



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
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INTRODUCTORY SECTION



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February 6, 2019

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

Dear Board Members/School Community Members:

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

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

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

LEAP Academy provides a full range of educational services appropriate to grade levels K-12. These include regular, as well as special education for handicapped and special needs youngsters, and English as the Second Language services for students with limited proficiency of the English language. The Charter School completed the 2017-2018 fiscal year with 1,525 students. The following details the changes in the student enrollment of the Charter School since 1997:

BOARD OF TRUSTEES

OFFICERS

Gloria Bonilla-Santiago, Ph.D., Chair & CEO
Michael Palis, Ph.D., Vice-Chair

PUBLIC MEMBERS

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Cal Maradonna
Christine Karlsson
Jennifer Perkins Young
Omar Samaniego
Horacio Sosa, Ph.D.
Marianne Taylor
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PARENT REPRESENTATIVES

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Marlon Munoz
Hector Nieves
Gladys G. Novoa
Brenda Ortiz

CHIEF OPERATIONS OFFICER/LEAD PERSON

Manuel Delgado

DIRECTOR OF CURRICULUM AND INSTRUCTION

Veronica Boone-Gbesi

CHIEF FINANCIAL OFFICER/SBA

Kathleen Jackson-Hill

CHIEF MEDICAL OFFICER

Dr. Velmina Rivera

BOARD LIAISON

Wanda I. Garcia, MSW

STEM ELEMENTARY

639 Cooper Street, Camden, NJ 08102
(856) 614-5600

STEM UPPER ELEMENTARY

532 Cooper Street, Camden, NJ 08102
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STEM INTERMEDIATE

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STEAM HIGH SCHOOL

130 North Broadway, Camden, NJ 08102
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Fiscal Year	Student Enrollment	Percent Change
2017-2018	1,525	-2.1%
2016-2017	1,558	8.49%
2015-2016	1,436	4.89%
2014-2015	1,369	4.26%
2013-2014	1,313	9.96%
2012-2013	1,194	38.8%
2011-2012	860	2.2%
2010-2011	751	-2.9%
2009-2010	774	2.2%
2008-2009	757	-1.3%
2007-2008	767	-0.13%
2006-2007	768	9.5%
2005-2006	701	3.0%
2004-2005	680	4.9%
2003-2004	648	9.0%
2002-2003	594	10.0%
2001-2002	540	11.1%
2000-2001	486	12.5%
1999-2000	432	14.2%
1998-1999	378	16.6%
1997-1998	324	

OVERVIEW OF THE LEAP ACADEMY UNIVERSITY CHARTER SCHOOL: LEAP Academy and all its stakeholders have continued to rally behind its founding mission to “enhance opportunities for the children and families of Camden through the collaborative design, implementation, and integration of education, health, and human services programs and through community development.” This mission statement has guided the direction, decision-making and focus of the school since inception in 1997 and encompasses the hopes and aspirations of its families, staff, community and institutional partners and students. Over the last 21 years, LEAP Academy has successfully set in motion a new innovative school model that has transformed public education in Camden City and has shown tremendous success with its record of high school graduation and college placement rates, since 2005 when the first seniors graduated from the school. Since then, LEAP has graduated 1,004 students and its success has shifted the expectations and trajectories of a critical mass of students in Camden City. In two decades, LEAP Academy has become a community development and economic engine for the City, a hub for educational innovation and entrepreneurship, and most importantly a strategic partner with parents and children in the creation and implementation of a comprehensive school model that meets the needs of all family members and empowers student to succeed in college, career and life.

Anchoring LEAP Academy’s success has been its laser-sharp focus on closing the achievement gap and ensuring college preparation and completion for African American and Latino students by building a cradle to college and career educational pipeline along Cooper Street. Sustaining LEAP’s mission and its focus on educational pipeline development are a set of principles that inform LEAP’s organizational and academic platform:

- A commitment to improving educational outcomes and establishing an organization that is entrepreneurial, efficient and highly accountable for student outcomes and academic success;
- An academic focus on college preparation and success that is grounded on the STEAM (Science, Technology, Engineering, Arts and Technology) content areas and that capitalizes on multi-disciplinary collaborations that are supported by opportunities for students to engage in active, integrated and self-directed learning across grade levels;
- The strategic placement of college and career readiness at the center of the school's mission by focusing on high expectations for students, educators, and families;
- A commitment for ensuring that all students are sustained from cradle through college and career by sustaining an educational pipeline that offers quality educational options, while attending to the socio-emotional needs of children;
- Alignment of the school's vision and mission to the needs of Camden City by ensuring that effective linkages are established to ensure that the school's curriculum builds on the rich cultural and historical legacy of the city while also connecting to its development plans and capitalizing on its resources; and,
- Application of successful entrepreneurial elements to the school's management and operational structures that lead to financial stability, high efficiencies, an effective process for capacity building and innovation.

ECONOMIC CONDITION AND OUTLOOK: LEAP Academy is based in Camden City, one of the nation's poorest and most violent cities in the U.S. While the city has struggled with high level of poverty and an almost non-existent local economy, recent economic development and state incentives has raised the level of opportunity and economic opportunity for Camden. The most recent estimates from the U.S. Census Bureau show the city's poverty rate continues to fall and crime rates have decreased. New companies are moving in, existing institutions are completing exciting expansion projects and the city is working on a path to recovery. Higher education institutions such as Rutgers and Rowan University play major roles in the strengthening of the fabric of the city, both from an urban development and economic perspective. Both institutions are represented in the LEAP Academy Board of Trustees and participate in the school's early college and dual enrollment initiatives. LEAP is a major feeder into their student body, making the school college collaboration real and successful. New companies such as Holtec, Subaru and American Water have relocated to the city and LEAP Academy is capitalizing on these new opportunities to provide its students with access to internships and job opportunities.

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

It is important to include in this discussion the inadequacies in funding of charter schools as part of the economic challenges we face. By design in New Jersey, charter schools do not receive facilities and only

a portion of what the local district receives on per pupil basis. Charter schools do not receive adjusted aid and therefore the local district retains over \$6,000 for each student that attends a charter school. This funding scenario has resulted in a growing disparity between what charter school students receive and the aid that is available for other public school students. Addressing the funding disparity in an equitable and fair way is critical to the long-term sustainability of charter schools in New Jersey.

MAJOR INITIATIVES/ACCOMPLISHMENTS:

LEAP Early College Program: LEAP Academy celebrated 20 years of academic innovation and leadership in Camden and the state of New Jersey by launching the inaugural class of the Early College Program. Twelfth grade students took all of their senior courses on a college campus. In partnership with Rutgers and Rowan Universities, students embarked on a rigorous academic journey balancing post-secondary expectations and independence. Seniors at LEAP were able to continue their concentrations in science, liberal arts, and business at the premier research institutions. The program meets two important needs for students in their college journey. First, it generates savings of thousands of dollars in college tuition cost by the school already covering the costs for as many as 21-transferable college credits. Second, it increases the rate for college graduation on time by providing students with a head start on their college career. It also decreases the need for remediation courses while in their freshman year. According to the National Alliance of Concurrent Enrollment Partnerships (NACEP), LEAP is the first charter school in New Jersey to offer such a sweeping dual enrollment curriculum to students. The program reinforces LEAP's college readiness culture and supports the expectation that each student will attend college and develop career aspirations. The Early College Program exemplifies LEAP's comprehensive and innovative approach to community development and urban education, supported by its record of accomplishment of 100% high school graduation and college placement. Some key data points from the first year of the program include:

- Of the 103 participants in the LEAP Early College Program, **27 students (26% of all participants) attained 24 or more early college credits, and these students will enter college as sophomores**, having completed two full-time (12 credits) semesters of college coursework
- On average, **LEAP students earned 19 early college credits**, accounting nearly two full semesters of college coursework that will equate to saved time and money in the future.
- Of the 103 participants in the LEAP Early College Program, **59 students attained 21 or more early college credits**, accounting for 57% of all program participants
- Of the 103 participants in the LEAP Early College Program, **76 students attained 18 or more college credits**, accounting for nearly 74% of all program participants
- Of the 103 participants in the LEAP Early College Program, **94 students attained at least 12 early college credits**, accounting for over 90% of all program participants
- Of the 103 participants in the LEAP Early College Program, **37 students (36%) were granted admission to one of the three Rutgers University campuses**

Unmanned Aircraft System Grant: LEAP's push to increase strategic partnerships with multi-sector industry leaders landed a grant from Lockheed Martin to develop and implement a curriculum for an unmanned aircraft system (UAS) course for high school students. As part of the grant, LEAP developed a format for student collaboration through the partnership developed in two classes: Drone Engineering Design and Computer Science for Drone Development. The Engineering Design and Development curriculum meets the Next Generation Science Standards for HS Engineering Design and the New Jersey Student Learning Standard 8.2 for Technology Education, Engineering, Design and Computational Thinking - Programming. The curriculum supervisor and School Principal provided guidance and

feedback on the curriculum writing. The second class, Computer Science for Drone Development was a semester long course consisting of six units, approximately 6 weeks each. The course was developed around a framework of both computer science content and computational practice. Assignments and instruction were contextualized to be socially relevant and meaningful for diverse students. Throughout the semester both classes met together, to share learning experiences and develop a prototype drone based upon the knowledge gained in each class.

College Access and Student Awards: Highlighting career pathways is just one of the many duties of the College Access' staff. This year, nine 11th grade students have been admitted to the Rowan University's Urban Teacher Academy. The students will receive an introduction to teaching in urban schools through group discussion and projects, research and field trips over the summer. Students with strong math skills and interest were exposed to Actuarial Science as a career choice. Seven LEAP students participated in the OWlympiad Math Competition, which served as a vehicle to exhibit Actuarial Sciences. LEAP students were also accepted and participated in:

- Princeton AI4ALL, a 3-week, residential summer camp intended to increase diversity and inclusion in the field of artificial intelligence.
- Cooper Medical School of Rowan University MEDacademy, a four-week summer day program that introduces high school students to medical school and helps to refine their particular interest in health care.
- Cabrini University High School Leadership Academy a five-day, residential summer program held on Cabrini's mainline campus. The program recognizes outstanding and diverse students who have an interest and drive to hone their leadership skills.
- A record of 17 LEAP students were accepted into the Rutgers Future Scholars program which offers 200 first-generation, low-income, academically promising 7th grade students from New Brunswick, Piscataway, Newark, Camden and Rahway the opportunity for a college education. During the summer before their 8th grade year, students become part of a unique pre-college culture of university programming, events, support, and mentoring that will continue through their high school years, and eventually college.

LEAP Class of 2018: The LEAP Academy Class of 2018 was the 15th consecutive graduating cohort to accomplish 100% college placement. Below are the highlights of the graduating class:

- The LEAP Academy Class of 2018 was the sixth consecutive graduating cohort to exceed \$3 million in academic and merit based scholarships awarded. It also became the second class to include a student (Yanlin Xie) who ascended to the rank of finalist for the prestigious US Presidential Scholarship Program, a competitive national scholarship program awarded to distinguished students in recognition of their academic excellence.
- Members of the LEAP Academy Class of 2018 were able to gain acceptance to some of the top colleges and universities in the nation, including the Colgate University, Saint Joseph's University, Villanova University, George Washington University, Penn State University, Binghamton University, Rutgers University, Rowan University, Drew University, Temple University, George Mason University, Virginia Commonwealth University, and West Virginia University., amassing nearly 250 total college and university acceptances to prestigious 4-year institutions nationwide.
- Members of the LEAP Academy Class of 2018 were granted nearly \$100,000 in total scholarships through the Rutgers University's Alfredo Santiago Endowment Fund and the Peter Burke Memorial Scholarship Fund – two separate endowments established by LEAP

Founder and Board Chair Gloria Bonilla Santiago in an effort to help the graduates of LEAP Academy offset the rising cost of higher education.

- Members of the LEAP Academy Class of 2018 also garnered recognition from a number of local and regional scholarship and award granting organizations, including the Parade San Juan Bautista Scholarship, Rutgers Future Scholars, Wegman's Academic Scholarship Program, Battleship NJ Camden Resident Scholarship Program, Black Catholic Ministry 2018 Scholarship, Camden County Best in Class 2018, 6 ABC Best of the Class of 2018, among other various institutions.
- Nine LEAP students earned the State Seal of Bi-literacy this year, making them the only students from Camden to capitalize on the strengths of being ESL students. Working with the ESL Director for LEAP, these students passed state exams and their process for learning English became an important academic asset.

Teacher Recognition: LEAP Teacher Christopher McCrum was the first Axalta All-Pro Teacher for the 2018-19 season. Mr. McCrum was honored at LEAP academy by the Philadelphia Eagles and Axalta as one of the Philadelphia region's best sixth through 12th grade educators who focus on using the disciplines of science, technology, engineering, and mathematics to teach students inside and outside the classroom. The Board promoted seven teachers for Tenure and awarded four teachers with the Teacher of Excellence distinction, which included a \$5,000 merit bonus.

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

BUDGETARY CONTROLS: In addition to internal accounting controls, the School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as a reappropriation of fund balances in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

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

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

DEBT ADMINISTRATION: The Charter School's outstanding debt at the close of the fiscal year was \$28,431,923.15. This debt is for bonds issued for the construction of or improvements to school facilities, loans payable for the lower school facility including improvements to the flooring, construction of the S.T.E.M. building and for implementation of a wireless network and capital leases for computers and furniture.

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

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

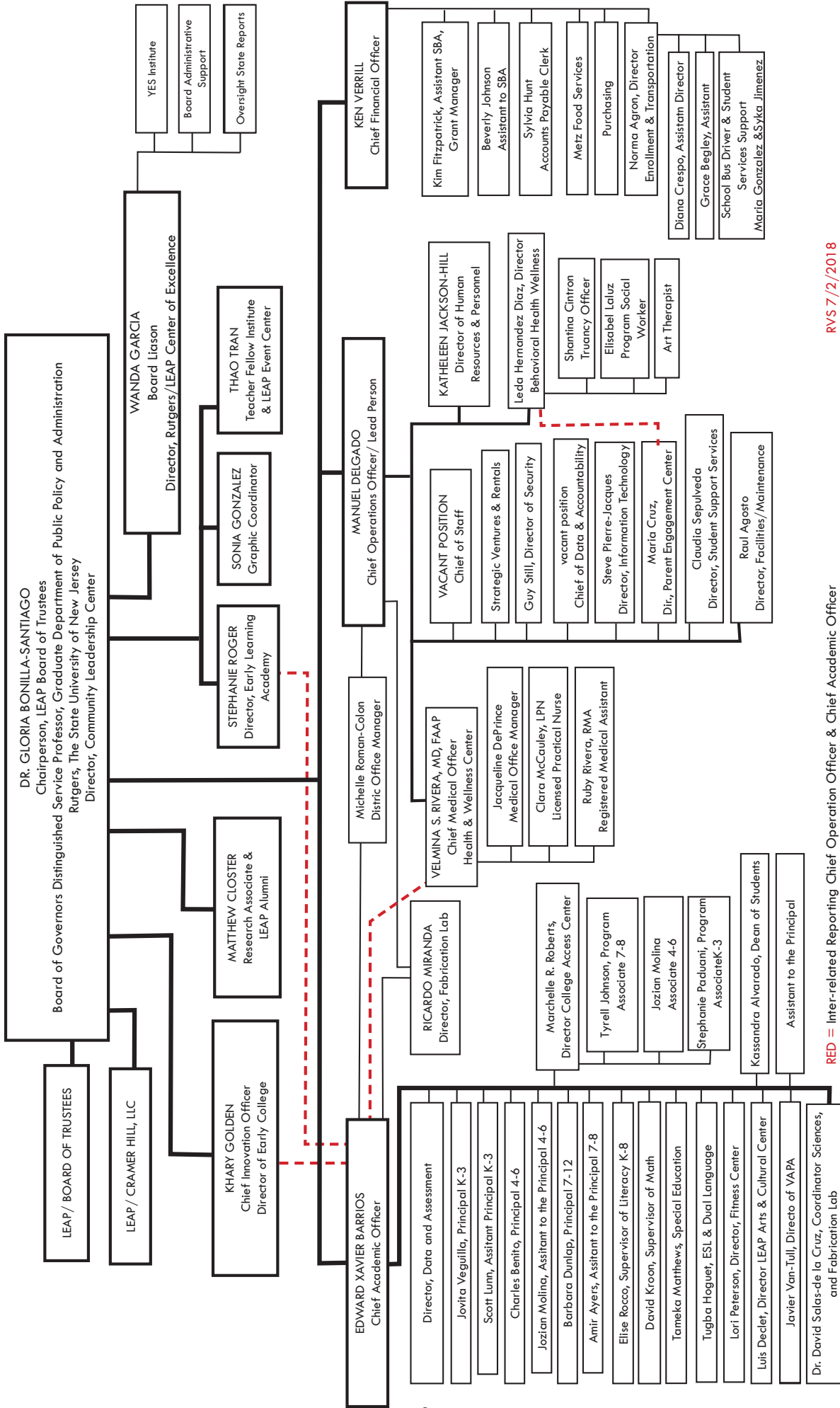
RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability and comprehensive collision, hazard and theft insurance on property and contents and fidelity bonds.

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

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

Respectfully submitted,


Dr. Gloria Bonilla-Santiago
Board Chair



RED = Inter-related Reporting Chief Operation Officer & Chief Academic Officer
RVS 7/2/2018

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
CAMDEN, NEW JERSEY
ROSTER OF OFFICIALS
June 30, 2018**

Members of the Board of Trustees

Officers:

Gloria Bonilla-Santiago, Ph.D.	Chair
Michael Palis, Ph.D.	Vice-Chair

Public Members:

John Hall
Cal Maradonna
Christine Karlsson
Jennifer Perkins Young
Robert Ransom
Omar Samaniego
Horacio Sosa, Ph.D.
Marianne Taylor
Margo Venable
Lori Vermuelen, Ph.D.

Parent Representatives:

Mathew Goodwin
Marlon Munoz
Hector Nieves
Gladys G. Novoa
Brenda Ortiz

Staff:

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

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

Consultants and Advisors

Audit Firm

Bowman & Company LLP
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Attorneys

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Philadelphia, PA 19102

Official Depositories

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

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Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2018, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle required the Charter School to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the Charter School. The related note disclosures for the implementation of this new accounting pronouncement are included in note 10. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2019, 2018 on our consideration of the LEAP Academy University Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 LEAP Academy University Charter School, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LEAP Academy University Charter School, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
February 6, 2019

Exhibit K-1

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated February 6, 2019. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting principle.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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


Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
February 6, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018
(Unaudited)

As management of the LEAP Academy University Charter School, Inc. (hereafter referred to as the "Charter School"), we offer readers of the Charter School's annual financial report this narrative overview and analysis of the financial activities for the fiscal year that ended on June 30, 2018. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current fiscal year (2017-18) and the prior fiscal year (2016-17) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- During the fiscal year ended June 30, 2018, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The notes to the financial statements provide a more thorough discussion of the implementation of this GASB Statement and the effects to the financial statements.
- The net position of the Charter School, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$3,382,805.46 at the close of the current fiscal year. Of this amount, \$2,995,981.31 represents net position of governmental activities and \$386,824.15 for Business-Type activities. At June 30, 2017, these were \$3,489,226.36 and \$366,237.62 respectively.
- For the equipment, LEAP Cramer Hill, LLC, a component unit of LEAP Academy University Charter School entered into a capital lease agreement in the amount of \$369,696.00.
- As of the close of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances of \$3,088,965.62, an increase of \$339,872.05, in comparison with the prior fiscal year combined ending fund balances, which were \$2,749,093.57.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

Reporting the Charter School as a Whole

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

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

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

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

Reporting the Charter School's Most Significant Funds

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

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

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

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

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

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

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

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

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

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

THE CHARTER SCHOOL AS A WHOLE

Table A-1 provides a summary of the Charter School's net position for fiscal years 2018 and 2017.

