>\$ 3,362,278</u>	<u>\$ 3,912,572</u>

Overall, capital assets decreased \$550,294 from fiscal year 2017 to fiscal year 2018. The decrease was attributed additions of \$34,726 offset by depreciation of \$585,020.

Operating Leases

The Charter School currently has four outstanding building lease agreements, as tenant, with the Camden's Charter School Network Inc. Stipulated in each lease agreement, there is an automatic renewal provision after five years at the end of the 2020-21 School Year.

Debt Administration

On July 8, 2011, the District issued NJEDA Qualified School Construction Bonds in the amount of \$2,467,080 at 5.24% interest up to July 1, 2017, at such time when the bonds became callable. These bonds are to be treated as Qualified School Construction Bonds in accordance with Section 54F of the Internal Revenue Code of 1986.

In accordance with Section 6431 of the Code, the Charter School, by way of the NJEDA, is to receive Credit/Subsidy payments equal to the lesser of rate specified by the US Treasury or the interest payable on the bonds. These credit/subsidy payments have been partially reduced during the year, due to the sequester policy at the federal level. The balance of the bonds payable, as of June 30, 2018, is \$912,380.

During the 2016-17 fiscal school year, the District acquired two School Buses through a Capital Lease totaling \$204,520, with interest at 4.29%. The balance of the capital lease payable, as of June 30, 2018, is \$123,532, of which \$39,460 is due within one year and the remainder through 2021 fiscal year.

For the Future

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

On June 1, 2017, the New Jersey Department of Education approved the merger of Katz Dalsey Charter School, Camden's Academy Charter High School and Camden's Pride Charter School into Camden's Promise Charter School, which will operate as a Pre K-12 Charter School with a maximum enrollment of 2,800 students.

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

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

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

Contacting the School's Financial Management

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

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL – WIDE FINANCIAL STATEMENTS

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,655,203	\$ 159,785	\$ 1,814,988
Receivables, Net	1,079,253	42,215	1,121,468
Due from Other Funds	6,520		6,520
Inventory		21,912	21,912
Capital Assets, Net (Note 5):	3,277,032	85,246	3,362,278
Total Assets	<u>6,018,008</u>	<u>309,158</u>	<u>6,327,166</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	3,861,460		3,861,460
LIABILITIES			
Accounts Payable	1,491,998	220,934	1,712,932
Accrued Interest Payable	6,669		6,669
Due from Other Funds	1,318		1,318
Payable to Local Government	252,300		252,300
Unearned Revenue	9,664	2,978	12,642
Net Pension Liability	4,833,645		4,833,645
Non-current Liabilities:			
Due Within One Year	322,637		322,637
Due Beyond One Year	713,275		713,275
Total Liabilities	<u>7,631,506</u>	<u>223,912</u>	<u>7,855,418</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	1,940,867		1,940,867
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,241,120	85,246	2,326,366
Restricted for:			
Other Purposes	75,000		75,000
Capital Reserve	278,461		278,461
Unrestricted (Deficit)	(2,287,486)		(2,287,486)
Total Net Position	<u>\$ 307,095</u>	<u>\$ 85,246</u>	<u>\$ 392,341</u>

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 16,333,133	\$ -	\$ 1,104,884	\$ (15,228,249)	\$ -	\$ (15,228,249)
Support Services:						
General and Business Administrative Services	3,098,035			(3,098,035)		(3,098,035)
School Administrative Services	1,375,069		508,222	(866,847)		(866,847)
Plant Operations and Maintenance	5,667,197			(5,667,197)		(5,667,197)
Pupil Transportation	93,294			(93,294)		(93,294)
Employee Benefits	12,208,461		2,823,233	(9,385,228)		(9,385,228)
Unallocated Depreciation and Amortization	577,313			(577,313)		(577,313)
Total Governmental Activities	39,352,502		4,436,339	(34,916,163)		(34,916,163)
Business-type Activities:						
Food Service	1,481,656	64,781	1,321,123		(95,752)	(95,752)
Total Business-type Activities	1,481,656	64,781	1,321,123		(95,752)	(95,752)
Total Primary Government	\$ 40,834,158	\$ 64,781	\$ 5,757,462	(34,916,163)	(95,752)	(35,011,915)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				2,259,726		2,259,726
Federal and State Aid not Restricted				32,381,992		32,381,992
Miscellaneous Income				86,408		86,408
Investment Earnings				925	131	1,056
Transfers				(87,914)	87,914	
Total General Revenues, Special Items, Extraordinary Items and Transfers				34,641,137	88,045	34,729,182
Change in Net Position				(275,026)	(7,707)	(282,733)
Net Position—Beginning				582,121	92,953	675,074
Net Position—Ending				\$ 307,095	\$ 85,246	\$ 392,341

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,646,776	\$	\$ 1,646,776
Due from Other Funds	547,870		547,870
State Aid Receivable	148,547		148,547
Federal Sources		848,968	848,968
Receivables from Other Governments	81,738		81,738
	\$ 2,424,931	\$ 848,968	\$ 3,273,899
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 1,185,617	\$ 306,381	\$ 1,491,998
Due to Other Funds	1,318	532,923	534,241
Payable to Local Governments	252,300		252,300
Unearned Revenue		9,664	9,664
	1,439,235	848,968	2,288,203
Fund Balances:			
Restricted For:			
Escrow Fund	75,000		75,000
Capital Reserve	278,461		278,461
Assigned to:			
Year-End Encumbrances	18,680		18,680
Unassigned, Reported In:			
General Fund	613,555		613,555
	985,696	848,968	985,696
Total Liabilities and Fund Balances	\$ 2,424,931	\$ 848,968	

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

Long-Term Liabilities, including bonds payable, capital Lease payments and compensated absence obligations, are not due and payable in the current period and therefore, are not reported as liabilities in the fund statements.	(1,035,912)
Accrued Interest is not due and payable in the current period and are therefore not reported as liabilities in the fund statements.	(6,669)
Long Term Net Pension Liability	(4,833,645)
Deferred Pension Outflows	3,861,460
Deferred Pension Inflows	(1,940,867)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,130,418 and the accumulated depreciation is \$3,853,386 (Note 5).	3,277,032

Net position of governmental activities	\$ 307,095
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The accompanying Notes to Financial Statements are an integral part of this statement.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 2,259,726	\$	\$	\$ 2,259,726
Miscellaneous	87,333			87,333
Total - Local Sources	2,347,059			2,347,059
State Sources	30,810,659		271,600	31,082,259
Federal Sources	101,816	1,918,290		2,020,106
Total Revenues	33,259,534	1,918,290	271,600	35,449,424
EXPENDITURES				
Current:				
Regular Instruction	15,228,249	1,104,884		16,333,133
Support:				
General Administrative Services	2,589,813	508,222		3,098,035
School Administrative Services	1,375,069			1,375,069
Plant Operations and Maintenance	5,667,197			5,667,197
Pupil Transportation	94,936			94,936
Employee Benefits	7,686,558	305,184		7,991,742
Debt Service Principle			271,600	271,600
Capital Outlay	72,563			72,563
Total Expenditures	32,714,385	1,918,290	271,600	34,904,275
Excess (Deficiency) of Revenues over Expenditures	545,149			545,149
OTHER FINANCING SOURCES (USES)				
Transfers	(87,914)			(87,914)
Total Other Financing Sources and (Uses)	(87,914)			(87,914)
Net Change in Fund Balances	457,235			457,235
Fund Balance—July 1	528,461			528,461
Fund Balance—June 30	\$ 985,696	\$	\$	\$ 985,696

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds (from B-2)	\$ 457,235
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation expense	\$ (577,313)
Capital outlays	34,726
	<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
	(542,587)
In the Statement of Activities, interest on long-term debt is accrued, regardless of when it is due. In the governmental funds, interest is charged when payment is due.	1,642
Repayment of debt service principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.	309,437
Pension Contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.	(500,753)
	<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
Change in net position of governmental activities (A-2)	\$ (275,026)
	<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>

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

PROPRIETARY FUNDS

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash	\$ 168,212	\$ 168,212
Accounts Receivable	42,215	42,215
Inventories	21,912	21,912
Total Current Assets	232,339	232,339
Fixed Assets:		
Equipment	172,030	172,030
Accumulated Depreciation	(86,784)	(86,784)
Total Fixed Assets	85,246	85,246
Total Assets	317,585	317,585
LIABILITIES		
Current Liabilities:		
Accounts Payable	220,934	220,934
Interfund Payable	8,427	8,427
Unearned Revenue	2,978	2,978
Total Current Liabilities	232,339	232,339
NET POSITION		
Net Position		
Investment in Fixed Assets	85,246	85,246
Unrestricted	-	-
Total Net Position	\$ 85,246	\$ 85,246

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 51,538	\$ 51,538
Daily Sales - Non-Reimbursable Programs	12,251	12,251
Miscellaneous	992	992
	64,781	64,781
Total Operating Revenue:		
Operating expenses:		
Cost of Sales - Reimbursable Programs	504,001	504,001
Cost of Sales - Non- Reimbursable Programs	63,983	63,983
Salaries	539,119	539,119
Employee Benefits	78,340	78,340
Management Fee	146,936	146,936
Supplies & Materials	101,372	101,372
Other Costs	40,198	40,198
Depreciation	7,707	7,707
	1,481,656	1,481,656
Total Operating Expenses		
Operating Income (loss)	(1,416,875)	(1,416,875)
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	15,275	15,275
Federal Sources:		
National School Breakfast Program	323,406	323,406
National School Lunch Program	791,366	791,366
National School Lunch Program - Snacks	90,638	90,638
Food Distribution Program	100,438	100,438
Board Subsidy	87,914	87,914
Interest	131	131
	1,409,168	1,409,168
Total Non-operating Revenues (Expenses)		
Change in Net Position	(7,707)	(7,707)
Total Net Position—Beginning	92,953	92,953
Total Net Position—Ending	\$ 85,246	\$ 85,246

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 64,781	\$ 64,781
Payments to employees	(539,119)	(539,119)
Payments for employee benefits	(78,340)	(78,340)
Payments to suppliers	(774,083)	(774,083)
	(1,326,761)	(1,326,761)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Board Subsidy	87,914	87,914
Food Distribution Program	100,438	100,438
Cash Received from State and Federal Reimbursements	1,220,707	1,220,707
	1,409,059	1,409,059
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		
Net cash provided by (used for) capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	131	131
	131	131
Net cash provided by (used for) investing activities		
Net increase (decrease) in cash and cash equivalents	82,429	82,429
Balances—beginning of year	85,783	85,783
Balances—end of year	\$ 168,212	\$ 168,212
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,416,875)	\$ (1,416,875)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization	7,707	7,707
(Increase)/Decrease in Inventory	3,091	3,091
Increase/(Decrease) in Accounts Payable	160,430	160,430
Increase/(Decrease) in Interfund Payable	(75,435)	(75,435)
Increase/(Decrease) in Unearned Revenue	(5,679)	(5,679)
	90,114	90,114
Net cash provided by (used for) operating activities	\$ (1,326,761)	\$ (1,326,761)
Noncash Noncapital Financing Activities:		
During the year, \$87,891 of food commodities was received from the U. S. Department of Agriculture		

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

FIDUCIARY FUNDS

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 55,906	\$ 10,324
Due from General Fund		1,318
	<hr/>	<hr/>
Total Assets	55,906	11,642
	<hr/>	<hr/>
LIABILITIES		
Accounts Payable	50,472	
Due to General Fund	5,434	1,086
Due to Student Groups		1,935
Payroll Deductions and Withholding		8,621
	<hr/>	<hr/>
	55,906	\$ 11,642
	<hr/>	<hr/>
NET POSITION		
Unreserved for Unemployment Claims	\$	
	<hr/>	

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Private Unemployment Compensation Trust
ADDITIONS	
Contributions:	\$ 36,558
Total Contributions	<u>36,558</u>
Investment Earnings:	
Interest	<u>70</u>
Total Investment Earnings	<u>70</u>
DEDUCTIONS	
Unemployment Claims	<u>122,561</u>
Total Deductions	<u>122,561</u>
Change in Net Position	(85,933)
Net Position—Beginning of the Year	<u>85,933</u>
Net Position—End of the Year	<u>\$ <u> </u></u>

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

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

A. Reporting Entity:

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

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

New Accounting Standards:

The Charter School has adopted the following GASB statements:

- GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75 will impact the financial statements of the Charter School.
- GASB No. 85 - *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 85 is not expected to impact the financial statements of the Charter School.
- GASB No. 86 - *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 86 is not expected to impact the financial statements of the Charter School.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Cont'd):

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

- GASB No. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the Charter School's financial statements.

- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the Charter School's financial statements.

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Cont'd):

- GASB No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 88 on the Charter School's financial statements.

- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the Charter School's financial statements.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Cont'd):

- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the Charter School's financial statements.

A. Basis of Presentation:

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

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

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

A. Basis of Presentation (Cont'd):

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses of the School related to the administration and support of the School's programs, such as personnel and accounting-are not allocated to programs.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

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

GOVERNMENTAL FUND TYPE

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

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

B. Fund Accounting (Cont'd):

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

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

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

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

PROPRIETARY FUND TYPE

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

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

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

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

B. Fund Accounting (Cont'd):

FIDUCIARY FUND TYPE

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

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

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

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

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

C. Basis of Accounting and Measurement Focus:

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

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

C. Basis of Accounting and Measurement Focus (Cont'd):

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

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

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

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

D. Budgets/Budgetary Control:

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

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

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

D. Budgets/Budgetary Control (Cont'd):

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

E. Encumbrance Accounting:

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

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

The Charter School had \$18,680 reserved for encumbrances at June 30, 2018.

F. Tuition:

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

G. Short-term Interfund Receivables/Payables:

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

H. Inventories and Prepaid Expenses:

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

On School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

I. Assets, Liabilities and Equity:

Transactions

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

Inventories

On School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018. The value of federal commodities included in food is \$2,978.

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$	14,595
Supplies		7,317
		<hr/>
Total	\$	21,912
		<hr/> <hr/>

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

Capital Assets

General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2018 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the Statement of Net Position. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

I. Assets, Liabilities and Equity (Cont'd):

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

J. Compensated Absences:

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

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

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

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them. As of June 30, 2018, no liability existed for compensated absences in the Food Service Fund because there are no employees paid out of this fund. The Food Service employees are provided and paid by an outside management company, Sodexo, Inc.

K. Unearned Revenue:

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

L. Fund Equity:

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

M. Management Estimates:

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

N. Accrued Liabilities and Long-term Obligations:

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

O. Extraordinary and Special Items:

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

P. CharterSchool Funding:

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

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Q. Net Position:

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

R. Fund Balance Reserves:

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

S. Operating Revenues and Expenses:

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

T. Revenues – Exchange and Non-exchange Transactions:

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

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

U. Comparative Data/Reclassifications:

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

V. Allocation of Indirect Expenses:

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

W. Lease Acquisition Costs:

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Deposits:

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

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

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

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

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

Investments:

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

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

As of June 30, 2018, cash and cash equivalents in the fund financial statements of the Charter School consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking Accounts	\$ 1,881,218
Total	\$ 1,881,218

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits may not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2018, the Charter School's bank balance of \$2,242,934 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		1,992,934
	\$	<u>2,242,934</u>

New Jersey Cash Management Fund – During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2018, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Camden's Promise Board of Trustees. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The capital reserve balance, as of June 30, 2018 was \$278,461.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5. CAPITAL ASSETS

	<u>Beginning</u>		<u>Ending</u>
	<u>Balance</u>		<u>Balance</u>
	<u>July 1, 2017</u>	<u>Additions</u>	<u>June 30, 2018</u>
		<u>Adjustments/ Retirements</u>	
Governmental Activities:			
Capital Assets that are not being Depreciated:			
Land			
Total Capital Assets not being Depreciated			
Leasehold Improvements	\$ 5,284,708		\$ 5,284,708
Building	118,715		118,715
Machinery and Equipment	1,120,112	\$ 34,726	1,154,838
Vehicle	572,157		572,157
Totals at Historical Cost	<u>7,095,692</u>	<u>34,726</u>	<u>7,130,418</u>
Less Accumulated Depreciation for:			
Leasehold Improvements	(2,192,706)	(387,010)	(2,579,716)
Building	(17,807)	(3,957)	(21,764)
Machinery and Equipment	(732,259)	(144,650)	(876,909)
Vehicle:	(333,301)	(41,696)	(374,997)
Total Accumulated Depreciation	<u>(3,276,073)</u>	<u>(577,313)</u>	<u>(3,853,386)</u>
Total Capital Assets being Depreciated, net of Accumulated Depreciation	3,819,619	(542,587)	3,277,032
Government Activities Capital Assets, Net	<u>3,819,619</u>	<u>(542,587)</u>	<u>3,277,032</u>
	To A-1		To A-1
Business-type Activities - Equipment	172,030		172,030
Less Accumulated Depreciation	(79,077)	(7,707)	(86,784)
Business-type Activities Capital Assets, Net	<u>\$ 92,953</u>	<u>\$ (7,707)</u>	<u>\$ 85,246</u>
			To G-1

Depreciation expense was charged to governmental functions
as follows:

Unallocated	\$ 577,313
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CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6. LONG-TERM DEBT

	Beginning Balance July 1, 2017	Additions	Reductions	Ending Balance June 30, 2018	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds Payable:						
General Obligation Debt	\$ 1,183,980	\$ -	\$ 271,600	\$ 912,380	\$ 283,177	\$ 629,203
Total Bonds Payable	1,183,980		271,600	912,380	283,177	629,203
Other Liabilities:						
Capital Lease	161,369		37,837	123,532	39,460	84,072
Total Other Liabilities	<u>\$ 1,345,349</u>	<u>\$ -</u>	<u>\$ 309,437</u>	<u>\$ 1,035,912</u>	<u>\$ 322,637</u>	<u>\$ 713,275</u>
					<u>To A-1</u>	

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

Debt Administration - NJEDA Subsidized Bonds:

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

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

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

Fiscal Year	Principal	Interest	Federal Subsidy	Net Interest
2019	\$ 283,177	\$ 32,774	\$ 32,774	\$
2020	295,197	20,754	20,754	
2021	307,829	8,121	8,121	
2022	26,177	90	90	
	<u>\$ 912,380</u>	<u>\$ 61,739</u>	<u>\$ 61,739</u>	<u>\$</u>

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

B. Capital Leases – During the current 2016-17 fiscal school year, the District acquired two School Buses through a Capital Lease totaling \$204,520, with interest at 4.29%. The following is a schedule of the future minimum lease payments at June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 39,460	\$ 5,300	\$ 44,760
2020	41,153	3,607	44,760
2021	42,919	1,841	44,760
	<u>\$ 123,532</u>	<u>\$ 10,748</u>	<u>\$ 134,280</u>

NOTE 7. PENSION PLANS

Description of Plans- All required employees of the School District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. For additional information about PERS or TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The following represents the membership tiers for PERS and TPAF:

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

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

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.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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.

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.34% of employees' annual compensation through June 30, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The District's contributions to PERS for the years ended June 30, 2018, and 2017, were \$213,727 and \$147,845 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2018 was \$13,342,036. Payroll covered by PERS was \$1,596,267 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

	<u>PERS</u>
Employees	\$ 117,166
District	<u>213,727</u>
Total	<u>\$ 330,893</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2018, as follows:

Public Employees Retirement System					
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2018	\$ <u>25,279</u>	\$ <u>157,666</u>	\$ <u>213,727</u>	\$ <u>N/A</u>	\$ <u>213,727</u>

Components of Net Pension Liability - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$4,833,645. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017 was 0.020765% which was an increase of 0.00443% from its proportion measured as of June 30, 2016.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2018 PERS pension expense, with respect to GASB 68, was \$772,963. The District's 2018 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 113,815	\$
Changes of assumptions	973,813	970,243
Net difference between projected and actual earnings on pension plan investments	32,914	
Changes in proportion	2,527,191	970,624
Contributions subsequent to the measurement date	213,727	
Total	\$ 3,861,460	\$ 1,940,867

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

<u>Year</u>		<u>PERS</u>
2018	\$	429,621
2019		505,903
2020		436,302
2021		141,395
2022		193,645
Thereafter		
Total	\$	1,706,866

Additional Information-Collective Balances at June 30, 2018 and 2017 are as follows:

<u>Year</u>		<u>6/30/2018</u>		<u>6/30/2017</u>
Collective deferred outflows of resources	\$	3,861,460	\$	2,553,823
Collective deferred inflows of resources	\$	1,940,867	\$	128,357
Collective Net Pension Liability	\$	4,833,645	\$	4,837,765
District's Proportion		0.020765%		0.016334%

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US 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%
Client 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%
Total	100.00%	

Discount Rate - The discount rate as of June 30, 2017 used to measure the total pension liability was 5.00% for PERS. This single blended discount rate was 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 5,996,464	\$ 4,833,645	\$ 3,864,872

Teachers' Pension and Annuity Fund

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

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

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 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 District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

The District was not 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.