Table A-1
Statements of Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 6,050,961.47	\$ 5,278,013.74	\$ 447,894.71	\$ 351,172.63	\$ 6,498,856.18	\$ 5,629,186.37
Capital Assets	34,417,601.82	35,327,887.00	228,559.95	258,921.18	34,646,161.77	35,586,808.18
Total Assets	40,468,563.29	40,605,900.74	676,454.66	610,093.81	41,145,017.95	41,215,994.55
Deferred Outflows of Resources - Related to Pensions	2,901,759.00	3,250,227.00			2,901,759.00	3,250,227.00
Long-term Liabilities	35,478,885.40	37,524,321.45			35,478,885.40	37,524,321.45
Other Liabilities	3,272,017.58	2,737,728.93	289,630.51	243,856.19	3,561,648.09	2,981,585.12
Total Liabilities	38,750,902.98	40,262,050.38	289,630.51	243,856.19	39,040,533.49	40,505,906.57
Deferred Inflows of Resources - Related to Pensions	1,623,438.00	104,851.00			1,623,438.00	104,851.00
Net Position						
Net Investment in Capital Assets	5,985,678.67	6,514,363.40	228,559.95	258,921.18	6,214,238.62	6,773,284.58
Restricted	3,023,294.06	3,699,540.78				3,699,540.78
Unrestricted (Deficit)	(6,012,991.42)	(5,724,677.82)	158,264.20	107,316.44	(5,854,727.22)	(5,617,361.38)
Total Net Position	\$ 2,995,981.31	\$ 3,489,226.36	\$ 386,824.15	\$ 366,237.62	\$ 3,382,805.46	\$ 3,855,463.98

Governmental Activities

In the governmental activities, total assets decreased by (\$137,337.45). Overall, the Charter School's cash position increased \$1,078,373.66 since June 30, 2017. Receivables decreased (\$185,212.27). Internal balances with the Business-type Activities was an asset in the prior year of \$120,213.66 and is a liability in the current year of (\$55,492.92). Deferred outflows increased \$1,360,159.00 because of GASB 68 for the Charter School's participation in various pension plans. In addition, during the fiscal year 2018, capital assets (net) decreased by (\$910,285.18) because the depreciation of existing assets exceeded the value of newly acquired capital assets.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Governmental Activities (Cont'd)

Total liabilities decreased by \$1,511,147.40. Of this decrease, a net decrease in noncurrent liabilities of (\$1,953,341.11) was the most significant reason. There were decreases for the payment of bonds (\$451,316.57); decreases for the payment of loans payable (\$73,325.99); and a net decrease for net pension liability (\$1,591,426.00) offset by an increase in capital leases \$143,042.11; and an increase for compensated absences \$19,695.34. Other changes in liabilities were an increase in accounts payable \$466,809.12; internal balances with Business-type Activities \$55,492.92; offset by decreases in amounts payable to local government (\$73,428.70); unearned revenue (\$5,977.00); and accrued interest payable (\$702.63).

Deferred inflows of resources increased by \$1,518,587.00 as a result GASB 68 for the Charter School's participation in various pension plans.

At June 30, 2018, net position was \$2,995,981.31. This is a decrease of (\$493,245.05) over the net position at June 30, 2017, which was \$3,489,226.36.

The largest portion of net position, \$5,985,678.67 is the Charter School's net investment in capital assets. This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Charter School uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the Charter School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the Charter School's net position represents resources that are restricted, which totaled \$3,023,294.06. These amounts consist of amounts restricted for debt service, grant expenditures and other restricted purposes.

The third and final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current fiscal year, the Charter School's unrestricted net position was a deficit of (\$6,012,991.42).

Business-Type Activities

In the business-type activities, total assets increased \$66,360.85. The cash position increased \$91,002.52. Accounts receivable decreased (\$103,263.75). Internal balances with the Governmental Activities was a liability in the prior year of (\$120,213.66) and is an asset in the current year of \$55,492.92. Inventories decreased by (\$11,230.35). Capital assets net of accumulated depreciation decreased by (\$30,361.23).

Liabilities which included accounts payable decreased by \$101,267.24.

At June 30, 2018, net position was \$386,824.15 comprised of net investment in capital assets of \$228,559.95 and unrestricted net position of \$158,264.20. At June 30, 2017, net position was \$366,237.62 comprised of net investment in capital assets of \$258,921.18 and unrestricted net position of \$107,316.44.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-2 reflects changes in net position for fiscal years 2018 and 2017.

Table A-2
Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services			\$ 391,183.54	\$ 376,098.66	\$ 391,183.54	\$ 376,098.66
Operating Grants and Contributions	\$ 7,693,228.45	\$ 7,886,383.00	1,134,442.53	1,128,219.98	8,827,670.98	9,014,602.98
General revenues:						
Charter School Aid	19,081,752.00	19,161,945.00			19,081,752.00	19,161,945.00
State and Federal Aid - Not Restricted	1,964,053.02	1,885,534.11			1,964,053.02	1,885,534.11
Investment Earnings	2,103,244	6,385.95	465.78	68.24	2,149,822	6,454.19
Miscellaneous Income	579,236.90	568,814.95			579,236.90	568,814.95
Total Revenues	29,339,302.81	29,509,063.01	1,526,091.85	1,504,386.88	30,865,394.66	31,013,449.89
Expenses						
Regular Instruction	9,486,721.26	8,400,920.93			9,486,721.26	8,400,920.93
Special Education Instruction	565,991.39	392,329.70			565,991.39	392,329.70
Bilingual Education Instruction	147,600.79	247,530.20			147,600.79	247,530.20
School Sponsored Extra Curricular Activities Instruction	4,265.40	7,918.82			4,265.40	7,918.82
School Sponsored Athletics Instruction	99,245.51	124,845.30			99,245.51	124,845.30
Summer School	93,212.72	86,324.69			93,212.72	86,324.69
Other Supplemental At Risk Programs	61,088.45	63,690.00			61,088.45	63,690.00
Community Service Programs	456,342.31	439,917.57			456,342.31	439,917.57
Support Services and Undistributed Costs:						
Student and Instruction Related Services	2,102,838.08	1,914,359.81			2,102,838.08	1,914,359.81
School Administrative Services	1,267,426.33	1,347,645.47			1,267,426.33	1,347,645.47
Other Administrative Services	2,153,621.68	2,016,071.62			2,153,621.68	2,016,071.62
Plant Operations and Maintenance	2,280,446.97	2,533,408.89			2,280,446.97	2,533,408.89
Pupil Transportation	370,525.12	358,905.81			370,525.12	358,905.81
Unallocated Benefits	9,378,554.26	10,243,779.31			9,378,554.26	10,243,779.31
Interest on Long Term Debt	1,364,667.59	1,364,187.60			1,364,667.59	1,364,187.60
Food Services			1,505,505.32	1,419,605.26	1,505,505.32	1,419,605.26
Total Expenses	29,832,547.86	29,541,835.72	1,505,505.32	1,419,605.26	31,338,053.18	30,961,440.98
Net Increase/(Decrease) in Net Position	(493,245.05)	(32,772.71)	20,586.53	84,781.62	(472,658.52)	52,008.91
Net Position -- July 1	3,489,226.36	3,521,999.07	366,237.62	281,456.00	3,855,463.98	3,803,455.07
Net Position -- June 30	\$ 2,995,981.31	\$ 3,489,226.36	\$ 386,824.15	\$ 366,237.62	\$ 3,382,805.46	\$ 3,855,463.98

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Governmental Activities

During fiscal year 2018, the Charter School's total revenues decreased by (\$169,760.20) decreasing from \$29,509,063.01 in fiscal year 2017 to \$29,339,302.81 in fiscal year 2018. The net increase in total revenues is largely attributable to the following:

- Operating Grants and Contributions decreased (\$193,154.55). This revenue includes restricted grants from federal and local sources and TPAF Social Security, Pensions and the implementation of GASB 75 which are funded by the State of New Jersey.
- State and Federal Aid, which is not restricted, increased \$78,518.91. This revenue includes Adjustment, Nonpublic Aid and Lead Testing for Schools Aid received direct from the State of New Jersey and federal SEMI Medicaid.
- Investment earnings increased \$14,646.49.
- Miscellaneous revenues increased \$10,421.95.
- The Charter School had a net decrease in Charter School Aid of (\$80,193.00). This net decrease was the Local Levy Equalization Aid State and Local Share, which decreased (\$80,633.00), Security Aid which decreased (\$14,053.00) offset by Special Education Aid, which increased \$14,483.00.

During fiscal year 2018, the Charter School's total expenses increased by \$290,712.14, increasing from \$29,541,835.72 in fiscal year 2017 to \$29,832,547.86 in fiscal year 2018.

- Instruction increased \$1,134,565.88.
- Community Service Programs comprised of the clinic increased \$16,424.74.
- Support services and undistributed costs, which included student and instruction related services, administrative services, plant operations and maintenance and pupil transportation experienced a net decrease of \$4,466.58.
- Employee benefits which includes TPAF Social Security, Pensions and the implementation of GASB 75 decreased (\$865,225.05).
- Interest on long-term debt increased by \$479.99.

Business-Type Activities

For 2018, business-type revenues were \$1,526,091.85, a 1% increase over the 2017 revenues, which were \$1,504,386.88.

The largest sources of business-type revenues (74%) were for operating grants \$1,134,442.53. These were \$1,128,219.98 in 2017. Charges for services were \$391,183.54 26% in 2018. Charges for services in 2017 were \$376,098.66.

Expenditures for business-type activities were \$1,505,505.32 in 2018, an increase of \$85,900.06 over expenditures of \$1,419,605.26 in 2017.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-3 reflects the total cost of services in the governmental activities and the net cost offset with program revenues for fiscal years 2018 and 2017.

Table A-3
Net Cost of Governmental Activities

	<u>Source</u>	<u>2018</u>		<u>2017</u>	
		<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Governmental Activities:					
Regular Instruction	A-2	\$ 9,486,721.26	\$ 8,707,353.13	\$ 8,400,920.93	\$ 7,740,397.56
Special Education Instruction	A-2	565,991.39	565,991.39	392,329.70	392,329.70
Bilingual Education Instruction	A-2	147,600.79	147,600.79	247,530.20	247,530.20
School Sponsored Extra Curricular Activities Instruction	A-2	4,265.40	4,265.40	7,918.82	7,918.82
School Sponsored Athletics Instruction	A-2	99,245.51	99,245.51	124,845.30	124,845.30
Summer School	A-2	93,212.72	93,212.72	86,324.69	86,324.69
Other Supplemental At Risk Programs	A-2	61,088.45	61,088.45	63,690.00	63,690.00
Community Service Programs	A-2	456,342.31	456,342.31	439,917.57	439,917.57
Support Services and Undistributed Costs:					
Student and Instruction Related Services	A-2	2,102,838.08	1,497,312.24	1,914,359.81	1,398,679.64
School Administrative Services	A-2	1,267,426.33	1,267,426.33	1,347,345.47	1,347,345.47
Other Administrative Services	A-2	2,153,621.68	2,153,621.68	2,016,071.62	2,016,071.62
Plant Operations and Maintenance	A-2	2,280,446.97	2,280,446.97	2,533,408.89	2,533,408.89
Pupil Transportation	A-2	370,525.12	370,525.12	358,905.81	358,905.81
Unallocated Benefits	A-2	9,378,554.26	3,070,219.78	10,243,779.31	3,533,599.85
Interest on Long Term Debt	A-2	1,364,667.59	1,364,667.59	1,364,187.60	1,364,187.60
Total Governmental Activities		<u>\$29,832,547.86</u>	<u>\$22,139,319.41</u>	<u>\$29,541,535.72</u>	<u>\$21,655,152.72</u>

THE CHARTER SCHOOL'S FUNDS

Governmental Funds

As the Charter School completed the fiscal year, its governmental funds reported a *combined* fund balance of \$3,088,965.62, an increase of \$339,872.05 over the balance of \$2,749,093.57 at June 30, 2017. Of the aforementioned combined ending fund balances, the general fund had an unassigned fund balance of \$699,748.29. The remainder of fund balances are restricted or assigned to indicate that it is not available for new spending because it has already been earmarked as follows: (1) restricted for debt service reserve \$72,589.69; (2) restricted for sinking fund reserve \$1,986,905.35; (3) restricted for a state mandated charter school escrow reserve \$75,000.00, (4) restricted for local grants in the special revenue fund \$10,411.06; or (5) assigned for fiscal year-end encumbrances \$244,311.23. As mentioned previously, the financial activity of LEAP Cramer Hill, LLC, of which LEAP Academy University Charter School, Inc. is the sole member is not included in the fund financial statements.

General Fund - The general fund is the general operating fund of the Charter School and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, the Charter School has an unassigned fund balance in the general fund of \$699,748.29.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

General Fund (Cont'd) - During the current fiscal year, the fund balance of the Charter School's general fund increased \$351,764.55. The primary factors affecting the fund balance of the general fund is as follows:

- Revenues increased \$463,742.06 from \$23,377,871.59 in 2017 to \$23,841,613.65 in 2018. This was primarily from an increase of \$375,286.64 from state sources, which revenues passing through the students' district of residence, direct state aid and TPAF Social Security and Pension that are state funded. In addition, there were increases from local sources of \$93,272.06 which was primarily from the clinic. These increases were offset by a decrease of (\$4,816.64) in federal sources.
- Expenditures decreased (\$283,513.17) from \$24,085,309.27 in fiscal year 2017 to \$23,801,796.10 in the current fiscal year. Expenditure for instruction increased \$839,594.64. Expenditures for community service programs increased \$6,376.76. Combined expenditures for Support Services and Undistributed Costs which includes Student and Instruction Related Services, Administrative Services, Plant Operations, Pupil Transportation and Employee Benefits (including TPAF Social Security and Pensions) increased by \$157,296.22. Payments for debt service including for deposit into debt and sinking fund reserves increased \$36,875.83. Capital Outlay decreased (\$1,323,656.62).
- Net Other Financing Sources and (Uses) decreased (\$875,813.19). The primary reason for this decrease was for Assets Acquired by Capital Lease and Other Debt experienced in the prior fiscal year were not experienced in the current year fiscal year.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Fiscal year 2018 activity resulted from the Charter School administering and operating programs funded by the following federal awards: Title I, Part A; Title II, Part A, Title III; Title III Immigrant; Title IV; and I.D.E.A. Part B and some local awards. Total revenues were \$1,577,798.23 and total expenditures were \$1,576,268.10 from these programs, which exceeded the revenues and expenditures of the previous fiscal year of \$1,362,974.87 and \$1,360,097.27 respectively.

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

For the fiscal year ended June 30, 2018, the Charter School cancelled the remaining balance of completed projects in the amount of \$13,422.63 and transferred the balance to the general fund.

Proprietary Funds

Food Service Fund - as the Charter School completed the fiscal year, the Charter School's total net position of the food service fund was \$386,824.15, which was comprised of \$228,559.95 of net investment in capital assets and \$158,264.20 unrestricted net position. During the fiscal year, the net position of the food service fund increased by \$20,586.53.

General Fund Budgetary Highlights

During the fiscal year, the Charter School had a budget modification due to changes in various revenue sources. The final revenue anticipated was \$21,445,269.90, an increase of \$1,023,029.99 over the original anticipated revenue of \$20,422,239.91. Total budgeted revenues realized equaled \$23,841,613.65, which was \$2,396,343.75 in excess of the budget estimate, thus replenishing fund balance. This excess was mainly attributable to the Charter School's on-behalf T.P.A.F. pension contributions and T.P.A.F. Social Security Reimbursed which totaled \$2,357,972.22.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

General Fund Budgetary Highlights (Cont'd)

The final budgetary basis expenditure appropriation estimate was \$21,881,153.61. This is an increase of \$1,294,499.99 over the original budgeted estimate. Actual expenditures were \$23,801,796.10 and in excess of the final budget estimate by \$1,920,642.49. Since expenditures include the amounts recorded for T.P.A.F. social security contributions and T.P.A.F. pension contributions mentioned under revenue above which are not budgeted, this excess is not an overexpenditure of any appropriations.

Special Revenue Fund Budgetary Highlights

Differences between the original budget and the final modified budget totaled \$1,698,134.06 (increase in budgeted revenues and appropriations). The modifications resulted from approved increases in federal awards, which were not known at the time the annual budget was adopted and the appropriation of local grant awards.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Charter School's capital asset balance for its governmental and business-type activities as of June 30, 2018 amounted to a historical cost of \$50,437,757.82, or \$34,646,161.77 net of accumulated depreciation (see Table A-4). This balance of capital assets includes land, buildings and improvements, equipment and vehicles. Net capital assets decreased by (\$940,646.41) in fiscal year 2018 from fiscal year 2017. The key factors in this net increase are as follows:

- From improvements to real property, buildings and Improvements increased \$278,256.00.
- Through acquisition including by capital lease, equipment increased \$446,574.82.
- From the depreciation on existing and newly acquired capital assets, accumulated depreciation increase \$1,665,477.23.

Table A-4

	Capital Assets (Net of Accumulated Depreciation)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 2,183,511.00	\$ 2,183,511.00			\$ 2,183,511.00	\$ 2,183,511.00
Buildings & Bldg Improvements	41,352,062.00	41,073,806.00			41,352,062.00	41,073,806.00
Equipment	6,019,401.82	5,572,827.00	\$ 514,668.00	\$ 514,668.00	6,534,069.82	6,087,495.00
Vehicles	368,115.00	368,115.00			368,115.00	368,115.00
Total Capital Assets	49,923,089.82	49,198,259.00	514,668.00	514,668.00	50,437,757.82	49,712,927.00
Less: Accumulated Depreciation	(15,505,488.00)	(13,870,372.00)	(286,108.05)	(255,746.82)	(15,791,596.05)	(14,126,118.82)
Net Capital Assets	\$ 34,417,601.82	\$ 35,327,887.00	\$ 228,559.95	\$ 258,921.18	\$ 34,646,161.77	\$ 35,586,808.18

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Long-term Debt

General Obligation Bonds. At the end of the current fiscal year, the Charter School had \$15,790,319.05 of bonded debt outstanding that included general obligation bonds \$4,850,232.70 and charter school revenue bonds \$10,940,086.35 (including an unamortized premium on issuance of \$7,307.72) outstanding, a decrease of (\$451,316.57) from last fiscal year.

Loans Payable. At the end of the current fiscal year, the Charter School had a balance \$11,783,227.54 in loans payable; a decrease of (\$73,325.99) from last fiscal year.

Capital Leases. At the end of the current fiscal year, the Charter School and LEAP Cramer Hill, LLC had capital leases totaling \$858,376.56 outstanding, a net increase of \$143,042.11 from last fiscal year. Other than from payments, the net increase is for a lease for laptops computers entered into by LEAP Cramer Hill, LLC, a component unit of LEAP Academy University Charter School, Inc.

Compensated Absences. At the end of the current fiscal year, the Charter School had a \$122,728.16 liability for compensated absences, a net increase of \$19,685.34 from last fiscal year.

Net Pension Liability. At the end of the current fiscal year, the Charter School had a \$7,717,284.00 liability for its proportionate share of the net pension liability in the Public Employees' Retirement System; a net decrease of (\$1,591,426.00).

FUTURE OUTLOOK

The Charter School maintained its general fund budget through the revenue received from students' districts of residence for their equalization aid/local levy state and local share categorical aid specific for their students and from federal and state aid and miscellaneous revenue sources. Approximately 76% of total revenue is from the local and state levy, 4% is from categorical aid, 8% from other state aid, 2% from other local sources and less than 1% is from federal sources.

CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,862,514.82	\$ 178,650.27	\$ 2,041,165.09
Receivables, net (Note 3)	999,799.74	265,712.58	1,265,512.32
Restricted Cash and Cash Equivalents:			
Deposits Held for Debt Service	981,197.70		981,197.70
Deposits Held for Long-Term Reserves	2,207,449.21		2,207,449.21
Inventories		3,531.86	3,531.86
Capital Assets, net (Note 5)	<u>34,417,601.82</u>	<u>228,559.95</u>	<u>34,646,161.77</u>
Total Assets	<u>40,468,563.29</u>	<u>676,454.66</u>	<u>41,145,017.95</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	<u>2,901,759.00</u>		<u>2,901,759.00</u>
LIABILITIES:			
Accounts Payable:			
Other	1,495,926.48	345,123.43	1,841,049.91
Related to Pensions	440,189.00		440,189.00
Internal Balances	55,492.92	(55,492.92)	
Payable to Local Government	269,766.46		269,766.46
Accrued Interest Payable	217,592.81		217,592.81
Noncurrent Liabilities (Note 7):			
Due within One Year	793,049.91		793,049.91
Due beyond One Year	<u>35,478,885.40</u>		<u>35,478,885.40</u>
Total Liabilities	<u>38,750,902.98</u>	<u>289,630.51</u>	<u>39,040,533.49</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	<u>1,623,438.00</u>		<u>1,623,438.00</u>
NET POSITION:			
Net Investment in Capital Assets	5,985,678.67	228,559.95	6,214,238.62
Restricted for:			
Debt Service	2,792,339.14		2,792,339.14
Local Grants	10,411.06		10,411.06
Other Purposes	220,543.86		220,543.86
Unrestricted (Deficit)	<u>(6,012,991.42)</u>	<u>158,264.20</u>	<u>(5,854,727.22)</u>
Total Net Position	<u>\$ 2,995,981.31</u>	<u>\$ 386,824.15</u>	<u>\$ 3,382,805.46</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Regular Instruction	\$ 9,486,721.26		\$ 779,368.13		\$ (8,707,353.13)		\$ (8,707,353.13)
Special Education Instruction	565,991.39				(565,991.39)		(565,991.39)
Bilingual Education Instruction	147,600.79				(147,600.79)		(147,600.79)
School Sponsored Extra Curricular Activities Instruction	4,265.40				(4,265.40)		(4,265.40)
School Sponsored Athletics Instruction	99,245.51				(99,245.51)		(99,245.51)
Summer School	93,212.72				(93,212.72)		(93,212.72)
Other Supplemental At Risk Programs	61,088.45				(61,088.45)		(61,088.45)
Community Service Programs	456,342.31				(456,342.31)		(456,342.31)
Support Services and Undistributed Costs:							
Student and Instruction Related Services	2,102,838.08		605,525.84		(1,497,312.24)		(1,497,312.24)
School Administrative Services	1,267,426.33				(1,267,426.33)		(1,267,426.33)
Other Administrative Services	2,153,621.68				(2,153,621.68)		(2,153,621.68)
Plant Operations and Maintenance	2,280,446.97				(2,280,446.97)		(2,280,446.97)
Pupil Transportation	370,525.12				(370,525.12)		(370,525.12)
Unallocated Benefits	9,378,554.26		6,308,334.48		(3,070,219.78)		(3,070,219.78)
Interest on Long-Term Debt	1,364,667.59				(1,364,667.59)		(1,364,667.59)
Total Governmental Activities	29,832,547.86		7,693,228.45		(22,139,319.41)		(22,139,319.41)
Business-Type Activities:							
Food Service	1,505,505.32	\$ 391,183.54	1,134,442.53			\$ 20,120.75	20,120.75
Total Business-Type Activities	1,505,505.32	391,183.54	1,134,442.53			20,120.75	20,120.75
Total Government	\$ 31,338,053.18	\$ 391,183.54	\$ 8,827,670.98	\$ -	(22,139,319.41)	20,120.75	(22,119,198.66)
General Revenues:							
Charter School Aid					19,081,752.00		19,081,752.00
State and Federal Aid - Not Restricted					1,964,053.02		1,964,053.02
Investment Earnings					7,076.46	465.78	7,542.24
Restricted Investment Earnings					13,955.98		13,955.98
Miscellaneous Income					579,236.90		579,236.90
Total General Revenues					21,646,074.36	465.78	21,646,540.14
Change in Net Position					(493,245.05)	20,586.53	(472,658.52)
Net Position -- July 1					3,489,226.36	366,237.62	3,855,463.98
Net Position -- June 30					\$ 2,995,981.31	\$ 386,824.15	\$ 3,382,805.46

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

FUND FINANCIAL STATEMENTS

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Governmental Funds
 Balance Sheet
 June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 1,754,691.60			\$ 1,754,691.60
Deposits Held for Debt Service	72,589.69			72,589.69
Deposits Held for Long-Term Reserves	2,061,905.35			2,061,905.35
Due from Other Funds:				
Special Revenue Fund	117,088.37			117,088.37
Food Service Enterprise Fund		\$ 8,764.95		8,764.95
Intergovernmental Accounts Receivable:				
Federal		437,537.31		437,537.31
State	226,250.99			226,250.99
Other LEAs - State Aid	198,040.46			198,040.46
Accounts Receivable - Other	136,858.47	15,147.91		152,006.38
Total Assets	<u>\$ 4,567,424.93</u>	<u>\$ 461,450.17</u>	<u>\$ -</u>	<u>\$ 5,028,875.10</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 1,134,096.18	\$ 333,950.74		\$ 1,468,046.92
Payable to Other Funds:				
General Fund		117,088.37		117,088.37
Food Service Enterprise Fund	64,257.87			64,257.87
Fiduciary Fund	20,749.86			20,749.86
Intergovernmental Accounts Payable:				
Other LEAs - State Aid	269,766.46			269,766.46
Total Liabilities	<u>1,488,870.37</u>	<u>451,039.11</u>		<u>1,939,909.48</u>
Fund Balances:				
Restricted:				
Debt Service Reserve	72,589.69			72,589.69
Sinking Fund Reserve	1,986,905.35			1,986,905.35
Charter School Escrow Reserve	75,000.00			75,000.00
Special Revenue Fund		10,411.06		10,411.06
Assigned:				
Other Purposes	244,311.23			244,311.23
Unassigned:				
General Fund	699,748.29			699,748.29
Total Fund Balances	<u>3,078,554.56</u>	<u>10,411.06</u>		<u>3,088,965.62</u>
Total Liabilities and Fund Balances	<u>\$ 4,567,424.93</u>	<u>\$ 461,450.17</u>	<u>\$ -</u>	

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Governmental Funds
 Balance Sheet
 June 30, 2018

	<u>Total Governmental Funds</u>
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$49,923,089.82, and the accumulated depreciation is \$15,505,488.00.</p>	\$ 34,417,601.82
<p>Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.</p>	(217,592.81)
<p>Long-term liabilities, including bonds payable, loans payable, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>	(28,554,651.31)
<p>In accordance with GASB 61, which requires the blended reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, balances maintained by the component unit would be reported on the statement of net position:</p>	
Cash Balances	1,161,975.09
Accounts Receivable	7,625.10
Accounts Payable	(28,790.20)
Net Pension Liability	(7,717,284.00)
Accounts Payable related to the April 1, 2019 Required PERS pension contribution that is not to be liquidated with current financial resources.	(440,189.00)
Deferred Outflows of Resources - Related to Pensions	2,901,759.00
Deferred Inflows of Resources - Related to Pensions	<u>(1,623,438.00)</u>
Net position of governmental activities	<u>\$ 2,995,981.31</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources	\$ 437,836.41	\$ 51,255.37		\$ 489,091.78
State Sources	23,376,339.77			23,376,339.77
Federal Sources	27,437.47	1,526,542.86		1,553,980.33
Total Revenues	<u>23,841,613.65</u>	<u>1,577,798.23</u>		<u>25,419,411.88</u>
EXPENDITURES:				
Current:				
Regular Instruction	7,497,639.12	777,838.00		8,275,477.12
Special Education Instruction	565,991.39			565,991.39
Bilingual Education Instruction	147,600.79			147,600.79
School Sponsored Extra Curricular Activities Instruction	4,265.40			4,265.40
School Sponsored Athletics Instruction	99,245.51			99,245.51
Summer School	93,212.72			93,212.72
Other Supplemental At Risk Programs	61,088.45			61,088.45
Community Service Programs	441,937.42			441,937.42
Support Services and Undistributed Costs:				
Student and Instruction Related Services	1,492,598.85	605,525.84		2,098,124.69
School Administrative Services	1,243,477.26			1,243,477.26
Other Administrative Services	2,035,324.03			2,035,324.03
Plant Operations and Maintenance	2,780,455.70			2,780,455.70
Pupil Transportation	341,375.12			341,375.12
Employee Benefits	2,660,121.87	192,904.26		2,853,026.13
TPAF Pension and Social Security	2,357,972.22			2,357,972.22
Debt Service:				
Capital Lease Principal	176,525.71			176,525.71
Bonds and Loan Principal	489,630.30			489,630.30
Payment to Sinking Fund	292,235.04			292,235.04
Interest on Current Loans	2,984.21			2,984.21
Interest on Lease Purchase Agreements	31,289.45			31,289.45
Bond and Loan Interest	656,016.12			656,016.12
Capital Outlay	330,809.42			330,809.42
Total Expenditures	<u>23,801,796.10</u>	<u>1,576,268.10</u>		<u>25,378,064.20</u>
Excess (Deficiency) of Revenues over Expenditures	<u>39,817.55</u>	<u>1,530.13</u>		<u>41,347.68</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers	13,422.63		\$ (13,422.63)	
Deposits Held for Sinking Fund:				
Sinking Fund Deposits	292,235.04			292,235.04
Interest on Sinking Fund Deposits	6,289.33			6,289.33
Total Other Financing Sources and Uses	<u>311,947.00</u>		<u>(13,422.63)</u>	<u>298,524.37</u>
Net Change in Fund Balances	<u>351,764.55</u>	<u>1,530.13</u>	<u>(13,422.63)</u>	<u>339,872.05</u>
Fund Balance -- July 1	<u>2,726,790.01</u>	<u>8,880.93</u>	<u>13,422.63</u>	<u>2,749,093.57</u>
Fund Balance -- June 30	<u>\$ 3,078,554.56</u>	<u>\$ 10,411.06</u>	<u>\$ -</u>	<u>\$ 3,088,965.62</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2018

Total Net Change in Fund Balances - Governmental Funds		\$ 339,872.05
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense		\$ (1,635,116.00)
Capital Outlays (B-2)		<u>330,809.42</u>
		(1,304,306.58)
<p>Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		666,156.01
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an decrease in the reconciliation. (-)</p>		(674,377.81)
<p>The adoption of GASBS 61 requires the reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, as a blended component unit on the statement of activities. Revenue and expenditure activity is not reported in the governmental funds.</p>		107,974.74
<p>In accordance with GASB 61, which requires the blended reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, all revenue and expenditure transactions between the charter school and the component unit would be eliminated.</p>		799,820.88
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		(19,685.34)
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		<u>(408,699.00)</u>
Change in Net Position of Governmental Activities		<u>\$ (493,245.05)</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Proprietary Fund
Statement of Net Position
June 30, 2018

	Business-Type Activities Enterprise Fund
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash	\$ 178,650.27
Interfund Accounts Receivable -- General Fund	64,257.87
Accounts Receivable	163,766.05
Intergovernmental Accounts Receivable:	
Federal	101,946.53
Inventories	<u>3,531.86</u>
Total Current Assets	<u>512,152.58</u>
Noncurrent Assets:	
Equipment	514,668.00
Less Accumulated Depreciation	<u>(286,108.05)</u>
Total Noncurrent Assets	<u>228,559.95</u>
Total Assets	<u>740,712.53</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	345,123.43
Interfund Accounts Payable:	
Due to Special Revenue Fund	<u>8,764.95</u>
Total Current Liabilities	<u>353,888.38</u>
NET POSITION:	
Net Investment in Capital Assets	228,559.95
Unrestricted	<u>158,264.20</u>
Total Net Position	<u>\$ 386,824.15</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 49,370.40
Daily Sales - Non-Reimbursable Programs	27,344.65
Special Functions	41,555.60
Rutgers - ELRA Contract	272,910.10
Miscellaneous Revenue	2.79
	<u>391,183.54</u>
OPERATING EXPENSES:	
Salaries	534,537.89
Employee Benefits	124,703.15
Other Purchased Services	61,931.14
Cleaning, Repair and Maintenance Services	12,669.07
General Supplies	77,836.09
Depreciation	30,361.23
Other Objects	18.41
Cost of Sales - Reimbursable Programs	439,298.34
Cost of Sales - Nonreimbursable Programs	224,150.00
	<u>1,505,505.32</u>
Total Operating Expenses	<u>1,505,505.32</u>
Operating Income (Loss)	<u>(1,114,321.78)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	11,837.94
Federal Sources:	
National School Lunch Program	700,342.63
National School Breakfast Program	340,564.32
Food Distribution Program	81,697.64
Interest and Investment Revenue	465.78
	<u>1,134,908.31</u>
Total Nonoperating Revenues (Expenses)	<u>1,134,908.31</u>
Change in Net Position	20,586.53
Net Position -- July 1	<u>366,237.62</u>
Net Position -- June 30	<u>\$ 386,824.15</u>

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 429,256.22
Payments to Employees	(534,537.89)
Payments for Employee Benefits	(124,703.15)
Payments to Suppliers	(741,921.48)
Net Cash Provided by (used for) Operating Activities	(971,906.30)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State Sources	13,158.37
Federal Sources	1,049,284.67
Net Cash Provided by (used for) Non-Capital Financing Activities	1,062,443.04
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	465.78
Net Cash Provided by (used for) Investing Activities	465.78
Net Increase (Decrease) in Cash and Cash Equivalents	91,002.52
Balance -- July 1	87,647.75
Balance -- June 30	\$ 178,650.27
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (1,114,321.78)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	30,361.23
Food Distribution Program	81,697.64
(Increase) Decrease in Accounts Receivable, net	38,072.68
(Increase) Decrease in Inventories	11,230.35
Increase (Decrease) in Accounts Payable	(18,946.42)
Total Adjustments	142,415.48
Net Cash Provided by (used for) Operating Activities	\$ (971,906.30)

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2018

	Private Purpose Trust Fund	Agency Funds	
	Scholarship Fund	Student Activity	Payroll
ASSETS:			
Cash and Cash Equivalents	\$ 220.83	\$ 62,704.05	\$ 9,642.45
Accounts Receivable:			
Due from Parent Unit		353.16	
Other		72.00	
Interfund Accounts Receivable:			
Due from General Fund		19,129.66	1,620.20
Total Assets	<u>220.83</u>	<u>\$ 82,258.87</u>	<u>\$ 11,262.65</u>
LIABILITIES:			
Payroll Deductions and Withholdings			\$ 11,262.65
Accounts Payable		\$ 18,713.65	
Payable to Student Groups		63,545.22	
Total Liabilities		<u>\$ 82,258.87</u>	<u>\$ 11,262.65</u>
NET POSITION:			
Held for Scholarships	<u>220.83</u>		
Total Net Position	<u>\$ 220.83</u>		

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Fund
	Scholarship Fund
ADDITIONS:	
Program Revenues	\$ 120.00
Total Contributions	120.00
Investment Earnings:	
Interest	0.45
Net Investment Earnings	0.45
Total Additions	120.45
Change in Net Position	120.45
Net Position -- July 1	100.38
Net Position -- June 30	\$ 220.83

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The Charter School is a K-12 charter school located in the County of Camden, State of New Jersey. It was created on October 1, 1996 through the approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a charter school, the LEAP Academy University Charter School, Inc. functions independently through a Board of Trustees (the "Board"). In accordance with the bylaws of the Charter School, the Board is to consist of no less than twelve and no more than twenty-five individuals. At least three trustees shall be public members representative of the corporate or philanthropic sectors and the broader elected and qualified. The Board's responsibility is to supervise and control the operations of the Charter School. The purpose of the Charter School is to educate students in grades K-12 at its four schools located in Camden, NJ. The Charter School has an approximate enrollment at June 30, 2018 of 1,525.

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

Component Units

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

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

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

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

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

LEAP Cramer Hill, LLC.
130 N. Broadway
Camden, New Jersey 08102

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The Charter School reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

The Charter School reports the following major proprietary funds:

Enterprise Funds

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

Additionally, the Charter School reports the following fund types:

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

The Charter School maintains the following fiduciary funds:

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

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

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all Revenues from the Charter School's student's district of residence.

Budgets / Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general and special revenue and are submitted to the New Jersey Department of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)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. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

Encumbrances

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

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

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

Tuition Receivable

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Revenues from District of Residence, Region of Residence and Non-Resident Districts**

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

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

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018. The Charter School had no prepaid expenses for the fiscal year ended June 30, 2018.

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

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

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

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

The Charter School does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

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

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

Unearned Revenue

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

Compensated Absences

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accrued Liabilities and Long-Term Obligations**

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

Pensions

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

Bond Discounts / Premiums

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

Net Position

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfund Activity

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

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

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

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

The Charter School implemented the following GASB Statements for the fiscal year ended June 30, 2018:

Statement 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. The adoption of this Statement required the Charter School to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the Charter School. In addition, the Charter School was required to include additional note disclosures (see note 10) and required supplementary information related to postemployment benefits

Statement No. 85, *Omnibus 2017*. This Statement addresses 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 adoption of this Statement had no impact on the basic financial statements of the Charter School.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements that will become effective for the Charter School for fiscal years ending after June 30, 2018:

Statement 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 Statement will become effective for the Charter School in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

Statement 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 Statement will become effective for the Charter School in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2018, the Charter School's bank balances of \$5,764,796.61 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 4,944,888.22
Uninsured and Uncollateralized	<u>819,908.39</u>
Total	<u>\$ 5,764,796.61</u>

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of accounts (fees for services), and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

	Governmental Funds			
	Blended Component Unit	General Fund	Special Revenue Fund	Total Governmental Activities
Federal Awards			\$ 437,537.31	\$ 437,537.31
State Awards		\$ 226,250.99		226,250.99
Local - LEA		198,040.46		198,040.46
Rutgers University	\$ 7,625.10	111,045.30		118,670.40
Other		4,152.67	15,147.91	19,300.58
	<u>\$ 7,625.10</u>	<u>\$ 539,489.42</u>	<u>\$ 452,685.22</u>	<u>\$ 999,799.74</u>
	Proprietary Fund			
	Food Service Fund	Total Business- Type Activities	Fiduciary Funds	Total
Federal Awards	\$ 101,946.53	\$ 101,946.53		\$ 539,483.84
State Awards				226,250.99
Local - LEA				198,040.46
Rutgers University	163,766.05	163,766.05		282,436.45
Other				19,300.58
	<u>\$ 265,712.58</u>	<u>\$ 265,712.58</u>	<u>\$ -</u>	<u>\$ 1,265,512.32</u>

Note 4: INVENTORY

Inventory recorded at June 30, 2018 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Supplies	\$ 1,226.90
Food	<u>2,304.96</u>
	<u>\$ 3,531.86</u>

Note 5: CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Retirements/ Transfers	Balance June 30, 2018
Government Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 2,183,511.00			\$ 2,183,511.00
Total Capital Assets not being Depreciated	<u>2,183,511.00</u>			<u>2,183,511.00</u>
Capital Assets being Depreciated:				
Building and Improvements	41,073,806.00	\$ 278,256.00		41,352,062.00
Equipment	5,572,827.00	446,574.82		6,019,401.82
Vehicles	368,115.00			368,115.00
Total Capital Assets being Depreciated	<u>47,014,748.00</u>	<u>724,830.82</u>		<u>47,739,578.82</u>
Less Accumulated Depreciation for:				
Building and Improvements	(10,154,817.00)	(1,115,574.00)		(11,270,391.00)
Equipment	(3,556,692.00)	(490,392.00)		(4,047,084.00)
Vehicles	(158,863.00)	(29,150.00)		(188,013.00)
Total Accumulated Depreciation	<u>(13,870,372.00)</u>	<u>(1,635,116.00)</u>		<u>(15,505,488.00)</u>
Total Capital Assets being Depreciated, net of Accumulated Depreciation	<u>33,144,376.00</u>	<u>(910,285.18)</u>		<u>32,234,090.82</u>
Government Activities Capital Assets, net	<u>\$ 35,327,887.00</u>	<u>\$ (910,285.18)</u>	<u>\$ -</u>	<u>\$ 34,417,601.82</u>
	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Business-Type Activities:				
Equipment	\$ 514,668.00			\$ 514,668.00
Less Accumulated Depreciation for: Equipment	(255,746.82)	\$ (30,361.23)		(286,108.05)
Business-Type Activities Capital Assets, net	<u>\$ 258,921.18</u>	<u>\$ (30,361.23)</u>	<u>\$ -</u>	<u>\$ 228,559.95</u>

Note 5: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:

Instruction	\$ 1,216,607.00
Community Service Programs	1,407.00
Student and Instruction Related Services	350.00
School Administrative Services	24,301.00
Other Administrative Services	67,432.00
Plant Operations and Maintenance	295,869.00
Transportation	29,150.00
	<u> </u>
Total Depreciation Expense	<u>\$ 1,635,116.00</u>

Business-Type Activities:

Food Service Operations	<u>\$ 30,361.23</u>
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Note 6: SHORT-TERM OBLIGATIONS

The following represents short-term debt activity for the fiscal year ended June 30, 2018:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Lines of Credit:				
General Fund	<u> </u>	<u>\$ 250,000.00</u>	<u>\$ (250,000.00)</u>	<u> </u>
	<u>\$ -</u>	<u>\$ 250,000.00</u>	<u>\$ (250,000.00)</u>	<u>\$ -</u>

The line of credit for the General Fund was for cash flow for operating expenditures. The line of credit is for \$750,000.00 and expires on March 31, 2019.

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
LEAP Academy University Charter School, Inc.					
Bonds Payable:					
General Obligation Bonds	\$ 5,266,537.01		\$ (416,304.31)	\$ 4,850,232.70	\$ 425,737.56
Total Bonds Payable	<u>5,266,537.01</u>		<u>(416,304.31)</u>	<u>4,850,232.70</u>	<u>425,737.56</u>
Other Liabilities:					
Loans Payable	11,856,553.53		(73,325.99)	11,783,227.54	76,283.67
Capital Leases Payable	715,334.45		(176,525.71)	538,808.74	185,219.73
Compensated Absences	103,042.82	\$ 43,279.31	(23,593.97)	122,728.16	
Net Pension Liability	9,308,710.00	3,282,239.00	(4,873,665.00)	7,717,284.00	
Total Other Liabilities	<u>21,983,640.80</u>	<u>3,325,518.31</u>	<u>(5,147,110.67)</u>	<u>20,162,048.44</u>	<u>261,503.40</u>
Total Charter School	<u>27,250,177.81</u>	<u>3,325,518.31</u>	<u>(5,563,414.98)</u>	<u>25,012,281.14</u>	<u>687,240.96</u>

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities (Cont'd):					
LEAP Cramer Hill, LLC (Component Unit):					
Bonds Payable:					
Charter School Revenue Bonds:					
Series 2014A Tax Exempt	\$ 9,500,000.00			\$ 9,500,000.00	
Series 2014B Taxable	500,000.00			500,000.00	
Add Amount:					
Issuance Premium	7,536.09		\$ (228.37)	7,307.72	
Series 2016	967,562.52		(34,783.89)	932,778.63	\$ 36,194.16
Total Bonds Payable	<u>10,975,098.61</u>		<u>(35,012.26)</u>	<u>10,940,086.35</u>	<u>36,194.16</u>
Other Liabilities:					
Capital Leases Payable		\$ 369,696.00	(50,128.18)	319,567.82	69,614.79
Total Other Liabilities		<u>369,696.00</u>	<u>(50,128.18)</u>	<u>319,567.82</u>	<u>69,614.79</u>
Total Component Unit	<u>10,975,098.61</u>	<u>369,696.00</u>	<u>(85,140.44)</u>	<u>11,259,654.17</u>	<u>105,808.95</u>
Governmental Activities Long-term Liabilities	<u>\$ 38,225,276.42</u>	<u>\$ 3,695,214.31</u>	<u>\$ (5,648,555.42)</u>	<u>\$ 36,271,935.31</u>	<u>\$ 793,049.91</u>

The bonds payable, loans payable, obligations under capital lease, compensated absences, and net pension liability are liquidated by the general fund. Debt in the name of LEAP Cramer Hill, LLC, a component unit is liquidated in its general fund through use of rents received from LEAP Academy University Charter School, Inc.