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/18	\$ 1,911,320	100 %	\$ N/A
6/30/17	1,481,343	100	N/A
6/30/16	1,481,343	100	N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$1,911,320 to the TPAF for pension contributions, \$1,234,480 for post-retirement benefits on behalf of the School, and \$8,502 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,030,678 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2018, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

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

Pension Expense - For the year ended June 30, 2018, the District recognized pension expense of \$4,429,369 and revenue of \$4,429,369 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.25%

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US 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%
Client 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%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

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

NOTE 8. 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.

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.

Employees covered by benefit terms: 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.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. 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 \$22,668,406. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the Charter School of 0.04226%. 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	Based on
Salary Increases:	Years of Service	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

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.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)(CONT'D)

Total Nonemployer OPEB Liability (Cont'd)

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.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2016 Measurement Date	\$ <u>23,408,546</u>
Changes for the year:	
Service cost	2,755,008
Interest cost	738,506
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	(3,727,940)
Member contributions	19,335
Gross benefit payments	<u>(525,049)</u>
Net changes	<u>(740,140)</u>
Balance as of June 30, 2017 Measurement Date	\$ <u><u>22,668,406</u></u>

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)(CONT'D)

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 2.58%	At Discount Rate 3.58%	At 1.00% Increase 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	1.00% Increase
\$ 44,113,584,560	53,639,841,858	66,290,599,457

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 \$3,254,707. The Charter School reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions		2,680,901
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion	814,982	
Contributions subsequent to the measurement date		
Total	\$ 814,982	\$ 2,680,901

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)(CONT'D)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

<u>Measurement Period Ending June 30,</u>	<u>OPEB</u>
2018	\$ 281,017
2019	281,017
2020	281,017
2021	281,017
2022	281,017
Thereafter	<u>994,800</u>
Total	<u>\$ 2,399,885</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.

NOTE 9. DEFERRED COMPENSATION

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

NOTE 10. FUND BALANCE

General Fund - Of the \$985,696 in General Fund balance at June 30, 2018, \$75,000 is restricted in an escrow account, \$278,461 is restricted in capital reserve, \$18,680 is assigned for encumbrances, \$0 is assigned and anticipated as revenue in the 2018-19 budget and \$613,555 is unassigned.

NOTE 11. LITIGATION

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12. RISK MANAGEMENT

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

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

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

Balance 6/30/17	Charter School Contributions	Employee Contributions	Claims	Balance 6/30/18
\$ 85,933	\$ 1,110	\$ 35,518	\$ 122,561	\$ -

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Interfund Receivable	Interfund Payable
General	\$ 547,870	\$ 1,318
Special Revenue		532,923
Agency	1,318	1,086
Unemployment		5,434
Food Service		8,427
Total	\$ 549,188	\$ 549,188

NOTE 14. RECEIVABLES

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14. RECEIVABLES (CONT'D)

<u>Receivables:</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Intergovernmental				
State	\$ 148,547	\$	\$ 597	\$ 149,144
Federal		848,968	41,618	890,586
Local	81,738			81,738
Totals	<u>\$ 230,285</u>	<u>\$ 848,968</u>	<u>\$ 42,215</u>	<u>\$ 1,121,468</u>

NOTE 15. OPERATING LEASES

Lease Agreements

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

Building Locations

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

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

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

892 Lois Avenue - In September 2017, Camden's Charter School Network, Inc. entered into a six year lease agreement with Camden's Promise Charter School, Inc., whereby, Camden's Promise Charter, Inc. shall be granted access to the premises located at 892 Lois Avenue.

The following represents the future minimum lease payments associated with this new rental agreement, as of June 30, 2018, along with a description of the building locations:

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 15. OPERATING LEASES (CONT'D)

Lease Agreements (Cont'd)

<u>Year</u>	<u>Buildings</u>	<u>Garden</u>	<u>Parking Lot</u>	<u>892 Lois Ave</u>
2018-2019	\$ 4,420,000	\$ 1	\$ 24,000	\$ 48,000
2019-2020	4,420,000	1	24,000	48,000
2020-2021	4,420,000	1	24,000	48,000
2021-2022	4,519,600			48,000
2022-2023	4,519,600			48,000
2023-2024	4,519,600			
2024-2025	4,519,600			
2025-2026	4,519,600			
Total	<u>\$ 35,858,000</u>	<u>\$ 3</u>	<u>\$ 72,000</u>	<u>\$ 240,000</u>

NOTE 16. SERVICE AGREEMENT

Charter Management Organization Agreement—During the 2017-18 School Year, the Camden's Charter School Network, Inc. entered into a ten month service agreement with Camden's Promise Charter School, Inc. for the purpose of providing the Charter School with administrative support in the development of student enrollment plans, enrollment marketing, professional development, student records development and direct supervision of the student enrollment process through June 30, 2018. The Camden's Charter School, Inc. agreed to pay the Network \$300,000 in exchange for these services. This agreement was extended for the 2018-19 School Year.

Repairs and Maintenance Agreement—During the 2017-18 School Year, the Camden's Charter School Network, Inc. entered into a one year service agreement with Camden's Promise Charter School, Inc., whereby the Network assumed all repair and maintenance obligations for premises leased by Camden's Promise Charter School, Inc. In exchange for these services, the Camden's Promise Charter School, Inc. agreed to pay the Network \$1,100,000, which was payable in twelve monthly installments of \$91,667. This agreement was extended for the 2018-19 School Year.

NOTE 19. TAX ABATEMENT

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 19. TAX ABATEMENT (CONT'D)

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

NOTE 20. SUBSEQUENT EVENTS

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

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Revenue/ Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
REVENUES:					
"Local Tax Levy"- Local Share - Charter School Aid:					
Black Horse Pike Regional	\$	\$	33,010	\$	33,010
Borough of Bellmawr			7,137		7,137
Borough of Clementon			3,152		3,152
Borough of Collingswood			63,394		63,394
Borough of Lawnside			11,445		11,445
Borough of Lindenwold			5,954		5,954
Borough of Merchantville			49,294		49,294
Borough of Palmyra			8,721		8,721
Borough of Pine Hill			10,129		10,129
Borough of Runnemede			15,620		15,620
Borough of Stratford			17,585		17,585
Borough of Woodlyn			17,835		17,835
Cherry Hill Township			94,620		94,620
Cinnaminson Township			8,987		8,987
City of Camden	2,263,303	(1,572,703)	690,600	690,600	
City of Gloucester			1,891		1,891
City of Vineland			6,417		6,417
Deptford Township			27,812		27,812
Gloucester Township			18,343		18,343
Mantua Township			10,738		10,738
Maple Shade Township			37,656		37,656
Pennsauken Township			1,035,337	1,035,337	
Washington Township			8,964		8,964
Waterford Township			11,805		11,805
West Deptford Township			9,452		9,452
Winslow Township			53,828		53,828
Total - Local Share Tax Levy	2,263,303	(3,577)	2,259,726	2,259,726	
Local Tax Levy- State Share - Charter School Aid:					
Equalization aid	23,188,683	(259,774)	22,928,909	22,928,909	
Total - Local Levy Budget	25,451,986	(263,351)	25,188,635	25,188,635	
Categorical Aids:					
Special Education	541,203	(13,865)	527,338	527,338	
Security Aid	800,121	(14,622)	785,499	785,499	
Adjustment Aid	2,244,913	139,020	2,383,933	2,383,933	
Total Categorical Aids	3,586,237	110,533	3,696,770	3,696,770	
Other State Aid:					
On-Behalf TPAF Pension Contribution				1,911,320	1,911,320
On-Behalf TPAF Pension Post Retirement Medical				1,234,480	1,234,480
On-Behalf TPAF Long-Term Disability Contribution				8,502	8,502
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,030,678	1,030,678
Total Other State Aid				4,184,980	4,184,980
Total State Aid	29,038,223	(152,818)	28,885,405	33,070,385	4,184,980
Federal Sources:					
Medicaid Program - SEMI				101,816	101,816
				101,816	101,816
Revenue from Other Sources					
Interest on Bank Deposits				925	925
Miscellaneous				86,408	86,408
Total Revenue from Other Sources				87,333	87,333
TOTAL REVENUES	\$ 29,038,223	\$ (152,818)	\$ 28,885,405	\$ 33,259,534	\$ 4,374,129

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2018
(CONTINUED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
EXPENDITURES:					
CURRENT EXPENSES:					
Regular Programs - Instruction:					
Salaries of Teachers - Kindergarten	\$	\$ 605,000	\$ 605,000	\$ 605,000	\$
Salaries of Teachers - Grades 1-5		4,122,089	4,122,089	4,122,089	
Salaries of Teachers - Grades 6-8		4,373,409	4,373,409	4,373,409	
Salaries of Teachers - Grades 9-12	13,067,582	(8,758,147)	4,309,435	4,309,435	
Other Salaries for Instruction		211,661	211,661	211,661	
Regular Programs - Undistributed					
Instruction:					
Purchased Professional/ Technical Services	410,000	(410,000)			
Purchased Professional/ Educational Services		511,255	511,255	511,255	
Other Purchased Services	586,000	(140,255)	445,745	444,456	1,289
General Supplies	347,522	124,279	471,801	419,285	52,516
Textbooks	283,000	(61,281)	221,719	221,719	
Other Objects	10,000		10,000	9,940	60
TOTAL REGULAR PROGRAMS - INSTRUCTION	\$ 14,704,104	\$ 578,010	\$ 15,282,114	\$ 15,228,249	\$ 53,865
UNDISTRIBUTED EXPENDITURES:					
Administration					
Salaries Administrative	\$ 954,709	\$ 650,094	\$ 1,604,803	\$ 1,604,727	\$ 76
Salaries Secretary and Clerical	637,229	(637,229)			
Benefits Cost	3,682,851	(3,682,851)			
Other Retirement Contributions - PERS		219,519	219,519	216,466	3,053
Health Benefits		3,288,806	3,288,806	3,285,112	3,694
Other Purchased Professional Services		509,883	509,883	509,883	
Legal Services	23,000	(3,221)	19,779	19,779	
Audit Fees		44,721	44,721	44,460	261
Purchased Professional and Technical Services	45,123	(45,123)			
Other Purchased Services	500,000	(500,000)			
Communications/Telephone	230,000	(170,000)	60,000	56,631	3,369
Supplies and Materials	320,000	34,532	354,532	353,883	649
Miscellaneous Expenditures	2,000	(1,500)	500	450	50
Total General Administration	6,394,912	(292,369)	6,102,543	6,091,391	11,152
Support Services					
Salaries	990,741	32,755	1,023,496	1,023,496	
Purchased Professional and Technical Services	235,030	(14,546)	220,484	220,484	
Rental of Land and Buildings	4,782,000	32,782	4,814,782	4,812,508	2,274
Insurance	299,627	449	300,076	299,631	445
Supplies and Materials	207,310	(76,296)	131,014	131,014	
Transportation - Other than to /from School	100,000	(100,000)			
Transportation - Home/School - Vendors		100,880	100,880	94,936	5,944
Energy	545,449	13,619	559,068	555,058	4,010
Miscellaneous Expenses	2,000	(2,000)			
Other Objects		1,336	1,336	75	1,261
Increase in Impact Aid Reserve		761,003	761,003		761,003
Total Operation and Maintenance of Plant Services	7,162,157	749,982	7,912,139	7,137,202	774,937
	\$ 28,261,173	\$ 1,035,623	\$ 29,296,796	\$ 28,456,842	\$ 839,954

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2018
(CONTINUED)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
On-Behalf TPAF Pension Contribution	\$	\$	\$	\$ 1,911,320	\$ (1,911,320)
On-Behalf TPAF Pension Post Retirement Medical				1,234,480	(1,234,480)
On-Behalf TPAF Long-Term Disability Contribution				8,502	(8,502)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,030,678	(1,030,678)
TOTAL UNALLOCATED BENEFITS				4,184,980	(4,184,980)
TOTAL EXPENDITURES - CURRENT EXPENSE	28,261,173	1,035,623	29,296,796	32,641,822	(3,345,026)
Capital Outlay					
Undistributed Expenditures					
Total Equipment					
Facilities Acquisition & Construction Services					
Lease/Purchase - Principal		37,837	37,837	37,837	
Purchase of Land/Improvements	500,000	(500,000)			
Buildings Other than Lease Purchase Agreements		34,726	34,726	34,726	
Total Facilities Acquisition & Construction Services	500,000	(427,437)	72,563	72,563	
Total Capital Outlay expenditures	500,000	(427,437)	72,563	72,563	
TOTAL EXPENDITURES	28,761,173	608,186	29,369,359	32,714,385	(3,345,026)
Excess (Deficiency) of Revenues Over (Under) Expenditures	277,050	(761,004)	(483,954)	545,149	1,029,103
Other Financing Sources:					
Operating Transfer (Out) and In:					
Food Service				(87,914)	(87,914)
Total other Financing Sources				(87,914)	(87,914)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and other Financing Uses	277,050	(761,004)	(483,954)	457,235	941,189
Fund Balances, July 1	528,461		528,461	528,461	
Fund Balances, June 30	\$ 805,511	\$ (761,004)	\$ 44,507	\$ 985,696	\$ 941,189
Recapitulation:					
Restricted Fund Balance:					
Escrow Fund				\$ 75,000	
Capital Reserve				278,461	
Assigned to:					
Year-End Encumbrances				18,680	
Unassigned Fund Balance:					
Unassigned Fund Balance				613,555	
				\$ 985,696	

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SPECIAL REVENUE FUND
AS OF JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 1,911,418	\$ 14,479	\$ 1,925,897	\$ 1,918,290	\$ (7,607)
State Sources					
Other					
Total Revenues	<u>1,911,418</u>	<u>14,479</u>	<u>1,925,897</u>	<u>1,918,290</u>	<u>(7,607)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	1,851,518	(833,868)	1,017,650	1,017,650	
Purchased Prof. & Technical Services		18,249	18,249	18,249	
Supplies and Materials	9,900	62,274	72,174	68,985	3,189
Total Instruction	<u>1,861,418</u>	<u>(753,345)</u>	<u>1,108,073</u>	<u>1,104,884</u>	<u>3,189</u>
Support Services					
Salaries Personal Services		368,561	368,561	368,561	
Personal Services - Employee Benefits		305,184	305,184	305,184	
Purchased Professional & Technical Services - Other	50,000	91,079	141,079	136,661	4,418
Supplies and Materials		3,000	3,000	3,000	
Total Support Services	<u>50,000</u>	<u>767,824</u>	<u>817,824</u>	<u>813,406</u>	<u>4,418</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Non-instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>1,911,418</u>	<u>14,479</u>	<u>1,925,897</u>	<u>1,918,290</u>	<u>7,607</u>
Other Financing Sources (Uses)					
Total Outflows	<u>1,911,418</u>	<u>14,479</u>	<u>1,925,897</u>	<u>1,918,290</u>	<u>7,607</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART II

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI - PART II
FOR THE FISCAL YEARS ENDED JUNE 30, 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 basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 33,259,534		[C-2] \$ 1,918,290
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. State aid payment recognized for budgetary purposes, not recognized for GAAP statements			
	<hr/>		<hr/>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 33,259,534		[B-2] \$ 1,918,290
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 32,714,385		[C-2] \$ 1,918,290
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes. Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to general fund			
	<hr/>		<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 32,714,385		[B-2] \$ 1,918,290

REQUIRED SUPPLEMENTARY INFORMATION
PART III

CAMDEN'S PROMISE CHARTER SCHOOL, INC.

Schedules of Required Supplementary Information

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

Public Employee's Retirement System (PERS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.020765%	0.016334%	0.012185%	0.009154%	0.009689%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,833,645	\$ 4,837,765	\$ 2,735,228	\$ 1,713,919	\$ 1,851,744
District's Covered-Employee Payroll	\$ 1,596,267	\$ 1,189,954	\$ 1,311,956	\$ 987,147	\$ 805,779
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	302.81%	406.55%	208.48%	173.62%	229.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Public Employee's Retirement System (PERS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 213,727	\$ 147,845	\$ 93,539	\$ 75,466	\$ 73,004
Contributions in Relation to the Contractually Required Contribution	<u>(213,727)</u>	<u>(147,845)</u>	<u>(93,539)</u>	<u>(75,466)</u>	<u>(73,004)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 1,596,267	\$ 1,189,954	\$ 1,311,956	\$ 987,147	\$ 805,779
Contributions as a Percentage of Covered-Employee Payroll	13.39%	12.42%	7.13%	7.64%	9.06%

CAMDEN'S PROMISE CHARTER SCHOOL, INC.

Schedules of Required Supplementary Information

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

Teachers' Pension and Annuity Fund (TPAF)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.094832%	0.084456%	0.072632%	0.065850%	0.057886%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 63,938,991	\$ 66,438,581	\$ 45,906,505	\$ 35,194,766	\$ 29,255,198
District's Covered-Employee Payroll	\$ 13,471,596	\$ 10,968,689	\$ 10,139,835	\$ 9,003,961	\$ 8,189,439
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	474.62%	605.71%	452.73%	390.88%	357.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

SCHEDULE L-4

CAMDEN PROMISE CHARTER HIGH SCHOOL, INC.

Schedules of Required Supplementary Information

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension and Annuity Fund (TPAF)

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART III

CAMDEN'S PROMISE CHARTER SCHOOL, INC.

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

For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

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

EXHIBIT M-1

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 2,755,008
Interest	738,506
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(3,727,940)
Member contributions	19,335
Benefit payments	(525,049)
Net change in total OPEB liability	<u>(740,140)</u>
Total OPEB liability - beginning	<u>23,408,546</u>
Total OPEB liability - ending	<u>\$ 22,668,406</u>
Covered-employee payroll	<u>\$ 15,067,863</u>
Total OPEB liability as a percentage of covered-employee payroll	150.44%

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions: The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	NCLB						Totals	
	<u>Title I Part A</u>	<u>Title II</u>	<u>Title III</u>	<u>Title IV</u>	<u>IDEA</u>	<u>IDEA</u>	<u>2017</u>	<u>2016</u>
	<u>2017-18</u>	<u>2017-18</u>			<u>Part B</u>	<u>Preschool</u>		
REVENUES:								
Federal Sources	\$ 1,401,985	\$ 55,619	\$ 9,958	\$ 18,249	\$ 426,441	\$ 6,038	\$ 1,918,290	\$ 1,910,958
State Sources								
Other								
Total Revenues	<u>1,401,985</u>	<u>55,619</u>	<u>9,958</u>	<u>18,249</u>	<u>426,441</u>	<u>6,038</u>	<u>1,918,290</u>	<u>1,910,958</u>
EXPENDITURES:								
Instruction:								
Salaries of Teachers	\$ 1,008,400		\$ 9,250				\$ 1,017,650	\$ 768,996
Purchased Prof. & Technical Services				18,249			18,249	
Supplies and Materials	68,985						68,985	158,226
Total Instruction	<u>1,077,385</u>		<u>9,250</u>	<u>18,249</u>			<u>1,104,884</u>	<u>927,222</u>
Support Services:								
Salaries Personal Services	96,345				267,499	4,717	368,561	348,600
Personal Services-Employee Benefits	228,255		708		74,900	1,321	305,184	256,107
Purchased Prof. & Technical Services		55,619			81,042		136,661	330,933
Other Purchased Services								31,685
Supplies and Materials					3,000		3,000	16,411
Total Support Services	<u>324,600</u>	<u>55,619</u>	<u>708</u>		<u>426,441</u>	<u>6,038</u>	<u>813,406</u>	<u>983,736</u>
Facilities Acquisitions & Const Serv:								
Non-Instructional Equipment								
Total Facilities Acquisition & Construction Services								
Total Expenditures	<u>\$ 1,401,985</u>	<u>\$ 55,619</u>	<u>\$ 9,958</u>	<u>\$ 18,249</u>	<u>\$ 426,441</u>	<u>\$ 6,038</u>	<u>\$ 1,918,290</u>	<u>\$ 1,910,958</u>

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

PROPRIETARY FUND

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

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

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
FOOD SERVICES ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018 AND 2017

	Totals	
	2018	2017
ASSETS:		
Current Assets:		
Cash	\$ 168,212	\$ 85,783
Accounts Receivable:		
State	597	560
Federal	41,618	41,677
Inventory	21,912	25,003
Total Current Assets:	232,339	153,023
Fixed Assets		
Equipment	172,030	172,030
Accumulated Depreciation	86,784	79,077
Total Fixed Assets:	85,246	92,953
Total Assets	\$ 317,585	\$ 245,976
LIABILITIES AND NET POSITION:		
Accounts Payable	\$ 220,934	\$ 60,504
Interfund Payable - General Fund	8,427	83,862
Intergovernmental Accounts Payable		
Unearned Revenue	2,978	8,657
Total Liabilities	232,339	153,023
Net Position:		
Investment in Fixed Assets	85,246	92,953
Unreserved Retained Earnings (Deficit)		
Total Net Position	85,246	92,953
Total Liabilities and Net Position	\$ 317,585	\$ 245,976