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

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

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

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

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

Bonds Payable (Cont'd) - Principal and interest due on bonds outstanding are as follows:

Fiscal Year Ending June 30,	LEAP Academy University Charter School, Inc.		
	Principal	Interest	Total
2019	\$ 425,737.56	\$ 104,291.16	\$ 530,028.72
2020	435,372.58	94,656.14	530,028.72
2021	445,225.66	84,803.07	530,028.73
2022	455,301.75	74,726.97	530,028.72
2023	465,605.90	64,422.84	530,028.74
2024-2028	2,490,940.38	159,203.28	2,650,143.66
2029-2033	132,048.87	458.32	132,507.19
	<u>4,850,232.70</u>	<u>582,561.78</u>	<u>5,432,794.48</u>
	LEAP Cramer Hill, LLC (Component Unit)		
	Principal	Interest	Total
2019	\$ 36,194.16	\$ 661,999.08	\$ 698,193.24
2020	37,661.25	660,531.99	698,193.24
2021	159,187.82	654,205.42	813,393.24
2022	165,776.28	642,816.96	808,593.24
2023	182,429.10	630,564.14	812,993.24
2024-2028	1,094,380.21	2,971,117.25	4,065,497.46
2029-2033	1,416,991.26	2,624,774.94	4,041,766.20
2034-2038	1,710,158.55	2,172,522.02	3,882,680.57
2039-2043	2,030,000.00	1,616,030.00	3,646,030.00
2044-2048	2,750,000.00	878,465.00	3,628,465.00
2049-2050	1,350,000.00	86,310.00	1,436,310.00
	<u>10,932,778.63</u>	<u>13,599,336.80</u>	<u>24,532,115.43</u>
Totals	<u>\$ 15,783,011.33</u>	<u>\$ 14,181,898.58</u>	<u>\$ 29,964,909.91</u>

Bonds Authorized but not Issued - As of June 30, 2018, the Charter School had no authorizations to issue additional bonded debt.

Obligations under Capital Lease - The Charter School is leasing computer equipment totaling \$433,089.91, furniture totaling \$365,708.00 and two school buses totaling \$176,999.34 under capital leases. In addition, LEAP Cramer Hill, LLC is leasing computer equipment totaling \$369,696.00. All capital leases are for terms of five to seven years. Capital leases are depreciated in a manner consistent with the Charter School's depreciation policy for owned assets.

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

Obligations under Capital Lease (Cont'd) - The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2018.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>LEAP Academy University Charter School, Inc.</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 185,219.72	\$ 22,595.44	\$ 207,815.16
2020	163,610.47	13,786.34	177,396.81
2021	102,519.75	7,429.91	109,949.66
2022	66,653.39	2,987.57	69,640.96
2023	20,805.41	214.58	21,019.99
	<u>538,808.74</u>	<u>47,013.84</u>	<u>585,822.58</u>
	<u>LEAP Cramer Hill, LLC (Component Unit)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 69,614.79	\$ 13,088.73	\$ 82,703.52
2020	72,927.08	9,776.44	82,703.52
2021	76,396.95	6,306.57	82,703.52
2022	80,031.93	2,671.59	82,703.52
2023	20,597.07	79.81	20,676.88
	<u>319,567.82</u>	<u>31,923.14</u>	<u>351,490.96</u>
Totals	<u>\$ 858,376.56</u>	<u>\$ 78,936.98</u>	<u>\$ 937,313.54</u>

Loans Payable - On September 27, 2011, the Charter School entered into a loan agreement with Chase NMTC TRF Charter School Investment Fund, LLC in the amount of \$10,000,000.00 to purchase and renovate a facility for the Charter School's S.T.E.M. program. The loan which was serviced by TRF NMTC Fund XV, LP c/o The Reinvestment Fund, Inc. and included three loans, Loan A: \$5,472,174.00, Loan B: \$2,562,608.00 and Loan C: \$1,965,218.00 respectively. The terms of the loans required monthly interest only payments at a rate of 4.635% beginning on October 1, 2011 and continuing until September 1, 2018. In addition, the Charter School must maintain a sinking fund with monthly deposits of \$24,352.92 through September 1, 2018. The balance in the sinking fund at June 30, 2018 is \$1,986,905.35. Subsequent to June 30, 2018, the Charter School refinanced the combined principal of Loan A and B for \$8,034,782.00 and through tax credits provided in the original agreement, Loan C in the amount of \$1,965,218.00 was forgiven (See note 20).

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

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

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

Fiscal Year			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 49,976.69	\$ 52,064.59	\$ 102,041.28
2020	51,967.72	50,073.56	102,041.28
2021	54,317.60	47,723.68	102,041.28
2022	56,630.52	45,410.76	102,041.28
2023	59,041.90	42,999.38	102,041.28
2024-2028	334,921.19	175,285.21	510,206.40
2029-2033	412,730.60	97,475.80	510,206.40
2034-2036	249,465.81	14,132.90	263,598.71
	<u>\$ 1,269,052.03</u>	<u>\$ 525,165.88</u>	<u>\$ 1,794,217.91</u>

On October 6, 2016, the Charter School purchased a property at 527 Cooper Street, Camden, New Jersey for \$310,000.00. After a down payment \$100,000.00, the Charter School entering into a loan agreement with the seller, Thomas DeMarco Holding, LLC, for \$210,000.00. The property is for expanded classroom space attached to an existing building owned by the Charter School. The loan requires monthly payments of principal and interest at a rate of 2.0% of \$1,062.36 for twenty years with the last payment due on October 1, 2036; however with the Charter School's refinance of loans subsequent to June 30, 2018, this loan was paid off (see note 20). Monthly principal and interest payments due in the fiscal year ended June 30, 2019 prior to the payoff were \$1,476.65 and \$648.07, respectively.

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

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

Fiscal Year			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 17,372.84	\$ 13,517.80	\$ 30,890.64
2020	18,107.04	12,783.60	30,890.64
2021	18,943.46	11,947.18	30,890.64
2022	264,963.72	8,359.21	273,322.93
	<u>\$ 319,387.06</u>	<u>\$ 46,607.79</u>	<u>\$ 365,994.85</u>

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

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

Note 8: OPERATING LEASES

At June 30, 2018, the Charter School had operating lease agreements in effect for copy machines, mail machines, maintenance equipment and garage space. The present value of the future minimum rental payments under the operating lease agreements are as follows:

Year Ending June 30,	Amount
2019	\$ 46,347.36
2020	42,029.04
2021	34,527.62
2022	18,000.00
2023	18,000.00
	<u>\$ 158,904.02</u>

Rental payments under operating leases for the fiscal year ended June 30, 2018 were \$62,524.72.

Note 9: PENSION PLANS

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

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

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

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

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

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

Teachers' Pension and Annuity Fund (Cont'd) - Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

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

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% 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 contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Charter School and all other related non-contributing employers. No normal or accrued liability contribution by the Charter School has been required over 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*.

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

Teachers' Pension and Annuity Fund (Cont'd) - The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2018 was 10.99% of the Charter School's covered payroll, of which 0.00% of payroll was required from the Charter School and 100.00% of payroll was required from the State of New Jersey. The Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2018 was \$775,248.00, and was paid by April 1, 2018. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$540,988.61.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.34% 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 rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2018 was 12.67% of the Charter School's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Charter School's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$307,119.00, and was paid by April 1, 2018. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$270,696.30.

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

For the fiscal year ended June 30, 2018, the Charter School had no employees participating in this program.

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

Teachers' Pension and Annuity Fund - At June 30, 2018, the Charter School was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

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

Charter School's Proportionate Share of Net Pension Liability	-
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Charter School	<u>\$ 46,548,663.00</u>
	<u>\$ 46,548,663.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. For the June 30, 2017 measurement date, the Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2017, the Charter School proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2017 measurement date, the State's proportionate share of the TPAF net pension liability associated with the Charter School was 0.0690391178%, which was an increase of 0.0051573528% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the Charter School recognized \$3,224,656.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Public Employees' Retirement System - At June 30, 2018, the Charter School reported a liability of \$7,717,284.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Charter School's proportion was 0.0331521215%, which was an increase of 0.0017219674% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the Charter School recognized pension expense of \$715,814.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

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

Public Employees' Retirement System (Cont'd) - At June 30, 2018, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 181,715.00	
Changes of Assumptions	1,554,767.00	\$ 1,549,067.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	52,549.00	
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	672,539.00	74,371.00
Charter School Contributions Subsequent to the Measurement Date	<u>440,189.00</u>	
	<u>\$ 2,901,759.00</u>	<u>\$ 1,623,438.00</u>

The \$440,189.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other 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 Ending June 30,</u>	
2019	\$ 340,852.00
2020	433,328.00
2021	320,336.00
2022	(128,231.00)
2023	<u>(128,153.00)</u>
	<u>\$ 838,132.00</u>

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

Public Employees' Retirement System (Cont'd) - The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

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

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

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.25%	2.25%
Salary Increases:		
2012-2021	Varies Based on Experience	-
Through 2026	-	1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

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

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

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2017 were 4.25% and 5.00% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. 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 for TPAF and 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 for TPAF and 2040 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of Charter School's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2017, the pension plans measurement date, attributable to the Charter School is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the Charter School, using a discount rate of 4.25%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Charter School's Proportionate Share of the Net Pension Liability	-	-	-
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Charter School	\$ 55,301,272.00	\$ 46,548,663.00	\$ 39,338,226.00
	<u>\$ 55,301,272.00</u>	<u>\$ 46,548,663.00</u>	<u>\$ 39,338,226.00</u>

Public Employees' Retirement System (PERS) - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Charter School's Proportionate Share of the Net Pension Liability	\$ 9,573,815.00	\$ 7,717,284.00	\$ 6,170,564.00

Pension Plan Fiduciary Net Position

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, 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 OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

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

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Contributions - The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the "State") 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.

Employees Covered by Benefit Terms - At June 30, 2018, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	366,078

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The Charter School's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the Charter School as of June 30, 2018 was \$15,793,009.00. Since the OPEB liability associated with the Charter School is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The total Non-Employer OPEB Liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total Non-Employer OPEB Liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. For the June 30, 2017 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the Charter School was 0.0294426837%, which was an increase of 0.0015168619% from its proportion measured as of June 30, 2016.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2016 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP (1)</u>	<u>PERS (2)</u>	<u>PFRS (2)</u>
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

(1) - Based on years of service

(2) - Based on age

Inflation Rate - 2.50%.

Mortality Rates - 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.

Experience Studies - 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, PFRS 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 and 2016 was 3.58% and 2.85%, respectively. 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.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

Changes in the Total Non-Employer OPEB Liability - The below table summarizes the State's proportionate share of the change in the Total Non-Employer OPEB Liability associated with the Charter School:

Balance at June 30, 2017		\$ 16,150,001.00
Changes for the Year:		
Service Cost	\$ 1,985,807.00	
Interest Cost	511,885.00	
Changes in Assumptions	(2,502,354.00)	
Gross Benefit Payments	(365,800.00)	
Member Contributions	13,470.00	
Net Changes		<u>(356,992.00)</u>
Balance at June 30, 2018		<u>\$ 15,793,009.00</u>

There were no changes in benefit terms between the June 30, 2016 measurement date and the June 30, 2017 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% for the June 30, 2016 measurement date to 3.58% for the June 30, 2017 measurement date.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the Charter School, using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	<u>\$ 18,747,441.09</u>	<u>\$ 15,793,009.00</u>	<u>\$ 13,449,525.39</u>

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the Charter School, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	<u>\$ 12,988,223.19</u>	<u>\$ 15,793,009.00</u>	<u>\$ 19,517,731.55</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Non-Employer OPEB Liability - For the fiscal year ended June 30, 2018, the Charter School recognized \$2,348,627.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2017 measurement date.

In accordance with GASBS No. 75, the Charter School's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the Charter School. However, at June 30, 2018, the State's proportionate share of the total Non-Employer OPEB Liability's deferred outflows of resources and deferred inflows of resources, associated with Charter School, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	\$ 693,166.00	
Changes of Assumptions or Other Inputs		1,867,776.00
	<u>\$ 693,166.00</u>	<u>\$ 1,867,776.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability, associated with the Charter School, will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ (137,542.12)
2020	(137,542.12)
2021	(137,542.12)
2022	(137,542.12)
2023	(137,542.12)
Thereafter	(486,899.42)
	<u>\$ (1,174,610.00)</u>

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$1,077,117.00, \$26,139.00, \$712,569.00, and \$5,248.00, respectively.

Note 12: RISK MANAGEMENT

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

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

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

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

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are The Group publishes its own financial report for the fiscal year ended June 30, 2018, which can be obtained from:

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

Note 13: DEFERRED COMPENSATION

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

AXA Advisors
Lincoln
Prime America

Note 14: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2018, the liability for compensated absences reported on the government-wide statement of net position was \$122,728.16.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General Fund	\$ 117,088.37	\$ 85,007.73
Special Revenue Fund	8,764.95	117,088.37
Proprietary Fund	64,257.87	8,764.95
Fiduciary Funds	20,749.86	
	<u>\$ 210,861.05</u>	<u>\$ 210,861.05</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2019, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

Interfund Transfers:

	<u>Transfer In:</u>
<u>Transfer Out:</u>	<u>General Fund</u>
Capital Projects Fund	<u>\$ 13,422.63</u>

This transfer represents the unexpended balances of two capital projects which had been completed in a prior year.

Note 16: CONTINGENCIES

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

Note 17: CONCENTRATIONS

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

Note 18: FUND BALANCES**RESTRICTED**

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

General Fund

For Debt Service - In accordance with the Charter School's debt service agreements, amounts have been restricted for future debt service of \$72,589.69 and \$1,986,905.35.

For Charter School Escrow Reserve - In accordance with the New Jersey Charter School agreement, the Charter School has established an escrow that is restricted for the possible costs associated with the dissolution of the charter school. Within five years of the signing of the agreement, the reserve must reach a balance of \$75,000.00. As of June 30, 2018, the balance of the escrow is \$75,000.00.

Special Revenue Fund - As a result of the receipt of grants from local sources which have not been expended, there is a restricted fund balance in the Special Revenue Fund at June 30, 2018 in the amount of \$10,411.06.

ASSIGNED

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

General Fund

Other Purposes - As of June 30, 2018, the Charter School had \$244,311.23 of encumbrances outstanding for purchase orders and contracts signed by the Charter School, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund - As of June 30, 2018, \$699,748.29 of general fund balance was unassigned.

Note 19: SUBSEQUENT EVENTS

On October 1, 2018, the Charter School signed a ninety day note with Republic Bank in the amount of \$7,500,000.00. In addition, the Charter School liquidated its sinking fund maintained for its debt with Chase NMTC TRF Charter School Investment Fund, LLC. The sources and uses of the proceeds were as follows:

Source of Funds:	
Republic Bank Ninety Day Note	\$ 7,500,000.00
Sinking Fund Balance	<u>2,061,504.30</u>
	<u>\$ 9,561,504.30</u>
Use of Funds:	
Repayment of Outstanding Loans:	
Chase NMTC TRF Charter School Investment Fund, LLC:	
Loan A	\$ 5,472,174.00
Loan B	<u>2,562,608.00</u>
	8,034,782.00
Thomas DeMarco Holding, LLC	<u>193,311.81</u>
	\$ 8,228,093.81
Chase NMTC TRF Charter School Investment Fund, LLC Interest Payments	39,912.49
Fees and Other Settlement Charges	<u>71,747.63</u>
Total Net Charges	8,339,753.93
Remainder to a savings account with Republic Bank	<u>1,221,750.37</u>
	<u>\$ 9,561,504.30</u>

Under the agreement with Chase NMTC TRF Charter School Investment Fund, LLC, Loan C in the amount of \$1,965,218.00 is cancelled as a result of tax credits.

On November 28, 2018, the \$7,500,000.00 note was refinanced with permanent funding by New Jersey Economic Development Authority (NJEDA) Bonds. The bonds were issued in the name of LEAP STEM, LLC, a component unit of LEAP Academy University Charter School, Inc. which was created subsequent to June 30, 2018. In the bond agreement dated November 1, 2018 between the NJEDA, LEAP STEM, LLC and Republic First Bank d/b/a Republic Bank, the term will be twenty-five (25) years (monthly amortization) at a tax exempt rate of 3.99% for the initial seven (7) years through November 1, 2025. At the end of the seven (7) years, the loan will have a rate reset formula for each subsequent five (5) year period through November 1, 2030, 2035 and 2040, respectively. The rate will be set at 225 basis points (2.25%) above the five (5) year treasury rate to arrive at the Bank's tax equivalent rate, and then adjusted to reflect the tax free rate. No interest reset will exceed the previous interest rate by more than 200 basis points (2.00%) and no interest rate reset over the life of the loan will exceed the initial interest rate by more than 500 basis points (5.00%).