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	Totals	
	2018	2017
OPERATING REVENUES:		
Local Sources:		
Daily Sales - Reimbursable Programs	\$ 51,538	\$ 39,816
Daily Sales - Non-Reimbursable Programs	12,251	19,210
Miscellaneous	992	
	<hr/>	<hr/>
Total Operating Revenue	64,781	59,026
	<hr/>	<hr/>
OPERATING EXPENSES:		
Salaries	539,119	442,067
Employee Benefits	78,340	59,272
Management Fee	146,936	145,655
Supplies and Materials	101,372	72,639
Other Costs	40,198	38,990
Depreciation	7,707	7,707
Cost of Sales - Reimbursable Programs	504,001	802,241
Cost of Sales - Non- Reimbursable Programs	63,983	7,532
	<hr/>	<hr/>
Total Operating Expenses	1,481,656	1,576,103
	<hr/>	<hr/>
Operating Loss	(1,416,875)	(1,517,077)
	<hr/>	<hr/>
Non-Operating Revenues:		
State Sources:		
State School Lunch Program	15,275	14,063
Federal Sources:		
School Breakfast Program	323,406	281,992
National School Lunch Program	791,366	753,735
National School Lunch Program-Snacks	90,638	113,130
Food Distribution Program	100,438	88,588
Board Subsidy	87,914	236,661
Interest Revenue	131	109
	<hr/>	<hr/>
Total Non-Operating Revenues	1,409,168	1,488,278
	<hr/>	<hr/>
Net Income before Operating Transfers	(7,707)	(28,799)
Net Position - July 1	92,953	121,752
	<hr/>	<hr/>
Net Position - June 30	\$ 85,246	\$ 92,953
	<hr/> <hr/>	<hr/> <hr/>

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2018 AND 2017

	Totals	
	2018	2017
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 64,781	\$ 59,026
Payments to Employees	(539,119)	(442,067)
Payments for Employee Benefits	(78,340)	(59,272)
Payments to Suppliers	(774,083)	(1,180,038)
Net Cash Provided by (Used for) Operating Activities	(1,326,761)	(1,622,351)
Cash Flows from Noncapital Financing Activities		
Board Subsidy	87,914	236,661
Food Distribution Program	100,438	88,588
Cash Received from State and Federal Reimbursements	1,220,707	1,150,180
Net Cash Provided by Noncapital Financing Activities	1,409,059	1,475,429
Net Cash Used by Capital Financing Activities		
Purchase of Fixed Assets	_____	_____
Net Cash Used by Capital Financing Activities	_____	_____
Cash Flows from Investing Activities:		
Interest Income	131	109
Net Increase (Decrease) in Cash	82,429	(146,813)
Cash and Cash Equivalents, July 1)	85,783	232,596
Cash and Cash Equivalents, June 30	\$ 168,212	\$ 85,783
Operating Income (Loss)	\$ (1,416,875)	\$ (1,517,077)
Adjustments to Reconcile Operating Income (Loss)		
to Cash Used by Operating Activities:		
Depreciation	7,707	7,707
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable		
(Increase)/Decrease in Interfund Receivable		67,813
(Increase)/Decrease in Intergovernmental Accounts Receivable		219,902
(Increase)/Decrease in Inventory	3,091	(1,928)
Increase/(Decrease) in Accounts Payable	160,430	(70,258)
Increase/(Decrease) in Interfund Payable	(75,435)	(165,077)
Increase/(Decrease) in Intergovernmental Accounts Payable		(162,736)
Increase/(Decrease) in Unearned Revenue	(5,679)	(697)
Total Adjustments	90,114	(105,274)
Net Cash Used by Operating Activities	\$ (1,326,761)	\$ (1,622,351)

FIDUCIARY FUNDS

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

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

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Unemployment Compensation Expendable Trust	Agency		Total	
		Student Activity	Payroll	2018	2017
ASSETS:					
Cash and Cash Equivalents	\$ 55,906	\$ 617	\$ 9,707	\$ 66,230	\$ 133,089
Due from Employee					
Due from General Fund		1,318		1,318	1,318
Total Assets	\$ 55,906	\$ 1,935	\$ 9,707	\$ 67,548	\$ 134,407
LIABILITIES:					
Accounts Payable	\$ 50,472	\$	\$	\$ 50,472	\$ 4,918
Due to General Fund	5,434		1,086	6,520	34,058
Due to Student Groups		1,935		1,935	6,074
Payroll Deductions and Withholding			8,621	8,621	3,424
Total Liabilities	55,906	1,935	9,707	67,548	48,474
NET POSITION:					
Unreserved for Unemployment Claims					85,933
Total Liabilities and Net Position	\$ 55,906	\$ 1,935	\$ 9,707	\$ 67,548	\$ 134,407

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018

	Expendable Trust Unemployment Funds	
	2018	2017
OPERATING REVENUES:		
Contributions	\$ 36,558	\$ 34,857
Total Revenues	36,558	34,857
OPERATING EXPENSES:		
Unemployment Claims	122,561	55,517
Total Expenses	122,561	55,517
NONOPERATING REVENUES:		
Interest	70	47
Total Non-operating Revenues	70	47
Change in Net Position	(85,933)	(20,613)
Net Position Beginning of Year	85,933	106,546
Net Position End of Year	\$	\$ 85,933

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1,</u> <u>2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2018</u>	<u>Balance</u> <u>June 30,</u> <u>2018</u>
Student Activity Fund	\$ 6,074	\$ 144,720	\$ 148,859	\$	\$ 1,935

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1,</u> <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 23,835	\$ 19,419,731	\$ 19,433,859	\$ 9,707
	<u>\$ 23,835</u>	<u>\$ 19,419,731</u>	<u>\$ 19,433,859</u>	<u>\$ 9,707</u>
LIABILITIES AND RESERVES:				
Due to General Fund	\$ 20,411	\$ 1,116	\$ 20,441	\$ 1,086
Payroll Deductions and Withholdings	3,424	19,418,615	19,413,418	8,621
Total Liabilities and Reserves	<u>\$ 23,835</u>	<u>\$ 19,419,731</u>	<u>\$ 19,433,859</u>	<u>\$ 9,707</u>

LONG-TERM DEBT SCHEDULES

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

CAMDEN PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF SERIAL BONDS
AS OF JUNE 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance July 1, 2018</u>
Construction of Renovations to an existing building referred to as The Charter School Network Building	7/8/11	\$2,467,080	2018 - 19	\$ 283,177	Subsidized				
			2019 - 20	295,197					
			2020 - 21	307,829					
			2021 - 22	26,177					
						\$ 1,183,980	\$	\$ 271,600	\$ 912,380

CAMDEN PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF CAPITAL LEASES
AS OF JUNE 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance July 1, 2018</u>
2017 IC Corp CE 50+ Lift Passenger School Bus	9/16/17	\$204,520	2018 - 19	\$ 39,460	4.29%				
2017 IC Corp CE 54 Passenger School Bus			2019 - 20	41,153					
			2020 - 21	42,919					
						\$ 161,369	\$	\$ 37,837	\$ 123,532

CAMDEN PROMISE CHARTER SCHOOL, INC.
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDING JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy- State Share	\$ 271,600	\$	\$ 271,600	\$ 271,600	\$
Total Revenues - Local Sources	<u>271,600</u>		<u>271,600</u>	<u>271,600</u>	
EXPENDITURES					
Regular Debt Service:					
Redemption of Principal	271,600		271,600	271,600	
Total Regular Debt Service	<u>271,600</u>		<u>271,600</u>	<u>271,600</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balances, July 1					
Fund Balances, June 30	\$	\$	\$	\$	\$
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Invested in Capital Assets, net of related debt	\$ 2,811,208	\$ 5,915,922	\$ 8,943,016	\$ 8,128,206	\$ 9,778,160	\$ 10,336,151	\$ 2,648,745	\$ 2,465,444	\$ 2,474,270	\$ 2,241,120
Restricted:										
Capital Reserve	391,443	446,009	1,536,608	1,536,608	1,636,608	1,715,645	2,015,645	509,582	278,461	278,461
Other Purpose			450,735	534,165	1,003,448	1,816,784	443,507	261,485	75,000	75,000
Unrestricted (Deficit)	2,624,951	3,219,506	1,041,887	2,972,753	2,225,373	1,755,879	839,378	(1,315,625)	(2,245,610)	(2,287,486)
Total Governmental Activities Net Position	\$ 5,827,602	\$ 9,581,437	\$ 11,972,246	\$ 13,171,732	\$ 14,643,589	\$ 15,624,459	\$ 5,947,275	\$ 1,920,886	\$ 582,121	\$ 307,095
Business-Type Activities										
Invested in Capital Assets, net of related debt	\$ 17,354	\$ 47,878	\$ 41,317	\$ 34,756	\$ 28,195	\$ 21,634	\$ 39,979	\$ 100,660	\$ 92,953	\$ 85,246
Unrestricted	72,389	96,892	53,295	34,573	61,848	164,438	157,422	21,092		
Total Business-Type Activities Net Position	\$ 89,743	\$ 144,770	\$ 94,612	\$ 69,329	\$ 90,043	\$ 186,072	\$ 197,401	\$ 121,752	\$ 92,953	\$ 85,246
District-Wide										
Invested in Capital Assets, net of related debt	\$ 2,828,562	\$ 5,963,800	\$ 8,984,333	\$ 8,162,962	\$ 9,806,355	\$ 10,357,785	\$ 2,688,724	\$ 2,566,104	\$ 2,567,223	\$ 2,326,366
Restricted:										
Capital Reserve	391,443	446,009	1,536,608	1,536,608	1,636,608	1,715,645	2,015,645	509,582	278,461	278,461
Other Purpose			450,735	537,165	1,003,448	1,816,784	443,507	261,485	75,000	75,000
Unrestricted (Deficit)	2,697,340	3,316,398	1,095,182	3,007,326	2,287,221	1,920,317	996,800	(1,294,533)	(2,245,610)	(2,287,486)
Total District-Wide Net Position	\$ 5,917,345	\$ 9,726,207	\$ 12,066,858	\$ 13,244,061	\$ 14,733,632	\$ 15,810,531	\$ 6,144,676	\$ 2,042,638	\$ 675,074	\$ 392,341