Beginning on January 1, 2019, LEAP STEM, LLC will make monthly payments through and including the maturity date for principal and interest in the amount of \$39,776.08. On December 1st following each reset rate date in 2025, 2030, 2035 and 2040, respectively, LEAP STEM, LLC will make monthly payments of principal and interest based on the fixed reset rate and the amortization schedule provided for the remaining term. If not previously paid, the entire unpaid principal balance together with unpaid interest, fees and expenses shall be due and payable in full on November 1, 2043.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>REVENUES</u>					
Local Sources:					
Rutgers Preschool Contract		\$ 209,197.99	\$ 209,197.99	\$ 209,197.08	\$ (0.91)
Revenue from Clinic		120,000.00	120,000.00	150,264.51	30,264.51
Miscellaneous Revenue	\$ 414,739.91	(346,739.91)	68,000.00	71,127.58	3,127.58
Restricted Interest Income				553.40	553.40
Interest and Other Revenue				6,693.84	6,693.84
	414,739.91	(17,541.92)	397,197.99	437,836.41	40,638.42
State Sources:					
Charter School Aid:					
Local Levy/Equalization Aid:					
State and Local Share	18,246,840.00	(56,801.00)	18,190,039.00	18,190,039.00	
Total - Local Levy/Equalization Aid	18,246,840.00	(56,801.00)	18,190,039.00	18,190,039.00	
Categorical Aid:					
Special Education Aid	400,150.00	(36,768.00)	363,382.00	363,382.00	
Security Aid	580,217.00	(51,886.00)	528,331.00	528,331.00	
Total Categorical Aid	980,367.00	(88,654.00)	891,713.00	891,713.00	
Total Charter School Aid	19,227,207.00	(145,455.00)	19,081,752.00	19,081,752.00	
Other State Sources:					
Non-Public State Aid		67,789.00	67,789.00	67,789.00	
Adjustment Aid	780,293.00	1,086,398.00	1,866,691.00	1,866,691.00	
Lead Testing for New Jersey Schools				2,135.55	2,135.55
On-behalf Contributions:					
T.P.A.F. Post-Retirement Medical				712,569.00	712,569.00
Teacher's Pension and Annuity Fund				1,077,117.00	1,077,117.00
T.P.A.F. Non-contributory Insurance				26,139.00	26,139.00
T.P.A.F. LTDI				5,248.00	5,248.00

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>REVENUES (Cont'd)</u>					
Other State Sources (Cont'd):					
Reimbursed TPAF Social Security Contributions				\$ 536,899.22	\$ 536,899.22
Total Other State Sources	\$ 780,293.00	\$ 1,154,187.00	\$ 1,934,480.00	4,294,587.77	2,360,107.77
Total - State Sources	20,007,500.00	1,008,732.00	21,016,232.00	23,376,339.77	2,360,107.77
Federal Sources:					
SEMI Medicaid		31,839.91	31,839.91	27,437.47	(4,402.44)
Total - Federal Sources		31,839.91	31,839.91	27,437.47	(4,402.44)
Total Revenues	20,422,239.91	1,023,029.99	21,445,269.90	23,841,613.65	2,396,343.75
<u>EXPENDITURES</u>					
General Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	328,179.68	(3,706.92)	324,472.76	324,472.76	
Grades 1-5	2,443,539.90	(98,515.13)	2,345,024.77	2,345,024.77	
Grades 6-8	1,108,479.23	87,354.14	1,195,833.37	1,195,833.37	
Grades 9-12	1,648,013.48	(175,840.89)	1,472,172.59	1,472,172.59	
Regular Programs - Home Instruction:					
Salaries of Teachers		3,330.00	3,330.00	3,330.00	
Purchased Professional Educational Services	15,165.00	8,811.38	23,976.38	23,628.59	347.79
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	690,760.00	303,645.76	994,405.76	994,405.76	
Purchased Professional - Educational Services	11,000.00	631,394.00	642,394.00	640,206.48	2,187.52
General Supplies	63,179.40	402,584.23	465,763.63	372,065.37	93,698.26
Textbooks		115,966.10	115,966.10	114,014.25	1,951.85
Other Objects		34,879.50	34,879.50	12,485.18	22,394.32
					(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Total Regular Programs - Instruction	\$ 6,308,316.69	\$ 1,309,902.17	\$ 7,618,218.86	\$ 7,497,639.12	\$ 120,579.74
Special Education Instruction:					
Resource Room / Resource Center:					
Salaries of Teachers	538,698.31	24,272.43	562,970.74	562,970.74	
General Supplies		620.65	620.65	620.65	
Total Resource Room / Resource Center	538,698.31	24,893.08	563,591.39	563,591.39	
Homebound Instruction:					
Purchased Professional - Educational Services		2,400.00	2,400.00	2,400.00	
Total Homebound Instruction		2,400.00	2,400.00	2,400.00	
Total Special Education - Instruction	538,698.31	27,293.08	565,991.39	565,991.39	
Bilingual Education - Instruction:					
Salaries of Teachers	222,194.10	(74,635.65)	147,558.45	147,558.45	
General Supplies		42.34	42.34	42.34	
Total Bilingual Education - Instruction	222,194.10	(74,593.31)	147,600.79	147,600.79	
School - Sponsored Cocurricular Activities - Instruction:					
Salaries	3,500.00	380.40	3,880.40	3,880.40	
Supplies and Materials		7,200.00	7,200.00	385.00	6,815.00
Total School - Sponsored Cocurricular Activities - Instruction	3,500.00	7,580.40	11,080.40	4,265.40	6,815.00

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
School - Sponsored Athletics - Instruction:					
Salaries	\$ 90,000.00	\$ (4,720.00)	\$ 85,280.00	\$ 85,280.00	
Purchased Services (300-500 Series)		10,000.00	10,000.00	9,232.00	\$ 768.00
Supplies and Materials		4,663.00	4,663.00	4,571.51	91.49
Other Objects		162.00	162.00	162.00	
Total School - Sponsored Athletics - Instruction	90,000.00	10,105.00	100,105.00	99,245.51	859.49
Summer School - Instruction:					
Salaries of Teachers		85,792.50	85,792.50	85,792.50	
General Supplies		5,295.22	5,295.22	5,095.22	200.00
Total Summer School Instruction		91,087.72	91,087.72	90,887.72	200.00
Summer School - Support Services:					
Salaries of Teachers		2,325.00	2,325.00	2,325.00	
Total Summer School Support Services		2,325.00	2,325.00	2,325.00	
Total Summer School		93,412.72	93,412.72	93,212.72	200.00
Other Supplemental / At Risk Programs - Instruction:					
Salaries of Reading Specialist	64,433.26	(3,344.81)	61,088.45	61,088.45	
Total Other Supplemental/ At Risk Programs	64,433.26	(3,344.81)	61,088.45	61,088.45	
Community Service Programs					
Salaries	389,986.84	(21,467.57)	368,519.27	368,519.27	
Other Purchased Services (300-500 series)	22,700.00	12,659.00	35,359.00	33,419.20	1,939.80
Supplies and Materials	303.82	87,393.92	87,697.74	31,468.22	56,229.52
Other Objects		12,705.00	12,705.00	8,530.73	4,174.27

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Total Community Service Programs	\$ 412,990.66	\$ 91,290.35	\$ 504,281.01	\$ 441,937.42	\$ 62,343.59
Total Instruction	7,640,133.02	1,461,645.60	9,101,778.62	8,910,980.80	190,797.82
Undistributed Expenditures - Attendance and Social Work:					
Salaries	205,780.61	630.19	206,410.80	206,410.80	
Salaries of Family Support Teams		25,442.22	25,442.22	25,442.22	
Salaries of Family Liaisons/Community Parent Involvement Specialists	66,950.00	(257.58)	66,692.42	66,692.42	
Supplies and Materials		963.75	963.75	963.75	
Total Undistributed Expenditures - Attendance and Social Work	272,730.61	26,778.58	299,509.19	299,509.19	
Undistributed Expenditures - Health Services:					
Salaries	145,974.70	21,770.52	167,745.22	167,745.22	
Purchased Professional and Technical Services	15,000.00	(11,311.85)	3,688.15	1,945.52	1,742.63
Supplies and Materials		2,923.90	2,923.90	2,923.90	
Other Objects		918.50	918.50	918.50	
Total Undistributed Expenditures - Health Services	160,974.70	14,301.07	175,275.77	173,533.14	1,742.63
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services		71,139.00	71,139.00	71,139.00	
Total Undistributed Expenditures -Speech, OT, PT and Related Services		71,139.00	71,139.00	71,139.00	
Undistributed Expenditures - Other Support Services Students - Extraordinary Services					
Salaries		4,876.00	4,876.00	4,876.00	
Total Undistributed Expenditures - Other Support Services Students - Extraordinary Services		4,876.00	4,876.00	4,876.00	

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Guidance Services:					
Salaries of Other Professional Staff	\$ 87,418.16	\$ 26,241.44	\$ 113,659.60	\$ 113,659.60	
Other Salaries	215,837.53	(69,442.23)	146,395.30	146,395.30	
Purchased Professional - Educational Services	372,979.77	(85,208.00)	287,771.77	287,771.77	
Total Undistributed Expenditures - Guidance Services	676,235.46	(128,408.79)	547,826.67	547,826.67	
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	51,706.00	(51,706.00)			
Purchased Professional - Educational Services		218,770.25	218,770.25	218,770.25	
Supplies and Materials		1,387.27	1,387.27	1,387.27	
Total Undistributed Expenditures - Child Study Teams	51,706.00	168,451.52	220,157.52	220,157.52	
Undistributed Expenditures - Improvement of Instructional Services:					
Salary of Supervisor of Instruction	87,418.16	84,999.60	172,417.76	172,417.76	
Other Salaries		2,430.00	2,430.00	2,430.00	
Total Undistributed Expenditures - Improvement of Instructional Services	87,418.16	87,429.60	174,847.76	174,847.76	
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services (400-500 series)		711.30	711.30	709.57	\$ 1.73
Total Undistributed Expenditures - Instructional Staff Training Services		711.30	711.30	709.57	1.73
Undistributed Expenditures - Support Services - General Administration:					
Salaries	126,690.00	(83,613.14)	43,076.86	43,076.86	
Legal Services	100,000.00	(5,765.83)	94,234.17	75,230.58	19,003.59
Audit Fees	73,500.00	(13,500.00)	60,000.00	60,000.00	
Other Purchased Professional Services	325,430.05	64,543.00	389,973.05	389,973.05	
Purchased Technical Services	6,300.00	1,362.00	7,662.00	7,661.60	0.40
Communications / Telephone	100,600.00	(2,085.74)	98,514.26	98,258.96	255.30
					(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration (Cont'd):					
Miscellaneous Purchased Services (400-500 series)	\$ 52,034.00	\$ (2,752.88)	\$ 49,281.12	\$ 49,281.12	
Board of Trustees In-House Training / Meeting Supplies	1,000.00	(980.00)	20.00	20.00	
Judgements Against Charter School	50,000.00	(50,000.00)			
Miscellaneous Expenditures	39,658.24	(1,563.26)	38,094.98	35,771.86	\$ 2,323.12
Board of Trustees Membership Dues and Fees	26,650.00	(6,150.00)	20,500.00	20,500.00	
Total Undistributed Expenditures - Support Services - General Administration	901,862.29	(100,505.85)	801,356.44	779,774.03	21,582.41
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals/ Program Directors	544,954.46	(137,283.68)	407,670.78	407,670.78	
Salaries of Secretarial and Clerical Assistants	166,161.35	(16,145.42)	150,015.93	150,015.93	
Other Salaries	445,689.66	119,851.11	565,540.77	565,540.77	
Purchased Professional Services	25,000.00		25,000.00	25,000.00	
Supplies and Materials	128,989.40	(33,767.68)	95,221.72	95,149.78	71.94
Other Objects	200.00	(100.00)	100.00	100.00	
Total Undistributed Expenditures - Support Services - School Administration	1,310,994.87	(67,445.67)	1,243,549.20	1,243,477.26	71.94
Undistributed Expenditures - Central Services:					
Salaries	650,321.40	24,978.68	675,300.08	675,300.08	
Purchased Professional Services	34,550.00	32,246.00	66,796.00	66,796.00	
Public Relations	136,041.50	(30,033.27)	106,008.23	103,108.23	2,900.00
Miscellaneous Purchased Services	20,540.00	10,861.59	31,401.59	31,039.59	362.00
Supplies and Materials	22,735.00	(9,939.81)	12,795.19	12,260.80	534.39
Interest on Current Loans	20,000.00	(17,015.79)	2,984.21	2,984.21	
Interest on Lease Purchase Agreements	44,200.45	(12,911.00)	31,289.45	31,289.45	
Mortgage and Loan Interest	655,952.40	267.98	656,220.38	656,016.12	204.26
Miscellaneous Expenditures	83,560.00	(24,545.34)	59,014.66	59,014.66	
Total Undistributed Expenditures - Central Services	1,667,900.75	(26,090.96)	1,641,809.79	1,637,809.14	4,000.65

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Administration of Information Technology:					
Salaries	\$ 244,374.71	\$ 6,955.29	\$ 251,330.00	\$ 251,329.92	\$ 0.08
Purchased Professional Services	13,950.00	(11,449.59)	2,500.41	2,500.41	
Supplies and Materials	45,500.00	8,162.82	53,662.82	53,662.82	
Total Undistributed Expenditures - Administration of Information Technology	303,824.71	3,668.52	307,493.23	307,493.15	0.08
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	175,603.00	(67,238.52)	108,364.48	106,024.66	2,339.82
General Supplies	29,820.00	17,016.80	46,836.80	45,808.29	1,028.51
Total Undistributed Expenditures - Required Maintenance for School Facilities	205,423.00	(50,221.72)	155,201.28	151,832.95	3,368.33
Undistributed Expenditures - Custodial Services:					
Salaries	677,897.02	13,420.41	691,317.43	691,317.43	
Salaries of Non-Instructional Aides		8,718.75	8,718.75	8,718.75	
Rental of Land and Buildings Other Than Lease Purchase Agreement	767,794.00	62,027.64	829,821.64	829,820.88	0.76
Other Purchased Property Services	34,200.00	35,113.97	69,313.97	69,313.97	
Insurance	178,000.00	(49,591.84)	128,408.16	128,408.16	
General Supplies	100,000.00		100,000.00	89,723.20	10,276.80
Energy - Electricity	419,400.00	(44,982.09)	374,417.91	368,153.75	6,264.16
Total Undistributed Expenditures - Custodial Services	2,177,291.02	24,706.84	2,201,997.86	2,185,456.14	16,541.72
Undistributed Expenditures - Security:					
Salaries		124,775.71	124,775.71	124,775.71	
Purchased Professional and Technical Services	560,000.00	(224,699.78)	335,300.22	330,716.90	4,583.32
General Supplies		9,877.61	9,877.61	9,153.61	724.00
Total Undistributed Expenditures - Security	560,000.00	(90,046.46)	469,953.54	464,646.22	5,307.32

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Total Undistributed Expenditures - Operation and Maintenance of Plant	\$ 2,942,714.02	\$ (115,561.34)	\$ 2,827,152.68	\$ 2,801,935.31	\$ 25,217.37
Undistributed Expenditures - Student Transportation Services:					
Salaries	146,568.14	(37,035.31)	109,532.83	109,532.83	
Cleaning, Repair, & Maintenance Services	4,000.00	4,800.00	8,800.00	8,621.23	178.77
Contracted Services (Regular Education Students) - Vendors	200,000.00		200,000.00	190,709.59	9,290.41
Contracted Services (Other than Between Home and School) - Vendors		19,913.50	19,913.50	11,058.50	8,855.00
Insurance	4,800.00	(4,800.00)			
General Supplies		2,000.00	2,000.00	1,277.03	722.97
Transportation Supplies	21,150.00		21,150.00	13,681.44	7,468.56
Other Objects	8,335.00		8,335.00	6,494.50	1,840.50
Total Undistributed Expenditures - Student Transportation Services	384,853.14	(15,121.81)	369,731.33	341,375.12	28,356.21
Allocated Benefits - Community Service Programs:					
Workmen's Compensation		3,418.00	3,418.00	3,418.00	
Total Allocated Benefits - Community Service Programs		3,418.00	3,418.00	3,418.00	
Unallocated Benefits - Employee Benefits:					
Group Insurance		213.69	213.69	213.69	
Social Security Contributions	356,523.00	12,360.92	368,883.92	333,813.21	35,070.71
Other Retirement Contributions - PERS	320,000.00	(5,856.58)	314,143.42	314,143.42	
Unemployment Compensation	45,308.00	6,430.08	51,738.08	51,738.08	
Workmen's Compensation	221,450.00	2,191.01	223,641.01	202,729.42	20,911.59
Health Benefits	2,112,000.00	(299,991.58)	1,812,008.42	1,754,066.05	57,942.37
Tuition Reimbursement	10,000.00	(10,000.00)			
Total Unallocated Benefits - Employee Benefits	3,065,281.00	(294,652.46)	2,770,628.54	2,656,703.87	113,924.67
Total Personal Services Employee Benefits	3,065,281.00	(291,234.46)	2,774,046.54	2,660,121.87	113,924.67

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
On-behalf Contributions (Non-Budgeted):					
T.P.A.F. Post-Retirement Medical				\$ 712,569.00	\$ (712,569.00)
Teacher's Pension and Annuity Fund				1,077,117.00	(1,077,117.00)
T.P.A.F. Non-contributory Insurance				26,139.00	(26,139.00)
T.P.A.F. LTDI				5,248.00	(5,248.00)
Reimbursed TPAF Social Security Contributions				536,899.22	(536,899.22)
Total On-behalf Contributions				2,357,972.22	(2,357,972.22)
Total Undistributed Expenditures	\$ 11,826,495.71	\$ (367,013.29)	\$ 11,459,482.42	13,622,556.95	(2,163,074.53)
Total General Current Expense	19,466,628.73	1,094,632.31	20,561,261.04	22,533,537.75	(1,972,276.71)
Capital Outlay:					
Equipment:					
Undistributed Expenditures - Instruction		31,064.00	31,064.00	31,064.00	
Undistributed Expenditures - Non-Instructional Equipment		16,000.00	16,000.00	7,675.00	8,325.00
Total Equipment		47,064.00	47,064.00	38,739.00	8,325.00
Facilities Acquisition and Construction Services:					
Legal Services		128.49	128.49	128.49	
Other Purchased Professional and Technical Services	75,000.00	(63,601.00)	11,399.00	11,399.00	
Construction Services	85,000.00	216,544.20	301,544.20	259,600.81	41,943.39
Capital Lease Principal	176,525.74	(0.03)	176,525.71	176,525.71	
Mortgage, Bonds and Loan Principal	783,499.15	(267.98)	783,231.17	781,865.34	1,365.83
Total Facilities Acquisition and Construction Services	1,120,024.89	152,803.68	1,272,828.57	1,229,519.35	43,309.22
Total Capital Outlay	1,120,024.89	199,867.68	1,319,892.57	1,268,258.35	51,634.22
Total Expenditures	20,586,653.62	1,294,499.99	21,881,153.61	23,801,796.10	(1,920,642.49)

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (164,413.71)	\$ (271,470.00)	\$ (435,883.71)	\$ 39,817.55	\$ 475,701.26
Other Financing Sources (Uses):					
Operating Transfer In - Capital Projects Fund				13,422.63	13,422.63
Deposits Held for Sinking Fund:					
Sinking Fund Deposits				292,235.04	292,235.04
Interest on Sinking Fund Deposits				6,289.33	6,289.33
Total Other Financing Sources (Uses)				311,947.00	311,947.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(164,413.71)	(271,470.00)	(435,883.71)	351,764.55	787,648.26
Fund Balances, July 1	2,726,790.01		2,726,790.01	2,726,790.01	
Fund Balances, June 30	<u>\$ 2,562,376.30</u>	<u>\$ (271,470.00)</u>	<u>\$ 2,290,906.30</u>	<u>\$ 3,078,554.56</u>	<u>\$ 787,648.26</u>
Recapitulation:					
Restricted Fund Balance:					
Debt Service Escrow				\$ 72,589.69	
Sinking Fund Reserve				1,986,905.35	
Charter School Escrow Reserve				75,000.00	
Assigned Fund Balance:					
Year-End Encumbrances				244,311.23	
Unassigned Fund Balance				<u>699,748.29</u>	
				<u>\$ 3,078,554.56</u>	

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Arter Charter Grant		\$ 2,175.14	\$ 2,175.14	\$ 332.50	\$ (1,842.64)
Lockheed Martin Grant		10,000.00	10,000.00	7,581.40	(2,418.60)
NJSIG Safety Grant	\$ 8,572.29	106.52	8,678.81	7,351.50	(1,327.31)
College Access Grant		465.01	465.01		(465.01)
Sci-Girls Grant		200.00	200.00	200.00	
Rutgers Weed Out Hunger		4,500.00	4,500.00	1,808.24	(2,691.76)
LEAP Cramer Hill, LLC Donations		37,602.39	37,602.39	32,683.08	(4,919.31)
	<u>8,572.29</u>	<u>55,049.06</u>	<u>63,621.35</u>	<u>49,956.72</u>	<u>(13,664.63)</u>
Federal Sources:					
Title I, Part A		1,169,924.00	1,169,924.00	989,358.16	(180,565.84)
Title II, Part A		104,677.00	104,677.00	100,856.34	(3,820.66)
Title III		23,377.00	23,377.00	11,441.16	(11,935.84)
Title III, Immigrant		2,578.00	2,578.00	2,578.00	
Title IV		14,378.00	14,378.00	10,042.96	(4,335.04)
I.D.E.A., Part B, Basic		328,151.00	328,151.00	325,213.61	(2,937.39)
Total - Federal Sources		<u>1,643,085.00</u>	<u>1,643,085.00</u>	<u>1,439,490.23</u>	<u>(203,594.77)</u>
Total Revenue	<u>8,572.29</u>	<u>1,698,134.06</u>	<u>1,706,706.35</u>	<u>1,489,446.95</u>	<u>(217,259.40)</u>

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		\$ 200,912.00	\$ 200,912.00	\$ 190,210.50	\$ 10,701.50
Other Salaries for Instruction		73,440.00	73,440.00	72,051.67	1,388.33
Other Purchased Professional Educational Services		128,500.00	128,500.00	25,000.00	103,500.00
Purchased Technical Services		255,000.00	255,000.00	255,000.00	
General Supplies		150,409.65	150,409.65	101,111.83	49,297.82
Other Objects		200.00	200.00	200.00	
Total Instruction		808,461.65	808,461.65	643,574.00	164,887.65
Support Services:					
Personal Services - Salaries		20,160.00	20,160.00	13,815.00	6,345.00
Salaries of Supervisors of Instruction		30,006.00	30,006.00	29,999.97	6.03
Salaries of Program Directors		144,527.00	144,527.00	144,526.46	0.54
Salaries of Other Professional Staff		3,000.00	3,000.00	600.00	2,400.00
Other Salaries		2,000.00	2,000.00	1,485.00	515.00
Personal Services - Employee Benefits		193,282.35	193,282.35	192,904.26	378.09
Purchased Professional and Technical Services		9,120.00	9,120.00	6,400.00	2,720.00
Purchased Technical Services		371,703.00	371,703.00	351,159.91	20,543.09
Other Purchased Services (400-500 series)		1,640.00	1,640.00	720.37	919.63
Travel		2,845.00	2,845.00	1,100.45	1,744.55
General Supplies	\$ 8,572.29	73,786.67	82,358.96	70,478.45	11,880.51
Other Objects		37,602.39	37,602.39	32,683.08	4,919.31
Total Support Services	8,572.29	889,672.41	898,244.70	845,872.95	52,371.75
Total Expenditures	8,572.29	1,698,134.06	1,706,706.35	1,489,446.95	217,259.40
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2018

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

	General	Special Revenue
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 23,841,613.65	\$ 1,489,446.95
Difference between the local grant award amounts and the amounts realized as revenue on a budgetary basis		1,530.13
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		86,821.15
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	\$ 23,841,613.65	\$ 1,577,798.23
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 23,801,796.10	\$ 1,489,446.95
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		86,821.15
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 23,801,796.10	\$ 1,576,268.10

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

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

	<u>Measurement Date Ending June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Charter School's Proportion of the Net Pension Liability	0.0331521215%	0.0314301541%	0.0302395467%	0.0279011432%	0.0289281896%
Charter School's Proportionate Share of the Net Pension Liability	\$ 7,717,284.00	\$ 9,308,710.00	\$ 6,788,172.00	\$ 5,223,857.00	\$ 5,528,752.00
Charter School's Covered Payroll (Plan Measurement Period)	\$ 2,304,080.00	\$ 2,165,344.00	\$ 2,078,156.00	\$ 1,871,476.00	\$ 2,061,568.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	334.94%	429.90%	326.64%	279.13%	268.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	<u>Fiscal Year Ended June 30,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 440,189.00	\$ 307,119.00	\$ 279,221.00	\$ 259,979.00	\$ 230,013.00
Contributions in Relation to the Contractually Required Contribution	<u>(440,189.00)</u>	<u>(307,119.00)</u>	<u>(279,221.00)</u>	<u>(259,979.00)</u>	<u>(230,013.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's Covered Payroll (Fiscal Year)	\$ 3,474,059.00	\$ 2,746,473.00	\$ 1,989,781.00	\$ 1,977,716.00	\$ 1,776,453.00
Contributions as a Percentage of Charter School's Covered Payroll	12.67%	11.18%	14.03%	13.15%	12.95%

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

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

	Measurement Date Ending June 30,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Charter School's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the Charter School	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Charter School's Proportionate Share of the Net Pension Liability	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>\$ 46,548,663.00</u>	<u>\$ 50,253,464.00</u>	<u>\$ 34,435,578.00</u>	<u>\$ 24,526,395.00</u>	<u>\$ 20,511,366.00</u>
	<u>\$ 46,548,663.00</u>	<u>\$ 50,253,464.00</u>	<u>\$ 34,435,578.00</u>	<u>\$ 24,526,395.00</u>	<u>\$ 20,511,366.00</u>
Charter School's Covered Payroll (Measurement Period)	\$ 8,640,720.00	\$ 8,117,496.00	\$ 7,472,100.00	\$ 6,417,648.00	\$ 5,239,808.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	538.71%	619.08%	460.86%	382.17%	391.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

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

This schedule is not applicable.

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

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 4.25% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65% from 7.90%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Required Supplementary Information
 Schedule of Changes in the Charter School's Total OPEB Liability and Related Ratios
 Last Plan Year

	Measurement Date Ending <u>June 30,</u> <u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the Charter School	
Changes for the Year:	
Service Cost	\$ 1,985,807.00
Interest Cost	511,885.00
Changes in Assumptions	(2,502,354.00)
Gross Benefit Payments	(365,800.00)
Member Contributions	<u>13,470.00</u>
Net Change in Total Non-Employer OPEB Liability	(356,992.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	<u>16,150,001.00</u>
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 15,793,009.00</u>
Charter School's Covered Payroll (Plan Measurement Period)	<u>\$ 9,731,715.00</u>

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Notes to Required Supplementary Information - Part IV

For the Fiscal Year Ended June 30, 2018

Changes of Benefit Terms - None

Changes of Assumptions - The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	E.S.S.A.					I.D.E.A. Part B, Basic	Total Carried Forward
	Title I, Part A	Title II, Part A	Title III	Title III Immigrant	Title IV		
REVENUES:							
Federal Sources	\$ 989,358.16	\$ 100,856.34	\$ 11,441.16	\$ 2,578.00	\$ 10,042.96	\$325,213.61	\$ 1,439,490.23
Local Sources							
Total Revenues	989,358.16	100,856.34	11,441.16	2,578.00	10,042.96	325,213.61	1,439,490.23
EXPENDITURES:							
Instruction:							
Salaries of Teachers	83,677.30		285.00			106,248.20	190,210.50
Other Salaries for Instruction	72,051.67						72,051.67
Other Purchased Professional Educational Services	25,000.00						25,000.00
Purchased Technical Services	255,000.00						255,000.00
General Supplies	77,458.90		4,413.00		8,442.96	3,815.57	94,130.43
Other Objects							
Total Instruction	513,187.87		4,698.00		8,442.96	110,063.77	636,392.60
Support Services:							
Personal Services - Salaries	10,545.00		3,270.00				13,815.00
Salaries of Supervisors of Instruction	29,999.97						29,999.97
Salaries of Program Directors	29,166.62					115,359.84	144,526.46
Salaries of Other Professional Staff							
Other Salaries	1,485.00						1,485.00
Personal Services - Employee Benefits	107,279.35		154.91			85,470.00	192,904.26
Purchased Professional and Technical Services						6,400.00	6,400.00
Purchased Technical Services	254,960.91	96,199.00					351,159.91
Other Purchased Services (400-500 series)	137.37		558.00				695.37
Travel	852.00		248.45				1,100.45
General Supplies	41,744.07	4,657.34	2,511.80	2,578.00	1,600.00	7,920.00	61,011.21
Other Objects							
Total Support Services	476,170.29	100,856.34	6,743.16	2,578.00	1,600.00	215,149.84	803,097.63
Total Expenditures	989,358.16	100,856.34	11,441.16	2,578.00	10,042.96	325,213.61	1,439,490.23
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Total Brought Forward	Arter Charter Grant	Lockheed Martin Grant	NJSIG Safety Grant	Sci-Girls Grant	Rutgers University Weed Out Hunger	LEAP Cramer Hill LLC Donations	Total
REVENUES:								
Federal Sources	\$ 1,439,490.23							\$ 1,439,490.23
Local Sources		\$ 332.50	\$ 7,581.40	\$ 7,351.50	\$ 200.00	\$ 1,808.24	\$ 32,683.08	49,956.72
Total Revenues	1,439,490.23	332.50	7,581.40	7,351.50	200.00	1,808.24	32,683.08	1,489,446.95
EXPENDITURES:								
Instruction:								
Salaries of Teachers	190,210.50							190,210.50
Other Salaries for Instruction	72,051.67							72,051.67
Other Purchased Professional Educational Services	25,000.00							25,000.00
Purchased Technical Services	255,000.00							255,000.00
General Supplies	94,130.43		6,981.40					101,111.83
Other Objects					200.00			200.00
	636,392.60		6,981.40		200.00			643,574.00
Support Services:								
Personal Services - Salaries	13,815.00							13,815.00
Salaries of Supervisors of Instruction	29,999.97							29,999.97
Salaries of Program Directors	144,526.46							144,526.46
Salaries of Other Professional Staff			600.00					600.00
Other Salaries	1,485.00							1,485.00
Personal Services - Employee Benefits	192,904.26							192,904.26
Purchased Professional and Technical Services	6,400.00							6,400.00
Purchased Technical Services	351,159.91							351,159.91
Other Purchased Services (400-500 series)	695.37	25.00						720.37
Travel	1,100.45							1,100.45
General Supplies	61,011.21	307.50		7,351.50		1,808.24		70,478.45
Other Objects							32,683.08	32,683.08
Total Support Services	803,097.63	332.50	600.00	7,351.50		1,808.24	32,683.08	845,872.95
Total Expenditures	1,439,490.23	332.50	7,581.40	7,351.50	200.00	1,808.24	32,683.08	1,489,446.95
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-

PROPRIETARY FUNDS

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Proprietary Fund
 Statement of Net Position
 June 30, 2018

	Business-Type Activities <u>Enterprise Fund</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash	\$ 178,650.27
Interfund Accounts Receivable -- General Fund	64,257.87
Accounts Receivable	163,766.05
Intergovernmental Accounts Receivable:	
Federal	101,946.53
Inventories	<u>3,531.86</u>
Total Current Assets	<u>512,152.58</u>
Noncurrent Assets:	
Equipment	514,668.00
Less Accumulated Depreciation	<u>(286,108.05)</u>
Total Noncurrent Assets	<u>228,559.95</u>
Total Assets	<u>740,712.53</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	345,123.43
Interfund Accounts Payable:	
Due to Special Revenue Fund	<u>8,764.95</u>
Total Current Liabilities	<u>353,888.38</u>
NET POSITION:	
Net Investment in Capital Assets	228,559.95
Unrestricted	<u>158,264.20</u>
Total Net Position	<u><u>\$ 386,824.15</u></u>

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 49,370.40
Daily Sales - Non-Reimbursable Programs	27,344.65
Special Functions	41,555.60
Rutgers - ELRA Contract	272,910.10
Miscellaneous Revenue	2.79
	391,183.54
OPERATING EXPENSES:	
Salaries	534,537.89
Employee Benefits	124,703.15
Other Purchased Services	61,931.14
Cleaning, Repair and Maintenance Services	12,669.07
General Supplies	77,836.09
Depreciation	30,361.23
Other Objects	18.41
Cost of Sales - Reimbursable Programs	439,298.34
Cost of Sales - Nonreimbursable Programs	224,150.00
	1,505,505.32
Total Operating Expenses	1,505,505.32
Operating Income / (Loss)	(1,114,321.78)
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	11,837.94
Federal Sources:	
National School Lunch Program	700,342.63
National School Breakfast Program	340,564.32
Food Distribution Program	81,697.64
Interest and Investment Revenue	465.78
	1,134,908.31
Total Nonoperating Revenues (Expenses)	1,134,908.31
Change in Net Position	20,586.53
Net Position -- July 1	366,237.62
Net Position -- June 30	\$ 386,824.15

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund
	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 429,256.22
Payments to Employees	(534,537.89)
Payments for Employee Benefits	(124,703.15)
Payments to Suppliers	(741,921.48)
	(971,906.30)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	13,158.37
Federal Sources	1,049,284.67
	1,062,443.04
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	465.78
	465.78
Net Cash Provided by (used for) Investing Activities	465.78
Net Increase (Decrease) in Cash and Cash Equivalents	91,002.52
Balance -- July 1	87,647.75
Balance -- June 30	\$ 178,650.27
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (1,114,321.78)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation	30,361.23
Food Distribution Program	81,697.64
(Increase) Decrease in Accounts Receivable, net	38,072.68
(Increase) Decrease in Inventories	11,230.35
Increase (Decrease) in Accounts Payable	(18,946.42)
	142,415.48
Total Adjustments	142,415.48
Net Cash Provided by (used for) Operating Activities	\$ (971,906.30)

FIDUCIARY FUNDS

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2018

	Private Purpose Trust Fund	Agency Funds		Total
	Scholarship Fund	Student Activity	Payroll	
ASSETS:				
Cash and Cash Equivalents	\$ 220.83	\$ 62,704.05	\$ 9,642.45	\$ 72,567.33
Accounts Receivable:				
Due from Parent Unit		353.16		353.16
Other		72.00		72.00
Interfund Accounts Receivable:				
Due from General Fund		19,129.66	1,620.20	20,749.86
Total Assets	<u>220.83</u>	<u>\$ 82,258.87</u>	<u>\$ 11,262.65</u>	<u>93,742.35</u>
LIABILITIES:				
Payroll Deductions and Withholdings			\$ 11,262.65	11,262.65
Accounts Payable		\$ 18,713.65		18,713.65
Payable to Student Groups		63,545.22		63,545.22
Total Liabilities		<u>\$ 82,258.87</u>	<u>\$ 11,262.65</u>	<u>93,521.52</u>
NET POSITION:				
Held for Scholarships	<u>220.83</u>			<u>220.83</u>
Total Net Position	<u>\$ 220.83</u>			<u>\$ 220.83</u>

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2018

		Private Purpose Trust Fund
		<u>Scholarship Fund</u>
ADDITIONS:		
Program Revenues	\$	<u>120.00</u>
Total Contributions		<u>120.00</u>
Investment Earnings: Interest		<u>0.45</u>
Total Additions		<u>120.45</u>
Change in Net Position		120.45
Net Position -- July 1		<u>100.38</u>
Net Position -- June 30	\$	<u><u>220.83</u></u>

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
LEAP Academy University Charter School:				
Student Groups	\$ 65,331.41	\$ 70,482.07	\$ 72,268.26	\$ 63,545.22
Parent Unit	<u>3,057.34</u>	<u>16,477.22</u>	<u>19,887.72</u>	<u>(353.16)</u>
	<u>\$ 68,388.75</u>	<u>\$ 86,959.29</u>	<u>\$ 92,155.98</u>	<u>\$ 63,192.06</u>

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 4,964.15	\$ 12,091,604.66	\$ 12,086,926.36	\$ 9,642.45
Interfund Accounts Receivable:				
Due General Fund	5,406.39	697.82	4,484.01	1,620.20
Total Assets	<u>\$ 10,370.54</u>	<u>\$ 12,092,302.48</u>	<u>\$ 12,091,410.37</u>	<u>\$ 11,262.65</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 10,370.54	\$ 4,304,380.83	\$ 4,303,488.72	\$ 11,262.65
Net Payroll		7,787,921.65	7,787,921.65	
Total Liabilities	<u>\$ 10,370.54</u>	<u>\$ 12,092,302.48</u>	<u>\$ 12,091,410.37</u>	<u>\$ 11,262.65</u>

LONG-TERM DEBT

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2017	Issued	Retired	Balance June 30, 2018
			Date	Amount					
LEAP Academy University Charter School, Inc.:									
Serial Bonds:									
Charter School Refunding Bonds	10/2/2015	\$ 5,940,000.00	2019	\$ 425,737.56	2.24%				
			2020	435,372.58	2.24%				
			2021	445,225.66	2.24%				
			2022	455,301.75	2.24%				
			2023	465,605.90	2.24%				
			2024	476,143.20	2.24%				
			2025	486,919.00	2.24%				
			2026	497,938.68	2.24%				
			2027	509,207.71	2.24%				
			2028	520,731.79	2.24%				
			2029	132,014.02	2.24%	\$ 5,266,537.01		\$ 416,304.31	\$ 4,850,232.70
						5,266,537.01		416,304.31	4,850,232.70
LEAP Cramer Hill, LLC. (Component Unit):									
Serial Bonds:									
Charter School Revenue Bonds:									
Series 2014A (Tax Exempt)	9/29/2014	\$ 9,500,000.00	10/1/2020	120,000.00	8.00%				
Series 2014B (Taxable)	9/29/2014	500,000.00	10/1/2021	125,000.00	8.00%				
			10/1/2022	140,000.00	8.00%				
			10/1/2023	150,000.00	8.00%				
			10/1/2024	165,000.00	5.125%				
			10/1/2025	170,000.00	6.00%				
			10/1/2026	180,000.00	6.00%				
			10/1/2027	190,000.00	6.00%				
			10/1/2028	200,000.00	6.00%				
			10/1/2029	210,000.00	6.00%				
			10/1/2030	225,000.00	6.00%				
			10/1/2031	240,000.00	6.00%				
			10/1/2032	250,000.00	6.00%				
			10/1/2033	265,000.00	6.00%				
			10/1/2034	280,000.00	6.00%				
			10/1/2035	300,000.00	6.20%				
			10/1/2036	320,000.00	6.20%				
			10/1/2037	340,000.00	6.20%				
			10/1/2038	360,000.00	6.20%				
			10/1/2039	380,000.00	6.20%				
			10/1/2040	405,000.00	6.20%				
			10/1/2041	430,000.00	6.20%				
			10/1/2042	455,000.00	6.20%				
			10/1/2043	485,000.00	6.20%				

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
LEAP Cramer Hill, LLC. (Component Unit) (Cont'd):									
Serial Bonds (Cont'd):									
Charter School Revenue Bonds (Cont'd):									
Series 2014A (Tax Exempt) (Cont'd)	9/29/2014	\$ 9,500,000.00	10/1/2044	\$ 515,000.00	6.20%				
Series 2014B (Taxable) (Cont'd)	9/29/2014	500,000.00	10/1/2045	550,000.00	6.30%				
			10/1/2045	550,000.00	6.30%				
			10/1/2046	580,000.00	6.30%				
			10/1/2047	620,000.00	6.30%				
			10/1/2048	655,000.00	6.30%				
			10/1/2049	695,000.00	6.30%	\$ 10,000,000.00			\$ 10,000,000.00
Charter School Revenue Bonds:									
Series 2016 Note	5/23/2016	1,000,000.00	2019	36,194.16	3.98%				
			2020	37,661.25	3.98%				
			2021	39,187.82	3.98%				
			2022	40,776.28	3.98%				
			2023	42,429.10	3.98%				
			2024	44,148.93	3.98%				
			2025	45,938.47	3.98%				
			2026	47,800.54	3.98%				
			2027	49,738.09	3.98%				
			2028	51,754.18	3.98%				
			2029	53,852.00	3.98%				
			2030	56,034.83	3.98%				
			2031	58,306.15	3.98%				
			2032	60,669.56	3.98%				
			2033	63,128.72	3.98%				
			2034	65,687.60	3.98%				
			2035	68,350.19	3.98%				
			2036	71,120.41	3.98%	967,562.52		\$ 34,783.89	932,778.63
Total LEAP Cramer Hill, LLC						10,967,562.52		34,783.89	10,932,778.63
Total Schedule of Serial Bonds						<u>\$ 16,234,099.53</u>	<u>\$ -</u>	<u>\$ 451,088.20</u>	<u>\$ 15,783,011.33</u>

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2018

SERIES	Date of Lease	Term of Lease	Interest Rate Payable	Amount of Original Issue		Amount Outstanding July 1, 2017	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2018
				Principal	Interest				
LEAP Academy University Charter School Inc.:									
Laptop Computers	December 1, 2014	January 1, 2015 to December 31, 2019	5.00%	\$ 268,433.51	\$ 35,504.14	\$ 142,566.54		\$ 54,910.68	\$ 87,655.86
Furniture	November 1, 2015	November 1, 2015 to October 1, 2022	5.50%	365,708.00	75,712.00	290,927.26		48,263.59	242,663.67
Laptop Computers	September 16, 2016	September 16, 2016 to August 16, 2020	4.00%	164,656.40	13,302.20	132,119.83		39,931.42	92,188.41
School Buses	September 13, 2016	September 13, 2016 to August 13, 2021	4.50%	176,999.34	20,371.46	149,720.82		33,420.02	116,300.80
						<u>715,334.45</u>		<u>176,525.71</u>	<u>538,808.74</u>
LEAP Cramer Hill, LLC.:									
Laptop Computers	October 5, 2017	October 5, 2017 to October 5, 2022	4.50%	369,696.00	43,822.60		\$ 369,696.00	50,128.18	319,567.82
Total Obligations Under Capital Leases						<u>\$ 715,334.45</u>	<u>\$ 369,696.00</u>	<u>\$ 226,653.89</u>	<u>\$ 858,376.56</u>

STATISTICAL SECTION

Financial Trends Information

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

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

	<u>Fiscal Year Ending June 30,</u>									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 (1)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 5,985,678.67	\$ 6,514,363.40	\$ 6,433,380.86	\$ 3,977,322.16	\$ 5,564,897.49	\$ 5,540,432.23	\$ (512,995.84)	\$ 4,847,133.82	\$ 3,286,633.42	\$ 3,112,842.13
Restricted	3,023,294.06	2,699,540.78	2,410,225.66	2,895,846.81	1,130,605.96	806,270.22	6,955,011.41	370,916.10	368,286.58	365,752.47
Unrestricted (Deficit)	(6,012,991.42)	(5,724,677.82)	(5,321,607.45)	(3,272,117.93)	(4,458,784.63)	726,198.06	575,314.99	1,709,409.29	2,417,645.35	1,549,213.43
Total Governmental Activities Net Position	\$ 2,995,981.31	\$ 3,489,226.36	\$ 3,521,999.07	\$ 3,601,051.04	\$ 2,236,718.82	\$ 7,072,900.51	\$ 7,017,330.56	\$ 6,927,459.21	\$ 6,072,565.35	\$ 5,027,808.03
Business-type Activities										
Net Investment in Capital Assets	\$ 228,559.95	\$ 258,921.18	\$ 281,456.00	\$ 311,075.00	\$ 156,306.00	\$ 179,344.57	\$ 71,483.00	\$ 87,857.62	\$ 90,309.67	\$ 85,992.06
Unrestricted (Deficit)	158,264.20	107,316.44			(156,306.00)	(266,916.20)	(343,724.66)			
Total Business-type Activities Net Position	\$ 386,824.15	\$ 366,237.62	\$ 281,456.00	\$ 311,075.00	\$ -	\$ (87,571.63)	\$ (272,241.66)	\$ 87,857.62	\$ 90,309.67	\$ 85,992.06
Government-wide										
Net Investment in Capital Assets	\$ 6,214,238.62	\$ 6,773,284.58	\$ 6,714,836.86	\$ 4,288,397.16	\$ 5,721,203.49	\$ 5,719,776.80	\$ (441,512.84)	\$ 4,934,991.44	\$ 3,376,943.09	\$ 3,198,834.19
Restricted	3,023,294.06	2,699,540.78	2,410,225.66	2,895,846.81	1,130,605.96	806,270.22	6,955,011.41	370,916.10	368,286.58	365,752.47
Unrestricted (Deficit)	(5,854,727.22)	(5,617,361.38)	(5,321,607.45)	(3,272,117.93)	(4,615,090.63)	459,281.86	231,590.33	1,709,409.29	2,417,645.35	1,549,213.43
Total Government-wide Net Position	\$ 3,382,805.46	\$ 3,855,463.98	\$ 3,803,455.07	\$ 3,912,126.04	\$ 2,236,718.82	\$ 6,985,328.88	\$ 6,745,088.90	\$ 7,015,316.83	\$ 6,162,875.02	\$ 5,113,800.09