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,126,300	\$ 5,757,406	\$ 6,619,938	\$ 7,321,260	\$ 9,321,420	\$ 9,787,724	\$ 11,539,906	\$ 13,211,231	\$ 15,288,338	\$ 16,333,133
Support Services										
School Administrative Services	1,720,529	2,272,967	2,744,401	2,547,747	3,075,281	2,586,568	3,230,097	4,730,643	2,215,487	3,098,035
General Administrative Services	2,657,311	2,993,843	3,383,968	3,970,840	5,211,400	6,645,929	6,992,833	6,626,119	3,065,595	1,375,069
Rental of Land and Buildings		249,763	805,827	735,000	455,760	455,760	416,005	322,500		
Plant Operations and Maintenance	492,124	1,401,233	1,249,944	1,743,482	1,115,027	1,460,823	1,809,709	1,942,420	4,647,323	5,667,197
Pupil Transportation	9,882	28,642	49,196	21,837	48,735	10,915	3,345	1,400	43,885	93,294
Employee Benefits	1,115,339	1,258,050	1,190,918	1,345,713	1,630,390	2,198,996	3,562,890	4,642,742	10,628,974	12,208,461
Unallocated Depreciation and Amortization	185,647	236,088	293,287	547,816	617,909	785,416	700,653	567,858	577,333	577,313
Total Governmental Activities Expenses	11,307,132	14,197,992	16,337,479	18,233,695	21,475,922	23,932,131	28,255,438	32,044,913	36,466,935	39,352,502
Business-Type Activities										
Food Service	616,145	698,365	903,352	958,237	1,166,325	1,298,205	1,574,846	2,024,325	1,576,103	1,481,656
Total Business-Type Activities Expense	616,145	698,365	903,352	958,237	1,166,325	1,298,205	1,574,846	2,024,325	1,576,103	1,481,656
Total District Expenses	\$ 11,923,277	\$ 14,896,357	\$ 17,240,831	\$ 19,191,932	\$ 22,642,247	\$ 25,230,336	\$ 29,830,284	\$ 34,069,238	\$ 38,043,038	\$ 40,834,158
Program Revenues										
Governmental Activities										
Charges for Services	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Grants and Contributions	2,008,755	2,338,083	2,392,307	2,328,511	2,669,330	2,953,167	4,307,450	3,993,490	5,852,557	4,436,339
Total Governmental Activities Program Revenues	2,008,755	2,338,083	2,392,307	2,328,511	2,669,330	2,953,167	4,307,450	3,993,490	5,852,557	4,436,339
Business-Type Activities										
Charges for Services										
Food Service	250,061	284,359	340,381	362,471	480,180	598,722	612,386	823,367	59,026	64,781
Operating Grants and Contributions	358,051	468,789	512,684	578,339	704,114	795,185	916,633	1,051,183	1,251,508	1,321,123
Total Business-Type Activities Program Revenues	608,112	753,148	853,065	940,810	1,184,294	1,393,907	1,529,019	1,874,550	1,310,534	1,385,904
Total District Program Revenues	\$ 2,616,867	\$ 3,091,231	\$ 3,245,372	\$ 3,269,321	\$ 3,853,624	\$ 4,347,074	\$ 5,836,469	\$ 5,868,040	\$ 7,163,091	\$ 5,822,243
Net (Expense)/Revenue										
Governmental Activities										
Governmental Activities	\$ (9,298,377)	\$ #####	\$ (13,945,172)	\$ (15,905,184)	\$ (18,806,592)	\$ (20,978,964)	\$ (23,947,988)	\$ (28,051,423)	\$ (30,614,378)	\$ (34,916,163)
Business-Type Activities										
Business-Type Activities	(8,033)	54,783	(50,287)	(17,427)	17,969	95,692	(45,827)	(149,775)	(265,569)	(95,752)
Total District-Wide Net Expense	\$ (9,306,410)	\$ #####	\$ (13,995,459)	\$ (15,922,611)	\$ (18,788,623)	\$ (20,883,272)	\$ (23,993,815)	\$ (28,201,198)	\$ (30,879,947)	\$ (35,011,915)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 504,805	\$ 692,974	\$ 682,532	\$ 6,376,913	\$ 7,336,823	\$ 7,569,299	\$ 8,290,731	\$ 8,167,032	\$ 1,844,556	\$ 2,259,726
Unrestricted Grants and Contributions	10,541,843	12,552,522	13,385,840	9,052,849	11,998,137	12,651,599	14,260,143	15,755,038	27,573,488	32,381,992
Investment Earnings	1,674	3,628	2,948	2,412	2,716	106,634	2,769	1,068	1,022	925
Miscellaneous Income	1,051,682	1,959,660	2,246,537	1,685,697	1,243,763	1,632,302	1,034,434	215,670	124,809	86,408
Fixed Asset and Capital Lease Adjustment	327,990		174,907				(7,472,646)			
Cancellation of Prior Accounts Receivable								(40,046)	(31,601)	
Transfers			(160)		(3,572)		(65,887)	(73,728)	(236,661)	(87,914)
Total Governmental Activities	12,427,994	15,208,784	16,492,604	17,117,871	20,577,867	21,959,834	16,049,544	24,025,034	29,275,613	34,641,137
Business-Type Activities										
Miscellaneous Income							(8,999)			
Investment Earnings	456	76	129	113	176	327	268	398	109	131
Transfer	(60,000)				2,569		65,887	73,728	236,661	87,914
Total Business-Type Activities	(59,544)	76	129	113	2,745	327	57,156	74,126	236,770	88,045
Total District-Wide	\$ 12,368,450	\$ 15,208,860	\$ 16,492,733	\$ 17,117,984	\$ 20,580,612	\$ 21,960,161	\$ 16,106,700	\$ 24,099,160	\$ 29,512,383	\$ 34,729,182
Change in Net Position										
Governmental Activities										
Governmental Activities	\$ 3,129,617	\$ 1,315,795	\$ 2,390,809	\$ 1,212,687	\$ 1,771,275	\$ 980,870	\$ (7,898,444)	\$ (4,026,389)	\$ (1,338,765)	\$ (275,026)
Business-Type Activities										
Business-Type Activities	(67,577)	44,495	(50,158)	(17,314)	20,714	96,029	11,329	(75,649)	(28,799)	(7,707)
Total District-Wide	\$ 3,062,040	\$ 1,360,290	\$ 2,340,651	\$ 1,195,373	\$ 1,791,989	\$ 1,076,899	\$ (7,887,115)	\$ (4,102,038)	\$ (1,367,564)	\$ (282,733)

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Reserve	32,628	22,009	1,339,733	1,339,733	1,439,733	1,518,770	1,818,770	509,582	278,461	278,461
Escrow Account				414,994	300,000	300,000	300,000	261,485	75,000	75,000
Assigned										
Year-end Encumbrances		926,981	450,735		1,182,829	720,750	564,757	56,013		18,680
Designated for Subsequent Year's Expenditure						730,205	249,722	538,772		
Unassigned	2,366,715	2,070,339	820,086	2,265,542	1,595,455	1,672,811	1,806,917		175,000	613,555
Total General Fund	\$ 2,399,343	\$ 3,019,329	\$ 2,610,554	\$ 4,020,269	\$ 4,518,017	\$ 4,942,536	\$ 4,740,166	\$ 1,365,852	\$ 528,461	\$ 985,696
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Reserve				176,430	69,840	67,312	67,312			
Escrow Account	380,517	421,944	196,875	286,875	90,000	90,000	74,195			
Unassigned										
Year-end Encumbrances				270,735						
Total All Other Governmental Funds	\$ 380,517	\$ 421,944	\$ 196,875	\$ 734,040	\$ 159,840	\$ 157,312	\$ 141,507	\$	\$	\$

Source: CAFR Schedule B-1

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 511,572	\$ 692,974	\$ 6,429,939	\$ 6,376,913	\$ 7,336,823	\$ 7,569,299	\$ 8,290,731	\$ 8,167,032	\$ 1,844,556	\$ 2,259,726
Rental	908,232	1,204,673	1,670,500	1,479,875	1,035,648	1,259,073	828,775	160,000		
Interest Earnings	2,551	1,881	1,201	918	1,047	1,185	1,742	611	1,022	925
Miscellaneous	139,336	756,734	188,746	207,133	209,784	478,678	206,686	56,127	124,809	86,408
State Sources	10,996,588	13,234,664	8,414,942	10,092,324	13,361,202	13,954,469	15,372,611	15,624,653	27,523,497	31,082,259
Federal Sources	1,541,877	1,655,941	1,873,147	1,289,036	1,306,265	1,650,297	1,685,593	1,918,495	1,977,284	2,020,106
Total Revenues	14,100,156	17,546,867	18,578,475	19,446,199	23,250,769	24,913,001	26,386,138	25,926,918	31,471,168	35,449,424
Expenditures										
Instruction										
Regular Instruction	5,126,300	5,757,406	6,619,938	7,321,260	9,321,420	9,787,724	11,539,906	13,211,231	15,288,338	16,333,133
Support Services										
General Administrative Services	1,592,898	2,421,425	3,157,707	2,941,941	3,614,790	3,057,542	3,231,517	4,731,754	2,215,487	3,098,035
School Administrative Services	959,388	864,398	1,008,607	1,144,826	1,976,078	2,026,617	2,220,282	2,106,092	3,065,595	1,375,069
Support	1,806,913	1,980,987	1,962,055	2,562,898	2,696,711	4,149,226	4,141,999	3,387,634		
Plant Operations and Maintenance	492,124	1,401,598	1,262,216	1,743,482	1,115,027	1,460,823	1,809,709	1,791,501	4,647,323	5,667,197
Pupil Transportation	22,957	43,086	119,720	180,561	48,735	10,915	3,345	1,400	43,885	94,936
Rental of Land and Building		249,763	805,827	735,000	455,760	455,760	416,005	322,500		
Unallocated Employee Benefits	1,115,339	1,258,050	1,307,823	1,203,670	1,630,390	2,198,996	2,689,770	3,287,333	6,195,937	7,991,742
Capital Outlay	950,632	3,313,701	2,945,388	2,132,944	2,062,210	1,126,558	257,239	445,517	323,611	72,563
Debt Service Principal					205,653	216,849	228,654	240,878	260,121	271,600
Total Expenditures	12,066,551	17,290,414	19,189,281	19,966,582	23,126,774	24,491,010	26,538,426	29,525,840	32,040,297	34,904,275
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,033,605	256,453	(610,806)	(520,383)	123,995	421,991	(152,288)	(3,598,922)	(569,129)	545,149
Other Financing Sources (Uses)										
Prior Year Adjustment	(308,714)		(24,934)					(8,457)		
Transfers			(160)		(3,572)		(65,887)	(73,728)	(236,661)	(87,914)
Cancellation: Prior Accounts Receivable								(31,589)	(31,601)	
Total Other Financing Sources (Uses)	(308,714)		(25,094)	(520,383)	(3,572)		(65,887)	(113,774)	(268,262)	(87,914)
Net Change in Fund Balances	\$ 1,724,891	\$ 256,453	\$ (653,900)	\$ 1,071,859	\$ 120,423	\$ 421,991	\$ (218,175)	\$ (3,712,696)	\$ (837,391)	\$ 457,235
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	2.6%	2.5%	0.0%	0.0%

Source: CAFR Schedule B-2

EXHIBIT J-5

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

Fiscal Year Ended June 30,	Interest on Investments	Donation	Rentals	Services to Other LEAs	Refund of Prior Year Expenditure	Prior Year Purchase Order Adj.	Parades	KATZ Shared Service	Misc.	Total
2018	\$ 925	\$ 1,066	\$	\$	\$ 61,344	\$ 3,670	\$	\$	\$ 20,328	\$ 87,333
2017	1,022				30,674	47,011			47,124	125,831
2016	1,355		160,000		15,198	8,344			31,631	216,528
2015	2,769	23,182	856,123	6,360	6,697	4,803		5,209	131,533	1,036,676
2014	3,018	31,950	1,506,568	44,440	22,999	17,036	2,400	46,250	63,777	1,738,438
2013	2,716	30,782	1,074,586	83,583	2,433	25,292			24,108	1,243,500
2012	2,412		1,617,195		14,460	26			40,116	1,674,209
2011	2,619		1,806,500			12,338			29,581	1,851,038
2010	3,628		1,719,390		13,210	113,100			29,789	1,879,117
2009	4,225		908,232			20,815			106,435	1,039,707

Source: District Records

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

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d	
2018	*	74,551	\$ 3,755,506,625	\$ 50,375	9.5%
2017		74,532	3,717,358,032	49,876	9.8%
2016		74,513	3,680,346,096	49,392	10.1%
2015		75,826	3,650,642,770	48,145	11.1%
2014		76,219	3,520,936,705	46,195	12.7%
2013		76,728	3,433,884,912	44,754	16.0%
2012		77,058	3,407,812,992	44,224	18.5%
2011		77,306	3,368,299,726	43,571	19.6%
2010		77,010	3,200,612,610	41,561	18.6%
2009		78,790	3,243,311,560	41,164	17.8%

* Estimate

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

Source:

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

^b Personal income

^c Per Capita

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

N/A - Not Available at time of Audit

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	89	116	101	108	138	175	182	175	212	237
Special education	11	16	16	20	24	27	31	31	40	41
Other special education						2				
Vocational										
Other instruction										
Support Services:										
Tuition										
Student & instruction related services	3	4	2	2	1	1	1	1	1	1
General administrative services	6	6	6	6	10	9	9	9	9	9
School administrative services	1	2	3	3	4	4	4	4	5	5
Business administrative services	-	1	4	4	4	5	5	5	5	5
Plant operations and maintenance	1	1	2	2	3	2	2	2	3	3
Pupil transportation	3	3	1	1	5	7	7	7	7	7
Food Service	4	-	1	1	1	1	1	1	1	3
Total	118	149	136	147	190	233	242	235	283	311

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures^a	Cost Per Pupil	Percentage Change	Teaching Staff^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)^c	Average Daily Attendance (ADA)^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2018	2,091	\$ 34,560,112	\$ 16,528	-0.4%	311	7:1	2,080.8	1,983.8	9.02%	95.34%
2017	1,895	31,456,565	16,600	-11.8%	252	8:1	1,895.5	1,819.7	22.13%	96.00%
2016	1,554	29,231,242	18,810	5.9%	208	8:1	1,552.0	1,489.6	4.33%	95.98%
2015	1,480	26,281,187	17,758	3.1%	213	7:1	1,487.5	1,420.9	9.42%	95.52%
2014	1,356	23,364,452	17,230	5.0%	187	7:1	1,359.5	1,297.7	5.84%	95.46%
2013	1,278	20,972,018	16,410	-5.2%	170	8:1	1,284.4	1,211.9	22.18%	94.35%
2012	1,029	17,816,957	17,315	6.8%	134	8:1	1,051.2	1,004.0	7.82%	95.51%
2011	990	16,056,464	16,219	7.0%	120	8:1	975.0	909.5	4.90%	93.28%
2010	922	13,976,713	15,159	5.9%	125	7:1	929.5	866.0	17.72%	93.16%
2009	778	11,136,058	14,314	2.9%	107	7:1	789.6	742.3	-0.75%	94.01%

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

Note: Enrollment based on annual October district count.

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
Elementary										
Parkside										
Square Feet					33,066	33,066	33,066	33,066	33,066	
Capacity (students)					334	334	334	334	334	
Enrollment					135	149	160	148	146	
Rosedale										
Square Feet					12,800	12,800	12,800	12,800	12,800	12,800
Capacity (students)					500	500	500	500	500	450
Enrollment					60	90	160	172	259	427
Camden's Pride Charter School, Inc.										
Square Feet		85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)		126	168	168	240	240	240	240	340	450
Enrollment		126	168	210	240	240	239	240	335	393
Middle										
Camden's Promise Charter School, Inc.										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)	480	480	480	480	480	480	480	480	590	750
Enrollment	302	306	307	299	314	322	341	369	587	644
High										
Camden's Academy Charter High School, Inc.										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)	500	500	500	500	500	500	500	500	570	750
Enrollment	388	408	413	404	413	465	464	496	568	627
Other										
Administration Building	N/A									
Square Feet										
Transportation										
Square Feet										
Maintenance Offices										
Square Feet										

Number of Schools at JUNE 30, 2018

- Elementary = 2
- Middle School = 1
- High School = 1
- Other =

Source: District records, ASSA

Note: Increases in square footage and capacity are the result of additions.

Enrollment is based on the annual October district count.

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
	July 1, 2017 - July 1, 2018:		
NJSIG	Commercial Policy		
	Property - Blanket Building & Personal Property	\$ 3,510,600	\$ 1,000
	Comprehensive General Liability		
	Products and Completed Operations	11,000,000	1,000
	Personal Advertising Injury	11,000,000	1,000
	Bodily Injury & Property Damage	11,000,000	1,000
	Employee Benefits Liability	11,000,000	1,000
	Comprehensive Automobile Liability	11,000,000	1,000
	Boiler and Machinery	100,000,000	1,000
	Employee Dishonesty Coverage	100,000	1,000
	Inland Marine	900,000	1,000
	Legal Liability	6,000,000	5,000
	Workman's Compensation:		
	Bodily Injury from Accident	2,000,000	
	Bodily Injury from Disease/Aggregate Limit	2,000,000	
	Bodily Injury from Disease/ Each Employee	2,000,000	
Markel Ins. Co.	Workman's Compensation Supplemental Policy	Full Salary	
	Surety Bonds		
NJ School Boards	Treasurer's Bond	475,000	
Ohio Casualty Ins. Co.	Business Administrator	50,000	
Berkley Ins. Co.	Compulsory Student Accident	1,000,000	
U.S. Fire Ins. Co.	Catastrophic Student Accident	5,000,000	
	Catastrophic Cash Benefit - Maximum Benefit	500,000	25,000

Source: District Records

CAMDENS PROMISE CHARTER SCHOOL, INC
CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE - FISCAL RATIOS
JUNE 30, 2018
(UNAUDITED)

	2016	2017	2018	Source
Cash	\$ 1,272,521	\$ 1,304,029	\$ 1,814,988	Audit: Exhibit A-1
Current Assets	2,274,417	2,140,402	2,964,888	Audit: Exhibit A-1
Total Assets	6,284,622	6,052,974	6,327,166	Audit: Exhibit A-1
Current Liabilities	1,147,573	1,568,738	2,308,498	Audit: Exhibit A-1
Total Liabilities	4,779,805	7,803,366	7,855,418	Audit: Exhibit A-1
Net Position	\$ 2,042,638	\$ 675,074	\$ 392,341	Audit: Exhibit A-1
Total Revenue	29,967,200	36,707,075	40,551,425	Audit: Exhibit A-2
Total Expenses	34,069,238	38,043,038	40,834,158	Audit: Exhibit A-2
Change in Net Position	\$ (4,102,038)	\$ (1,367,564)	\$ (282,733)	Audit: Exhibit A-2
Depreciation Expense	567,858	574,906	577,313	Financial Statements/ Audit Workpapers
Interest Expense	N/A	N/A	N/A	Financial Statements/ Audit Workpapers
Principal Payments	240,878	303,272	309,437	Financial Statements/ Audit Workpapers
Interest Payments	83,493	72,214	51,273	Financial Statements/ Audit Workpapers
Final Average Daily Enrollment	1,554	1,895	2,091	DOE Enrollment Reports
March 30th Budgeted Enrollment	1,605	1,895	2,077	Charter School Budget

	2016	2017	2017	3 Year Cumulative	Source
Near Term Indicators					
Current Ratio	1.98	1.36	1.28	1.47	Current Assets/ Current Liabilities
Unrestricted Days Cash	13.63	12.51	16.22	14.19	Cash/ (Total Expenses/365)
Enrollment Variance	97%	100%	101%	99%	Average Daily Enrollment / Budgeted Enrollment
Default	N/A	N/A	N/A	N/A	Audit
Sustainability Indicators					
Total Margin	14%	-4%	-1%	-5%	Change in Net Position/ Total Revenue
Debt to Asset	0.76	1.29	1.24	1.10	Total Liabilities/ Total Assets
Cash Flow	(3,225,141)	31,508	510,959	(2,682,674)	Net change in cash flow from prior years
Debt Service Coverage Ratio	(13)	(4)	(1)	(5)	<u>(Change in Net Position+Interest Expense)</u> (Principal & Interest Payments)

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the of Education of the Camden's Promise Charter School, Inc. School District, in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the of Education of the Camden's Promise Charter School, Inc. School District's basic financial statements, and have issued our report thereon dated January 23, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency labeled 2018-1 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

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

Compliance and Other Matters

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

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

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

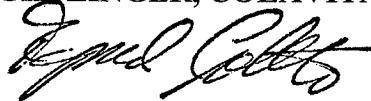
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
January 23, 2019

NIGHTLINGER, COLAVITA & VOLPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Trustees of the Camden's Promise Charter School, Inc., in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Camden's Promise Charter School, Inc.'s major federal and state programs for the fiscal year ended June 30, 2018. The Camden's Promise Charter School, Inc. Board of Trustees' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Program

In our opinion, the Board of Trustees of the Camden's Promise Charter School, Inc., in the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Camden's Promise Charter School, Inc. School District's Board of Education 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 Camden's Promise Charter School, Inc. Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Treasury 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Camden's Promise Charter School, Inc. Board of Trustees' internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Trustees in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated January 23, 2019. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB 15-08.