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

Source: Comprehensive Annual Financial Report Exhibit A-1

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

	Fiscal Year Ending June 30,									
	2018	2017	2016 (1)	2015 (2)	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities										
Instruction				\$ 8,092,058.48	\$ 8,377,052.13	\$ 8,123,628.90	\$ 6,162,700.29	\$ 5,218,477.56	\$ 4,766,178.72	\$ 4,273,627.54
Administration				7,950,283.88	6,804,647.11	5,543,619.01	3,275,635.42	2,969,821.70	3,170,749.46	2,631,365.92
Support Services				5,261,626.38	4,593,787.61	4,437,863.61	4,478,028.68	3,652,161.40	3,129,000.76	3,180,982.01
Regular Instruction	\$ 9,486,721.26	\$ 8,400,920.93	\$ 7,832,801.23							
Special Education Instruction	565,991.39	392,329.70	303,695.15							
Basic Skills Remedial Instruction			31,850.00							
Bilingual Education Instruction	147,600.79	247,530.20	144,870.62							
School Sponsored Extra Curricular Activities Instruction	4,265.40	7,918.82	3,912.26							
School Sponsored Athletics Instruction	99,245.51	124,845.30	71,448.12							
Before and After School Programs Instruction			18,188.88							
Summer School	93,212.72	86,324.69	80,160.02							
Other Supplemental At Risk Programs	61,088.45	63,690.00	59,508.00							
Community Service Programs	456,342.31	439,917.57	404,239.09							
Support Services and Undistributed Costs:										
Student and Instruction Related Services	2,102,838.08	1,914,359.81	2,105,472.08							
School Administrative Services	1,267,426.33	1,347,645.47	1,322,907.17							
Other Administrative Services	2,153,621.68	2,016,071.62	2,120,185.30							
Plant Operations and Maintenance	2,280,446.97	2,533,408.89	2,451,476.77							
Pupil Transportation	370,525.12	358,905.81	287,316.10							
Unallocated Benefits	9,378,554.26	8,705,493.31	6,290,359.70							
Interest on Long Term Debt	1,364,667.59	1,364,187.60	1,374,969.22	1,342,285.33	841,420.17	572,294.65	786,648.55	406,797.79	432,223.95	444,170.33
Unallocated Amortization and Depreciation							5,678.66	8,616.02	18,847.55	29,439.32
Total Governmental Activities Expenses	29,832,547.86	28,003,549.72	24,903,359.71	22,646,254.07	20,616,907.02	18,677,406.17	14,708,691.60	12,255,874.47	11,517,000.44	10,559,585.12
Business-type Activities:										
Food Service	1,505,505.32	1,419,605.26	1,377,923.54	1,244,851.63	1,145,665.68	1,091,167.24	1,027,915.73	640,235.95	680,342.86	564,600.54
Total Business-type Activities Expense	1,505,505.32	1,419,605.26	1,377,923.54	1,244,851.63	1,145,665.68	1,091,167.24	1,027,915.73	640,235.95	680,342.86	564,600.54
Total Government-Wide Expenses	\$ 31,338,053.18	\$ 29,423,154.98	\$ 26,281,283.25	\$ 23,891,105.70	\$ 21,762,572.70	\$ 19,768,573.41	\$ 15,736,607.33	\$ 12,896,110.42	\$ 12,197,343.30	\$ 11,124,185.66
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 7,693,228.45	\$ 6,348,097.00	\$ 4,946,929.04	\$ 3,750,804.89	\$ 2,913,464.88	\$ 1,833,393.50	\$ 2,491,184.79	\$ 1,225,257.26	\$ 1,500,923.91	\$ 1,432,949.12
Capital Grants and Contributions									258,960.42	
Total Governmental Activities Program Revenues	7,693,228.45	6,348,097.00	4,946,929.04	3,750,804.89	2,913,464.88	1,833,393.50	2,491,184.79	1,225,257.26	1,759,884.33	1,432,949.12
Business-type activities:										
Food Services:										
Charges for services	391,183.54	376,098.66	335,636.26	243,269.52	126,754.65	202,013.15	189,619.42	77,400.96	53,084.59	43,366.14
Operating Grants and Contributions	1,134,442.53	1,128,219.98	1,007,664.34	975,403.52	917,782.55	760,758.05	486,275.38	518,191.92	539,501.54	440,686.82
Total Business-type Activities Program Revenues	1,525,626.07	1,504,318.64	1,343,300.60	1,218,673.04	1,044,537.20	962,771.20	675,894.80	595,592.88	592,586.13	484,052.96
Total Government-Wide Program Revenues	\$ 9,218,854.52	\$ 7,852,415.64	\$ 6,290,229.64	\$ 4,969,477.93	\$ 3,958,002.08	\$ 2,796,164.70	\$ 3,167,079.59	\$ 1,820,850.14	\$ 2,352,470.46	\$ 1,917,002.08
Net (Expense)/Revenue										
Governmental Activities	\$ (22,139,319.41)	\$ (21,655,452.72)	\$ (19,956,430.67)	\$ (18,895,449.18)	\$ (17,703,442.14)	\$ (16,844,012.67)	\$ (12,217,506.81)	\$ (11,030,617.21)	\$ (9,757,116.11)	\$ (9,126,636.00)
Business-type Activities	20,120.75	84,713.38	(34,622.94)	(26,178.59)	(101,128.48)	(128,396.04)	(352,020.93)	(44,643.07)	(87,756.73)	(80,547.58)
Total Government-Wide Net Expense	\$ (22,119,198.66)	\$ (21,570,739.34)	\$ (19,991,053.61)	\$ (18,921,627.77)	\$ (17,804,570.62)	\$ (16,972,408.71)	\$ (12,569,527.74)	\$ (11,075,260.28)	\$ (9,844,872.84)	\$ (9,207,183.58)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Charter School Aid	\$ 19,081,752.00	\$ 19,161,945.00	\$ 19,258,462.00	\$ 19,439,739.00	\$ 18,498,317.00	\$ 17,103,843.00	\$ 11,863,382.00	\$ 10,770,723.00	\$ 10,307,561.00	\$ 9,455,024.00
State and Federal Aid - Not Restricted	1,964,053.02	1,885,534.11	52,457.10	34,995.00	9,472.85	3,120.68		979,962.66	473,929.52	501,120.65
Investment Earnings	21,032.44	6,385.95	4,995.15	3,765.44	58,290.26		56,369.54	3,610.87	3,633.08	10,824.65
Miscellaneous Income	579,236.90	568,814.95	566,422.64	846,426.63	170,033.56	84,423.91	232,666.46	173,212.44	108,690.12	180,515.80
Transfers			(4,958.19)	(175,921.11)	(188,671.98)	(200,000.00)		(41,997.91)	(91,940.30)	(71,161.19)
Total Governmental Activities	\$ 21,646,074.36	\$ 21,622,680.01	\$ 19,877,378.70	\$ 20,149,004.96	\$ 18,547,441.69	\$ 16,991,387.59	\$ 12,152,418.00	\$ 11,885,511.06	\$ 10,801,873.42	\$ 10,076,323.91

(Continued)

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

	2018	2017	2016 (1)	2015 (2)	Fiscal Year Ending June 30, 2014	2013	2012	2011	2010	2009
General Revenues and Other Changes in Net Assets (Cont'd)										
Business-type Activities:										
Investment Earnings	\$ 465.78	\$ 68.24	\$ 45.75	\$ 30.70	\$ 28.13	\$ 11.82	\$ 57.80	\$ 193.11	\$ 134.04	\$ 621.73
Transfers			4,958.19	175,921.11	188,671.98	200,000.00		41,997.91	91,940.30	71,161.19
Total Business-type Activities	<u>465.78</u>	<u>68.24</u>	<u>5,003.94</u>	<u>175,951.81</u>	<u>188,700.11</u>	<u>200,011.82</u>	<u>57.80</u>	<u>42,191.02</u>	<u>92,074.34</u>	<u>71,782.92</u>
Total Government-Wide	<u>\$ 21,646,540.14</u>	<u>\$ 21,622,748.25</u>	<u>\$ 19,882,382.64</u>	<u>\$ 20,324,956.77</u>	<u>\$ 18,736,141.80</u>	<u>\$ 17,191,399.41</u>	<u>\$ 12,152,475.80</u>	<u>\$ 11,927,702.08</u>	<u>\$ 10,893,947.76</u>	<u>\$ 10,148,106.83</u>
Change in Net Position										
Governmental Activities	\$ (493,245.05)	\$ (32,772.71)	\$ (79,051.97)	\$ 1,253,555.78	\$ 843,999.55	\$ 147,374.92	\$ (65,088.81)	\$ 854,893.85	\$ 1,044,757.31	\$ 949,687.91
Business-type Activities	20,586.53	84,781.62	(29,619.00)	149,773.22	87,571.63	71,615.78	(351,963.13)	(2,452.05)	4,317.61	(8,764.66)
Total Government-Wide	<u>\$ (472,658.52)</u>	<u>\$ 52,008.91</u>	<u>\$ (108,670.97)</u>	<u>\$ 1,403,329.00</u>	<u>\$ 931,571.18</u>	<u>\$ 218,990.70</u>	<u>\$ (417,051.94)</u>	<u>\$ 852,441.80</u>	<u>\$ 1,049,074.92</u>	<u>\$ 940,923.25</u>

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

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

Source: Comprehensive Annual Financial Report Exhibit A-2

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

	<u>Fiscal Year Ending June 30,</u>									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>
Fund Balances										
Nonspendable			\$ 61,372.21							
Restricted:										
Debt Service Reserve	\$ 72,589.69	\$ 83,113.95	71,966.40	\$ 412,752.51	\$ 404,167.68	\$ 395,334.08	\$ 390,916.98	\$ 381,650.03		
Sinking Fund Reserve	1,986,905.35	1,688,380.98	1,392,276.53	1,097,546.66	804,592.87	511,691.63	219,176.28			
State Mandated Reserve	75,000.00	75,183.74	75,589.39	75,249.14						
Committed:										
Other Purposes				857,436.99	406,541.17	390,647.47	459,863.93	47,467.41		
Assigned:										
Other Purposes	244,311.23	167,757.18	15,216.39	99,229.16	268,318.44	179,153.27	45,367.09	421,098.46		
Unassigned:										
General Fund	699,748.29	712,354.16	630,046.58	1,275,372.38	486,804.34	230,442.76	148,306.66	1,327,729.05		
Reserved									\$ 507,231.21	\$ 437,054.99
Unreserved									2,385,028.34	1,598,022.82
Total General Fund	\$ 3,078,554.56	\$ 2,726,790.01	\$ 2,246,467.50	\$ 3,817,586.84	\$ 2,370,424.50	\$ 1,707,269.21	\$ 1,263,630.94	\$ 2,177,944.95	\$ 2,892,259.55	\$ 2,035,077.81
All Other Governmental Funds										
Restricted	\$ 10,411.06	\$ 22,303.56	\$ 19,425.96	\$ 11,041.96	\$ 4,809.33		\$ 6,357,700.74			
Unassigned (Deficit), Reported in:										
Capital Projects Fund				(169,694.63)						
Total All Other Governmental Funds	\$ 10,411.06	\$ 22,303.56	\$ 19,425.96	\$ (158,652.67)	\$ 4,809.33	\$ -	\$ 6,357,700.74	\$ -	\$ -	\$ -

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

Source: Comprehensive Annual Financial Report Exhibit B-1

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

	Fiscal Year Ending June 30,									
	2018	2017	2016 (1)	2015	2014	2013	2012	2011	2010	2009
Revenues										
Revenue from Local Sources	\$ 489,091.78	\$ 356,017.15	\$ 402,312.88	\$ 141,235.49	\$ 169,003.26	\$ 82,752.01	\$ 182,452.54	\$ 172,010.81	\$ 180,044.94	\$ 190,603.97
Charter School Aid:										
Equalization Aid - State and Local Share	18,190,039.00	18,270,672.00	18,319,554.00	18,564,339.00	17,502,834.00	16,039,557.00	11,167,658.00	10,770,723.00	9,853,628.00	9,029,352.00
Categorical Aid	891,713.00	891,273.00	938,908.00	875,400.00	995,483.00	1,064,286.00	695,724.00	471,057.00	453,933.00	425,672.00
Other State Sources	4,294,587.77	3,839,108.13	1,695,874.29	1,292,054.03	1,012,033.52	987,035.29	647,050.28	508,905.66	473,929.52	501,120.65
Federal Sources	1,553,980.33	1,383,776.18	1,698,975.85	1,458,455.86	1,900,904.21	846,358.21	1,844,134.51	1,225,257.26	1,759,884.33	1,432,949.12
Total Revenue	25,419,411.88	24,740,846.46	23,055,625.02	22,331,484.38	21,580,257.99	19,019,988.51	14,537,019.33	13,147,953.73	12,721,419.79	11,579,697.74
Expenditures										
Instruction				7,186,530.87	7,321,896.38	6,568,589.29	5,761,428.62	4,724,651.78	4,274,367.77	3,736,005.77
Administration				6,878,154.05	6,787,372.48	5,025,145.65	3,258,950.46	3,368,388.38	3,160,929.04	2,626,142.81
Support Services				4,948,052.00	4,843,084.84	4,616,241.31	4,509,327.75	3,686,375.81	3,219,889.61	3,241,944.15
Regular Instruction	8,275,477.12	7,364,455.80	6,959,613.05							
Special Education Instruction	565,991.39	392,329.70	303,695.15							
Basic Skills Remedial Instruction			31,850.00							
Bilingual Education Instruction	147,600.79	247,530.20	144,870.62							
School Sponsored Extra Curricular Activities Instruction	4,265.40	7,918.82	3,912.26							
School Sponsored Athletics Instruction	99,245.51	124,845.30	71,448.12							
Before and After School Programs Instruction			18,188.88							
Summer School	93,212.72	86,324.69	80,160.02							
Other Supplemental At Risk Programs	61,088.45	63,690.00	59,508.00							
Community Service Programs	441,937.42	435,560.66	357,550.20							
Support Services and Undistributed Costs:										
Student and Instruction Related Services	2,098,124.69	1,906,003.93	2,111,320.79							
School Administrative Services	1,243,477.26	1,320,774.54	1,314,710.06							
Other Administrative Services	2,035,324.03	1,886,522.99	1,828,588.57							
Plant Operations and Maintenance	2,780,455.70	2,999,846.47	2,891,659.40							
Pupil Transportation	341,375.12	338,502.41	287,316.10							
Unallocated Benefits	2,853,026.13	3,019,001.86	2,783,653.13							
TPAF Pension and Social Security	2,357,972.22	1,985,828.13	1,675,874.29							
General Fund Debt Service	1,648,680.83	1,611,805.00	1,567,592.89	1,715,605.81	1,663,937.88	1,674,840.64	1,225,086.25	881,954.58	882,201.87	878,816.67
Capital Outlay	330,809.42	1,654,466.04	2,546,847.77	692,794.65	597,736.63	7,209,893.52	4,567,187.58	1,205,710.28	258,960.42	
Total Expenditures	25,378,064.20	25,445,406.54	25,038,359.30	21,421,137.38	21,214,028.21	25,094,710.41	19,321,980.66	13,867,080.83	11,796,348.71	10,482,909.40
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,347.68	(704,560.08)	(1,982,734.28)	910,347.00	366,229.78	(6,074,721.90)	(4,784,961.33)	(719,127.10)	925,071.08	1,096,788.34
Other Financing Sources (Uses)										
Trustee Payment of Debt Service			(896,827.08)	(591,770.00)	(588,870.00)	(590,470.00)	(586,570.00)	(587,170.00)	(587,370.00)	(582,070.00)
Deposits Held with Trustee for Debt Service			556,040.97	600,354.83	597,703.60	594,887.10	595,836.95	591,982.50	592,221.66	589,553.74
Deposits Held with Trustee for Sinking Fund	298,524.37	296,104.45	294,729.87	292,953.79	292,901.24	292,610.52	219,081.11			
Loan Proceeds			275,000.00	105,000.00			105,000.00			
Assets Acquired by Capital Lease		891,655.74	365,708.00	268,433.51						
Recovery or Adjustments for State Aid or Federal Grants				(125,697.68)		(136,368.19)			(72,741.00)	
Transfer to Fund Deficit in Food Service Enterprise Fund			(4,958.19)	(175,921.11)						
Transfers Out	(13,422.63)						(909,139.08)			
Transfer In	13,422.63						909,139.08			
Total Other Financing Sources (Uses)	298,524.37	1,187,760.19	589,693.57	373,353.34	301,734.84	160,659.43	10,228,348.06	4,812.50	(67,889.34)	7,483.74
Net Change in Fund Balances	\$ 339,872.05	\$ 483,200.11	\$ (1,393,040.71)	\$ 1,283,700.34	\$ 667,964.62	\$ (5,914,062.47)	\$ 5,443,386.73	\$ (714,314.60)	\$ 857,181.74	\$ 1,104,272.08
Debt Service as a Percentage of Noncapital Expenditures	7.0%	7.3%	7.5%	9.0%	8.8%	10.3%	9.1%	7.5%	8.3%	9.2%

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

Source: Comprehensive Annual Financial Report Exhibit B-2

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (modified accrual basis of accounting)
 Unaudited

	<u>Fiscal Year Ending June 30,</u>										
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	*	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Donations	\$ 121.11	\$ 170.00	\$ 75,170.00	\$ 418.96		\$ 11,772.00					
E-Rate Reimbursements	81,012.90	100,697.78			\$ 22,271.12						
Miscellaneous	17,481.00	5,544.00	95,864.52	24,806.77	3,776.77	6,519.75					
Refunds	21,511.96	6,445.04	65.09	6,852.26	21,514.73	34,741.24					
Cancellation of Prior Year Accounts Receivable or Accounts Payable	<u>(48,999.39)</u>			4,211.85	10,727.64	29,719.02					
	<u>\$ 71,127.58</u>	<u>\$ 112,856.82</u>	<u>\$ 171,099.61</u>	<u>\$ 36,289.84</u>	<u>\$ 58,290.26</u>	<u>\$ 82,752.01</u>		-	-	-	-

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

Source: Charter School Records.

Debt Capacity Information

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Obligation Bonds	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Charter School	Percentage of Personal Income (1)	Per Capita (1)
		<u>Mortgages Payable</u>	<u>Capital Leases</u>	<u>Loan Payable</u>	<u>Capital Leases</u>				
2018	\$ 15,783,011.33		\$ 858,376.56	\$ 11,783,227.54		\$ 28,424,615.43	Unavailable	Unavailable	
2017	16,234,099.53		715,334.45	11,856,553.53		28,805,987.51	Unavailable	\$ 386.49	
2016	16,673,616.01		531,418.43	11,362,959.73		28,567,994.17	0.78%	383.40	
2015	16,157,992.83	\$ 1,111,304.03	244,500.24	10,095,768.80		27,609,565.90	0.76%	364.12	
2014	6,460,000.00	2,855,169.51	8,930.04	10,000,000.00		19,324,099.55	0.55%	253.53	
2013	6,755,000.00	1,582,514.38	26,268.33	10,000,000.00		18,363,782.71	0.53%	239.34	
2012	7,040,000.00	1,804,376.92	51,021.60	10,000,000.00		18,895,398.52	0.55%	245.21	
2011	7,310,000.00	2,017,554.27	66,725.42			9,394,279.69	0.28%	121.52	
2010	7,570,000.00	2,222,386.42	82,115.00			9,874,501.42	0.31%	128.22	
2009	7,820,000.00	2,419,200.11				10,239,200.11	0.32%	129.96	

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

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

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (2)</u>	<u>Personal Income (3)</u>	<u>Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2018	Unavailable	Unavailable	Unavailable	Unavailable
2017	74,532	Unavailable	Unavailable	9.8%
2016	74,513	\$ 3,680,346,096.00	\$ 49,392.00	10.1%
2015	75,826	3,650,642,770.00	48,145.00	11.1%
2014	76,219	3,520,936,705.00	46,195.00	12.7%
2013	76,728	3,433,884,912.00	44,754.00	16.0%
2012	77,058	3,407,812,992.00	44,224.00	18.5%
2011	77,306	3,368,299,726.00	43,571.00	19.6%
2010	77,010	3,200,612,610.00	41,561.00	18.6%
2009	78,790	3,243,311,560.00	41,164.00	17.8%

Source:

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Principal Employers
Current Year and Nine Years Ago
Unaudited

<u>Employer (1)</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Cooper Health Care/Cooper Health Systems	11,758	1	49.78%	10,875	1	40.45%
Our Lady Of Lourdes Medical Center	1,468	2	6.22%	5,642	2	20.99%
Campbell Soup Co	500	3	2.12%	1,200	6	4.46%
Subaru of America Inc.	400	4	1.69%			
Waste Management, Inc.	300	5	1.27%	300	10	1.12%
Adventure Aquarium	290	6	1.23%			
Cooper University Hospital	250	7	1.06%			
Contemporary Graphics Inc	250	8	1.06%			
Catelli Brothers Inc	250	9	1.06%			
Sourth Jersey Port Corp	130	10	0.55%			
L-3 Communication Systems-East				1,500	3	5.58%
MAFCO Worldwide Corp				730	8	2.72%
Diocese of Camden New Jersey				1,260	4	4.69%
General Electric Company				1,200	5	4.46%
County of Camden				1,066	7	3.97%
Delaware River Port Authority				623	9	2.32%
	<u>15,596</u>		<u>66.04%</u>	<u>24,396</u>		<u>90.76%</u>

(1) Source: ReferenceUSA.Com (2017)

Operating Information

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

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

<u>Function/Program</u>	<u>Fiscal Year Ending June 30,</u>									
	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction	N/A	N/A	N/A	113	102	93	78	64	63	63
Administration	N/A	N/A	N/A	16	21	17	15	14	10	10
Support Services	N/A	N/A	N/A	38	40	36	30	24	22	18
Regular Instruction	131	120	118							
Special Education Instruction	11	8	11							
Basic Skills Remedial Instruction			1							
Bilingual Education Instruction	3	9	4							
Extra Curricular Activities Instruction	3		2							
Athletics Instruction	15	15	13							
Before and After School Programs Instruction										
Summer School	40	40	40							
Other Supplemental At Risk Programs	1	1	1							
Community Service Programs	4	7	4							
Support Services and Undistributed Costs:										
Student and Instruction Related Services	20	20	21							
School Administrative Services	21	24	20							
Other Administrative Services	13	15	24							
Plant Operations and Maintenance	25	11	9							
Pupil Transportation	2	2	3							
Total	289	272	271	167	163	146	123	102	95	91

Source: Charter School Personnel Records

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

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

Fiscal Year Ending June 30,	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary (K-5)	Middle School (6-8)	High School (9-12)				
2018	1,525	\$ 23,398,573.95	\$ 15,343.33	7.78%	146	1:20	1:20	1:20	1,538	1,438	-0.84%	93.50%
2017	1,558	22,179,135.50	14,235.65	-2.30%	137	1:20	1:20	1:20	1,551	1,460	8.23%	94.13%
2016	1,436	20,923,918.64	14,570.97	5.22%	100	1:20	1:20	1:20	1,433	1,355	4.22%	94.56%
2015	1,373	19,012,736.92	13,847.59	-4.07%	113	1:20	1:20	1:20	1,375	1,301	5.12%	94.62%
2014	1,313	18,952,353.70	14,434.39	6.32%	102	1:20	1:20	1:20	1,308	1,233	9.36%	94.27%
2013	1,194	16,209,976.25	13,576.19	-13.70%	93	1:20	1:20	1:20	1,196	1,137	38.86%	95.07%
2012	860	13,529,706.83	15,732.22	0.30%	78	1:20	1:20	1:20	861	815	15.30%	94.59%
2011	751	11,779,415.97	15,684.97	13.50%	64	1:20	1:20	1:20	747	707	-3.23%	94.65%
2010	771	10,655,186.42	13,819.96	8.93%	60	1:20	1:20	1:20	772	721	1.97%	93.44%
2009	757	9,604,092.73	12,687.04	8.83%	60	1:20	1:20	1:20	757	704	-1.17%	93.00%

Sources: District records and enrollment counts.

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

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

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

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012 (1)	2011	2010	2009
<u>District Building</u>										
<u>Elementary</u>										
Leap Academy- Lower School (2000)										
Square Feet	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Capacity (students)	480	480	480	480	480	480	420	420	420	420
Enrollment	476	487	479	480	480	431	419	423	422	420
<u>High School</u>										
Leap Academy- Upper School (2005)										
Square Feet	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736
Capacity (students)	380	380	380	380	380	380	380	380	380	380
Enrollment	364	363	354	352	352	343			349	337
<u>STEM School</u>										
STEM Program (2012)										
Square Feet	39,000	39,000	39,000	39,000	39,000	39,000				
Capacity (students)	300	300	300	480	480	480				
Enrollment	241	242	243	481	481	420				
<u>Dr. Gloria Bonilla-Santiago (S.T.E.A.M. Campus)</u>										
S.T.E.A.M. Campus (2015)										
Square Feet	73,000	73,000	73,000							
Capacity (students)	480	480	480							
Enrollment	444	478	366							

Number of Schools at June 30, 2018

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

Source: District records, Enrollment Counts

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

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2018

Unaudited

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

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2018

Unaudited

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

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2018

Unaudited

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

Charter School Financial Framework - Financial Indicators

The New Jersey Department of Education (NJDOE) developed the comprehensive Performance Framework to ensure that each and every NJ charter school is serving students with a high-quality education. The Performance Framework - Financial Indicators set the fiscal standards by which all NJ public charter schools will be evaluated, informing both the NJDOE and individual school officials about school performance and sustainability. By utilizing the Performance Framework throughout the charter school's life cycle, NJDOE officials will expand the rigorous standards and metrics by which each and every public charter school is evaluated. Please refer to the following exhibit for the Charter School's Performance Framework Financial Indicators.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Charter School Performance Framework
 Financial Indicators - Fiscal Ratios
 Unaudited

	2016	2017	2018	Source
	Audit	Audit	Audit	
Cash	\$ 4,087,885.51	\$ 4,060,435.82	\$ 5,229,812.00	Audit: Exhibit A-1
Current Assets	3,173,456.68	3,765,969.00	4,291,406.97	Audit: Exhibit A-1
Total Assets	40,744,032.70	41,215,994.55	41,145,017.95	Audit: Exhibit A-1
Current Liabilities	3,370,797.80	2,981,585.12	3,561,648.09	Audit: Exhibit A-1
Total Liabilities	38,237,705.63	40,505,906.57	39,040,533.49	Audit: Exhibit A-1
Net Position	3,803,455.07	3,855,463.98	3,382,805.46	Audit: Exhibit A-1
Total Revenue	19,882,382.64	21,622,748.25	21,646,540.14	Audit: Exhibit A-2
Total Expenses	19,991,053.61	21,570,739.34	22,119,198.66	Audit: Exhibit A-2
Change in Net Position	(108,670.97)	52,008.91	(472,658.52)	Audit: Exhibit A-2
Non-Cash Pension Expense (1)	233,551.00	700,188.00	408,699.00	Financial Statements/Audit Workpapers
Depreciation Expense	1,161,288.00	1,428,473.82	1,665,477.23	Financial Statements/Audit Workpapers
Interest Expense	1,374,969.22	1,364,187.60	1,364,667.59	Financial Statements/Audit Workpapers
Principal Payments	800,257.00	653,662.40	751,068.08	Financial Statements/Audit Workpapers
Interest Payments	1,441,501.64	1,363,990.24	1,353,699.13	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	1,436	1,558	1,538	DOE Enrollment Reports
March 30th Budgeted Enrollment	1,390	1,390	1,390	Charter School Budget

RATIOS ANALYSIS

Near Term Indicators	2016	2017	2018	Source:
1a. Current Ratio	0.94	1.26	1.20	3 YR CUM. Current Assets/Current Liabilities
1b. Unrestricted Days Cash	74.64	68.71	86.30	Cash/(Total Expenses/365)
1c. Enrollment Variance	103%	112%	111%	109% Average Daily Enrollment/Budgeted Enrollment
1d.* Default	No	No	No	Audit
Sustainability Indicators				
2a.** Cash Flow	(2,122,123.04)	(27,449.69)	1,169,376.18	Net change in cash flow from prior years (Change in Net Position+Depreciation+Interest Expense+Non-Cash Pension Expense)/(Principal & Interest Payments)
2b. Debt Service Coverage Ratio (1)	1.19	1.76	1.41	1.45

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 ** 2018 =2018 Cash - 2017 Cash; 2017 =2017 Cash-2016 Cash; 2016 =2016 Cash-2015 Cash
 (1) Beginning in 2015 the non-cash pension expense resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* has been included in the ratio calculation for purposes of determining operating expenses.

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the LEAP Academy University Charter School, Inc.'s, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2018. The Charter School's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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


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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
February 6, 2019

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2018

Federal Grant / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017	Carryover / (Walkover) Amount
					From	To		
General Fund:								
U.S. Department of Health and Human Services:								
Passed-through State Department of Education:								
Medical Assistance Program (SEMI)	93.778	1705NJMAP	N/A	\$ 27,437.47	7/1/17	6/30/18		
Total Medical Assistance Program Cluster								
Total General Fund								
Special Revenue Fund:								
U.S. Department of Education								
Passed-through State Department of Education:								
N.C.L.B. / E.S.S.A.:								
Title I, Part A (P.L. 103-382)	84.010	S010A160030	NCLB710917	1,173,110.00	7/1/16	6/30/17	\$ (597,733.88)	
Title I, Part A (P.L. 103-382)	84.010	S010A170030	NCLB710918	1,169,924.00	7/1/17	6/30/18		
Total Title I, Part A							(597,733.88)	
Title II, Part A	84.367	S367A170029	NCLB710917	71,185.00	7/1/16	6/30/17	(33,188.70)	
Title II, Part A	84.367	S367A180029	NCLB710918	104,677.00	7/1/17	6/30/18		
Total Title II, Part A							(33,188.70)	
Title III	84.365	S365A170030	NCLB710917	24,061.00	7/1/16	6/30/17	(8,112.85)	
Title III	84.365	S365A180030	NCLB710918	23,377.00	7/1/17	6/30/18		
Title III, Immigrant	84.365	S365A170030	NCLB710918	2,578.00	7/1/17	6/30/18		
Total Title III							(8,112.85)	
Title IV, Part A	84.424	S424A180031	NCLB710918	14,378.00	7/1/17	6/30/18		
Total Title IV, Part A								
Special Education Cluster:								
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	IDEA710917	342,770.00	7/1/16	6/30/17	(123,305.44)	
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	IDEA710918	328,151.00	7/1/17	6/30/18		
Total Special Education Cluster							(123,305.44)	
Total U.S. Department of Education							(762,340.87)	
Total Special Revenue Fund							(762,340.87)	
Enterprise Fund:								
U.S. Department of Agriculture								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
Non-Cash Assistance (Food Distribution):								
National School Lunch Program	10.555	181NJ304N1099	N/A	81,697.64	7/1/17	6/30/18		
Non-Cash Assistance Subtotal								
Cash Assistance:								
National School Lunch Program	10.555	171NJ304N1099	N/A	701,092.46	7/1/16	6/30/17	(72,430.70)	
National School Lunch Program	10.555	181NJ304N1099	N/A	700,342.63	7/1/17	6/30/18		
School Breakfast Program	10.553	171NJ304N1099	N/A	359,804.01	7/1/16	6/30/17	(37,893.55)	
School Breakfast Program	10.553	181NJ304N1099	N/A	340,564.32	7/1/17	6/30/18		
Cash Assistance Subtotal							(110,324.25)	
Total Child Nutrition Cluster							(110,324.25)	
Total U.S. Department of Agriculture							(110,324.25)	
Total Enterprise Fund							(110,324.25)	
Total Federal Financial Assistance							\$ (872,665.12)	\$ -

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

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

Cash Received	Budgetary Expenditures			Passed - Through Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance, June 30, 2018		
	Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor at June 30, 2018
\$ 27,437.47	\$ (27,437.47)		\$ (27,437.47)						
27,437.47	(27,437.47)		(27,437.47)						
27,437.47	(27,437.47)		(27,437.47)						
597,734.00					\$ (0.12)				
643,243.00	(989,358.16)		(989,358.16)			\$ (346,115.16)			
1,240,977.00	(989,358.16)		(989,358.16)		(0.12)	(346,115.16)			
33,189.00					(0.30)				
21,739.00	(100,856.34)		(100,856.34)			(79,117.34)			
54,928.00	(100,856.34)		(100,856.34)		(0.30)	(79,117.34)			
8,113.00					(0.15)				
8,696.00	(11,441.16)		(11,441.16)			(2,745.16)			
2,578.00	(2,578.00)		(2,578.00)						
19,387.00	(14,019.16)		(14,019.16)		(0.15)	(2,745.16)			
10,043.00	(10,042.96)		(10,042.96)		(0.04)				
10,043.00	(10,042.96)		(10,042.96)		(0.04)				
123,305.00					0.44				
208,348.00	(325,213.61)		(325,213.61)			(116,865.61)			
331,653.00	(325,213.61)		(325,213.61)		0.44	(116,865.61)			
1,656,988.00	(1,439,490.23)		(1,439,490.23)		(0.17)	(544,843.27)			
1,656,988.00	(1,439,490.23)		(1,439,490.23)		(0.17)	(544,843.27)			
81,697.64	(81,697.64)		(81,697.64)						
81,697.64	(81,697.64)		(81,697.64)						
72,430.70									
631,397.63	(700,342.63)		(700,342.63)			(68,945.00)			
37,893.55									
307,562.79	(340,564.32)		(340,564.32)			(33,001.53)			
1,049,284.67	(1,040,906.95)		(1,040,906.95)			(101,946.53)			
1,130,982.31	(1,122,604.59)		(1,122,604.59)			(101,946.53)			
1,130,982.31	(1,122,604.59)		(1,122,604.59)			(101,946.53)			
1,130,982.31	(1,122,604.59)		(1,122,604.59)			(101,946.53)			
\$ 2,815,407.78	\$ (2,589,532.29)	\$ -	\$ (2,589,532.29)	\$ -	\$ (0.17)	\$ -	\$ (646,789.80)	\$ -	\$ -

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2018

State Grantor/ Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017		Carryover / (Walkover) Amount
			From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor	
General Fund:							
New Jersey Department of Education:							
Pass Through Local Education Agencies:							
Current Expense:							
State Aid - Public Cluster:							
Charter School Aid:							
Local Levy-Equalization Aid (State and Local Share)	17-495-034-5120-078	\$ 18,270,672.00	7/1/16	6/30/17	\$ (213,383.14)	\$ 343,195.16	\$ (54,104.11)
Local Levy-Equalization Aid (State and Local Share)	18-495-034-5120-078	18,190,039.00	7/1/17	6/30/18			54,104.11
Categorical Special Education Aid	18-495-034-5120-089	363,382.00	7/1/17	6/30/18			
Categorical Security Aid	18-495-034-5120-084	528,331.00	7/1/17	6/30/18			
Total Passed-Through Local Education Agencies					(213,383.14)	343,195.16	
State Aid - Public Cluster:							
Adjustment Aid	17-495-034-5120-085	1,689,013.00	7/1/16	6/30/17	(159,067.00)		
Adjustment Aid	18-495-034-5120-085	1,866,691.00	7/1/17	6/30/18			
Total Adjustment Aid					(159,067.00)		
Total State Aid - Public Cluster					(372,450.14)	343,195.16	
Non-public Charter School Aid							
18-495-034-5120-071		67,789.00	7/1/17	6/30/18			
T.P.A.F. Social Security Aid							
17-495-034-5094-003		554,973.13	7/1/16	6/30/17	(26,214.95)		
18-495-034-5094-003		536,899.22	7/1/17	6/30/18			
Total Reimbursed TPAF Social Security Contributions					(26,214.95)		
Lead Testing for Schools Aid	18-495-034-5120-104	2,135.55	7/1/17	6/30/18			
Total General Fund					(398,665.09)	343,195.16	
Enterprise Fund:							
New Jersey Department of Agriculture:							
State School Lunch Program	17-100-010-3350-023	12,992.86	7/1/16	6/30/17	(1,320.43)		
State School Lunch Program	18-100-010-3350-023	11,837.94	7/1/17	6/30/18			
Total Enterprise Fund					(1,320.43)		
Total State Financial Assistance subject to Major Program Determination for State Single Audit					(399,985.52)	343,195.16	
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
T.P.A.F. Post-Retirement Medical	18-495-034-5094-001	712,569.00	7/1/17	6/30/18			
Teacher's Pension and Annuity Fund	18-495-034-5094-002	1,077,117.00	7/1/17	6/30/18			
T.P.A.F. LTDI	18-495-034-5094-004	5,248.00	7/1/17	6/30/18			
T.P.A.F. Non-contributory Insurance	18-495-034-5094-004	26,139.00	7/1/17	6/30/18			
Total General Fund (Non-Cash Assistance)							
Total State Financial Assistance					\$ (399,985.52)	\$ 343,195.16	\$ -

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

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

Cash Received	Total Budgetary Expenditures	Passed - Through Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance, June 30, 2018			Memo	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2018	Cumulative Total Expenditures
\$ 105,431.89			\$ 48,999.39	\$ (230,139.19)					\$ 18,270,672.00
18,207,660.89	\$ (18,190,039.00)				\$ (198,040.46)		\$ 269,766.46		18,190,039.00
363,382.00	(363,382.00)								363,382.00
528,331.00	(528,331.00)								528,331.00
<u>19,204,805.78</u>	<u>(19,081,752.00)</u>		<u>48,999.39</u>	<u>(230,139.19)</u>	<u>(198,040.46)</u>		<u>269,766.46</u>		<u>37,352,424.00</u>
159,067.00									1,689,013.00
1,673,864.00	(1,866,691.00)				(192,827.00)				1,866,691.00
<u>1,832,931.00</u>	<u>(1,866,691.00)</u>				<u>(192,827.00)</u>				<u>3,555,704.00</u>
21,037,736.78	(20,948,443.00)		48,999.39	(230,139.19)	(390,867.46)		269,766.46		40,908,128.00
<u>60,421.00</u>	<u>(67,789.00)</u>				<u>(7,368.00)</u>				<u>67,789.00</u>
26,214.95									554,973.13
510,843.23	(536,899.22)				(26,055.99)				536,899.22
<u>537,058.18</u>	<u>(536,899.22)</u>				<u>(26,055.99)</u>				<u>1,091,872.35</u>
2,135.55	(2,135.55)								2,135.55
<u>21,637,351.51</u>	<u>(21,555,266.77)</u>		<u>48,999.39</u>	<u>(230,139.19)</u>	<u>(424,291.45)</u>		<u>269,766.46</u>		<u>42,069,924.90</u>
1,320.43									12,992.86
11,837.94	(11,837.94)								11,837.94
<u>13,158.37</u>	<u>(11,837.94)</u>								<u>24,830.80</u>
21,650,509.88	(21,567,104.71)		48,999.39	(230,139.19)	(424,291.45)		269,766.46		42,094,755.70
712,569.00	(712,569.00)								712,569.00
1,077,117.00	(1,077,117.00)								1,077,117.00
5,248.00	(5,248.00)								5,248.00
26,139.00	(26,139.00)								26,139.00
<u>1,821,073.00</u>	<u>(1,821,073.00)</u>								<u>1,821,073.00</u>
<u>\$ 23,471,582.88</u>	<u>\$ (23,388,177.71)</u>	<u>\$ -</u>	<u>\$ 48,999.39</u>	<u>\$ (230,139.19)</u>	<u>\$ (424,291.45)</u>	<u>\$ -</u>	<u>\$ 269,766.46</u>	<u>\$ -</u>	<u>\$ 43,915,828.70</u>

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: INDIRECT COST RATE

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

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is zero for the general fund and \$65,050.06 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 27,437.47	\$ 23,376,339.77	\$ 23,403,777.24
Special Revenue	1,526,542.86		1,526,542.86
Food Service	<u>1,122,604.59</u>	<u>11,837.94</u>	<u>1,134,442.53</u>
Total Awards and Financial Assistance	<u>\$ 2,676,584.92</u>	<u>\$ 23,388,177.71</u>	<u>\$ 26,064,762.63</u>

Note 5: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 6: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" on the Schedule of Expenditures of Federal Awards, Schedule A (Exhibit K-3), represent rounding adjustments in amounts reimbursed (\$.17). This column, on the Schedule of Expenditures of State Financial Assistance, Schedule B (Exhibit K-4), represents the Board of Trustees authorization to cancel Intergovernmental Accounts Receivable – Other LEAs, State Aid from prior years which it had determined to be uncollectible in the amount of \$48,999.39.

Note 7: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2018, the Charter School was the recipient of federal and state assistance that represented either a reimbursement to the Charter School or payments made on-behalf of the Charter School. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the Charter School's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 8: MAJOR PROGRAMS

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2018

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

 Material weakness(es) identified? _____ yes X no

 Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? _____ yes X no

 Significant deficiency(ies) identified? _____ yes X none reported

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

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

Identification of major programs:

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

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

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

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 2- Schedule of Financial Statement Findings

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

None.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

None.

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

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

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

None.

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

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

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.