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

Respectfully submitted,

NIGHTLINGER COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
January 23, 2019

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2017				Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Adjustments/ Repayment of Prior Years' Balances	Balance at JUNE 30, 2018		
						(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received					(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education																
General Fund																
Medical Assistance Program	93.778	1805NJ5MAP		\$ 101,816	7/1/17 to 6/30/18	\$	\$	\$	\$ 101,816	\$ (101,816)	\$	\$ (101,816)	\$	\$	\$	
									101,816	(101,816)		(101,816)				
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Child Nutrition Cluster:																
Cash Assistance:																
National School Breakfast Program	10.553	181NJ304N1099	N/A	323,406	7/1/17 to 6/30/18				312,530	(323,406)		(323,406)			(10,876)	
National School Breakfast Program	10.553	171NJ304N1099	N/A	223,832	7/1/16 to 6/30/17	(13,555)			13,555							
National School Lunch Program	10.555	181NJ304N1099	N/A	791,366	7/1/17 to 6/30/18				760,624	(791,366)		(791,366)			(30,742)	
National School Lunch Program	10.555	171NJ304N1099	N/A	664,014	7/1/16 to 6/30/17	(28,122)			28,122							
National School Snack Program	10.555	181NJ304N1099	N/A	90,638	7/1/17 to 6/30/18				90,638	(90,638)		(90,638)				
Non-Cash Assistance:																
Food Distribution Program	10.565	Unknown	N/A	94,759	7/1/17 to 6/30/18				94,759	(91,781)		(91,781)			2,978	
Food Distribution Program	10.565	Unknown	N/A	87,891	7/1/17 to 6/30/18		8,657			(8,657)		(8,657)				
Total Enterprise Fund:						(41,677)	8,657		1,300,228	(1,305,848)		(1,305,848)		(41,618)	2,978	
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
E.S.E.A.																
Title I, Part A	84.010A	S010A170030	NCLB 6215-18	1,401,985	7/1/17 to 6/30/18				765,566	(1,401,985)		(1,401,985)			(636,419)	
Title I, Part A	84.010A	S010A160030	NCLB 6215-17	1,303,204	7/1/16 to 6/30/17	(269,667)			269,667							
Title II - A	84.367A	S367A170029	NCLB 6215-18	55,619	7/1/17 to 6/30/18				55,619	(55,619)		(55,619)				
Title II - A	84.367A	S367A160029	NCLB 6215-17	57,231	7/1/16 to 6/30/17	(30,309)			30,309							
Title III	84.365A	S365A170030	NCLB 6215-18	10,000	7/1/17 to 6/30/18				9,250	(9,958)		(9,958)			(708)	
Title III	84.365A	S365A160030	NCLB 6215-17	7,754	7/1/16 to 6/30/17											
Title IV	84.424	S424A170031	NCLB 6215-18	18,249	7/1/17 to 6/30/18				18,249	(18,249)		(18,249)				
IDEA Cluster:																
IDEA Part B-Basic	84.027	H027A170100	IDEA 6215-18	430,859	7/1/17 to 6/30/18				218,804	(426,441)		(426,441)			(207,637)	
IDEA Part B-Basic	84.027	H027A160100	IDEA 6215-17	360,205	7/1/16 to 6/30/17	(93,319)			93,319							
IDEA Preschool	84.173	H173A170114	IDEA PS 6215-18	6,038	7/1/17 to 6/30/18				1,834	(6,038)		(6,038)			(4,204)	
IDEA Preschool	84.173	H173A160114	IDEA PS 6215-17	5,193	7/1/16 to 6/30/17	(1,498)			1,066				432			
						(394,793)			1,463,683	(1,918,290)		(1,918,290)	432		(848,968)	
Total Federal Financial Awards						\$ (436,470)	\$ 8,657	\$	\$ 2,865,727	\$ (3,325,954)	\$	\$ (3,325,954)	\$ 432	\$	\$ (890,586)	\$ 2,978

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

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

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

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2017				Repayment of Prior Years' Balances and Adjustments	Balance at June 30, 2018			
				Unearned Revenue (Accounts Receivable)	Due to Local Government	Cash Received	Budgetary Expenditures		(Accounts Receivable) From Districts	From State	Unearned Revenue/ Interfund Payable	Due to Local Government
State Department of Education												
General Fund												
Equalization Aid	18-495-034-5120-078	\$22,928,909	7/1/17 to 6/30/18	\$	\$	\$ 23,128,309	\$ (22,928,909)	\$	\$	\$	\$	\$ 199,400
Equalization Aid	17-495-034-5120-078	21,577,363	7/1/16 to 6/30/17		332,704			(337,259)	(4,555)			
Equalization Aid	16-495-034-5120-078	18,804,775	7/1/15 to 6/30/16	(4,203)		2,480		1,723				
Equalization Aid	15-495-034-5120-078	19,070,541	7/1/14 to 6/30/15	(851)				851				
Special Education Categorical Aid	18-495-034-5120-089	527,338	7/1/17 to 6/30/18			537,464	(527,338)					10,126
Special Education Categorical Aid	17-495-034-5120-089	511,803	7/1/16 to 6/30/17	(1,285)	46,138	1,285		(46,138)				
Security Aid	18-495-034-5120-084	785,499	7/1/17 to 6/30/18			798,107	(785,499)					12,608
Security Aid	17-495-034-5120-084	769,434	7/1/16 to 6/30/17	(1,009)	890	549		(890)	(460)			
Security Aid	16-495-034-5120-084	634,683	7/1/15 to 6/30/16	(219)		219						
Security Aid	15-495-034-5120-084	622,241	7/1/14 to 6/30/15		32			(32)				
Adjustment Aid	18-495-034-5120-085	2,383,933	7/1/17 to 6/30/18			2,244,913	(2,383,933)			(139,020)		
Adjustment Aid	17-495-034-5120-085	1,800,725	7/1/16 to 6/30/17	(210,287)		210,287						
Reimbursed TPAF Social Security Contribution	18-495-034-5094-003	1,030,678	7/1/17 to 6/30/18			1,021,151	(1,030,678)			(9,527)		
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	901,534	7/1/16 to 6/30/17	(8,738)		8,738						
Total General Fund				\$ (226,592)	\$ 379,764	\$ 27,953,502	\$ (27,656,357)	\$ (381,745)	\$ (5,015)	\$ (148,547)	\$	\$ 222,134
Special Revenue Fund												
Tech-Prep Grant	NOG05 BV10 G06	19,019	7/1/05 to 6/30/06	\$ 6,517	\$	\$	\$	\$	\$	\$	\$ 6,517	\$
Total Special Revenue Fund				6,517							6,517	
Debt Service Fund												
Equalization Aid	18-495-034-5120-078	271,600	7/1/17 to 6/30/18			271,600	(271,600)					
State Department of Agriculture												
Enterprise Fund - State Share:												
State School Lunch Program	18-100-010-3350-023	15,275	7/1/17 to 6/30/18			14,678	(15,275)		(597)			
State School Lunch Program	17-100-010-3350-023	14,063	7/1/16 to 6/30/17	(560)		560						
				(560)		15,238	(15,275)		(597)			
Total State Financial Assistance Subject to OMB 15-08				\$ (220,635)	\$ 379,764	\$ 28,240,340	\$ (27,943,232)	\$ (381,745)	\$ (5,612)	\$ (148,547)	\$ 6,517	\$ 222,134
State Financial Assistance Not Subject to OMB 15-08												
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	1,242,982	7/1/17 to 6/30/18			\$ 1,242,982	(1,242,982)					
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	1,911,320	7/1/17 to 6/30/18			1,911,320	(1,911,320)					
On-Behalf TPAF Long-Term Disability	18-495-034-5094-004	8,502	7/1/17 to 6/30/18			8,502	(8,502)					
Total State Financial Assistance						\$ 31,403,144	\$ (31,106,036)					

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULE OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

CAMDEN'S PROMISE CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULE OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 101,816	\$ 30,810,659	\$ 30,912,475
Special Revenue Fund	1,918,290		1,918,290
Debt Service Fund		271,600	271,600
Food Service Fund	1,305,848	15,275	1,321,123
Total Awards & Financial Assistance	<u>\$ 3,325,954</u>	<u>\$ 31,097,534</u>	<u>\$ 34,423,488</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

Camden's Promise Charter School had no outstanding loans at June 30, 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 represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

NOTE 7: SCHOOL-WIDE PROGRAM FUNDS

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

NOTE 8: MAJOR PROGRAMS

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

NOTE 9: ADJUSTMENTS

There was an adjustment of \$432 on schedule A of Federal Awards.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.
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 auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified? X yes _____ none reported

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

Federal Awards

Internal control over major programs:

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

2) Significant deficiencies identified? _____ yes X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	S010A170030	Title I, Part A

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

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

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

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$838,297

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-085	Adjustment Aid

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

Section II - Financial Statement Findings

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

Finding: Finding 2018-1 (AMR Finding 2018-1)

Criteria or specific requirement:

Open purchase orders for goods or services that have not been received or services rendered on or before June 30 of the fiscal year, shall be treated as encumbrances.

Condition:

Two year end encumbrances were misclassified as accounts payable in the June 30, 2018 Trial Balance.

Context:

The June 30, 2018 Purchase Order Carryover List contained two items classified as accounts payable that did not have services performed until the 2018-19 School Year.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2018.

Cause:

Inadvertent oversight

Recommendation:

Open purchase orders should be reviewed prior to the year end financial close, in order to ensure accounts payable and encumbrances are properly classified in the Trial Balance.

Views of responsible officials and planned corrective actions:

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

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS - N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

STATE AWARDS - N/A

Finding:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Treasury Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

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

Condition:

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

Current Status: Resolved.