

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF
CAMDEN PREP, INC.
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

CAMDEN PREP, INC.

Contents
June 30, 2020

| | <u>Pages</u> |
|---|--------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1 - 4 |
| Organizational Chart | N/A |
| Roster of Trustees and Officers | 5 |
| Consultants and Advisors | 6 |
| FINANCIAL SECTION | |
| Unmodified Opinion on General Purpose Financial Statements Accompanied by Other Information - Governmental Entity | 7 - 9 |
| Required Supplementary Information - Part I | |
| Management's Discussion and Analysis | 10 - 19 |
| Basic Financial Statements: | |
| A. School-wide Financial Statements | |
| A-1 Statement of Net Position | 20 |
| A-2 Statement of Activities | 21 |
| B. Fund Financial Statements | |
| Governmental Funds: | |
| B-1 Balance Sheet | 22 |
| B-2 Statement of Revenues, Expenditures and Changes in Fund Balances | 23 |
| B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 24 |
| Proprietary Funds: | |
| B-4 Statement of Net Assets | N/A |
| B-5 Statement of Revenues, Expenses and Changes in Fund Net Position | N/A |
| B-6 Statement of Cash Flows | N/A |
| Fiduciary Funds: | |
| B-7 Statement of Fiduciary Net Position | 25 |
| B-8 Statement of Changes in Fiduciary Net Position | 26 |
| Notes to Financial Statements | 27 - 40 |
| Required Supplemental Information - Part II | |
| C. Budgetary Comparison Schedules: | |
| C-1 Budgetary Comparison Schedule General Fund | 41 - 43 |
| C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual | N/A |
| C-2 Budgetary Comparison Schedule Special Revenue Fund | 44 |

CAMDEN PREP, INC.

Contents
June 30, 2020

| | <u>Pages</u> |
|---|--------------|
| Required Supplemental Information - Part II (Continued) | |
| Notes to Required Supplementary Information: | |
| C-3 Budget-to-GAAP Reconciliation | 45 |
| Other Supplementary Information: | |
| D. School Based Budget Schedules: | |
| D-1 Combining Balance Sheet | N/A |
| D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual | N/A |
| D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual | N/A |
| Required Supplementary Information - Part III | |
| L. Schedules Related to Accounting and Reporting for Pensions (GASB 68): | |
| L-1 Schedule of the Renaissance School's Proportionate Share of the Net Pension Liability - PERS | N/A |
| L-2 Schedule of Renaissance School Contributions - PERS | N/A |
| L-3 Schedule of the Renaissance School Proportionate Share of the Net Pension Liability - TPAF | N/A |
| L-4 Notes to Required Supplementary Information Pension Schedules | N/A |
| E. Special Revenue Fund: | |
| E-1 Combining Schedule of Program Revenue and Expenditures, Special Revenue Fund - Budgetary Basis | 46 |
| E-2 Schedule of Preschool Education Aid Expenditures - Preschool - All Programs - Budgetary Basis | N/A |
| F. Capital Project Fund: | |
| F-1 Summary Schedule of Project Expenditures | N/A |
| F-2 Summary Schedule of Revenues, Expenses and Changes in Fund Net Position | N/A |
| F-2a Schedule of Project Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis | N/A |
| G. Proprietary Funds: | |
| Enterprise Fund: | |
| G-1 Combining Statement of Net Position | N/A |
| G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position | N/A |
| G-3 Combining Statement of Cash Flows | N/A |
| Internal Service Fund: | |
| G-4 Combining Statement of Net Position | N/A |
| G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position | N/A |
| G-6 Combining Statement of Cash Flows | N/A |

CAMDEN PREP, INC.

Contents
June 30, 2020

| Required Supplementary Information - Part III (Continued) | | <u>Pages</u> |
|--|--|---------------------|
| Fiduciary Funds: | | |
| H-1 | Combining Statement of Fiduciary Fund Net Position | 47 |
| H-2 | Combining Statement of Changes in Fiduciary Net Position | N/A |
| H-3 | Parent Council Fund Schedule of Receipts and Disbursements | N/A |
| H-4 | Payroll Agency Fund Schedule of Receipts and Disbursements | 48 |
| H-5 | Unemployment Compensation Insurance Trust Fund Schedule of Receipts and Disbursements | 49 |
| I. Long-Term Debt: | | |
| I-1 | Schedules of Serial Bonds Payable | N/A |
| I-2 | Schedule of Obligations under Capital Leases | N/A |
| I-3 | Debt Service Fund Budgetary Comparison Schedule | N/A |
| Statistical Section (Unaudited): | | |
| J. Financial Trends: | | |
| J-1 | Net Position by Component | 50 |
| J-2 | Changes in Net Position | 51 |
| J-3 | Fund Balances - Governmental Funds | 52 |
| J-4 | Changes in Fund Balances - Governmental Funds | 53 |
| J-5 | General Fund - Other Local Revenue by Source | 54 |
| J. Revenue Capacity: | | |
| J-6 | Assessed Value and Actual Value of Taxable Property | N/A |
| J-7 | Direct and Overlapping Property Tax Rates | N/A |
| J-8 | Principal Property Taxpayers..... | N/A |
| J-9 | Property Tax Levies and Collections | N/A |
| J. Debt Capacity: | | |
| J-10 | Ratios of Outstanding Debt by Type | N/A |
| J-11 | Ratios of General Bonded Debt Outstanding | N/A |
| J-12 | Direct and Overlapping Governmental Activities Debt | N/A |
| J-13 | Legal Debt Margin Information | N/A |
| J. Demographic and Economic Information: | | |
| J-14 | Demographic and Economic Statistics | 55 |
| J-15 | Principal Employers | N/A |
| J. Operating Information: | | |
| J-16 | Full-Time Equivalent Renaissance School Employees by Function/Program | 56 |
| J-17 | Operating Statistics | 57 |
| J-18 | School Building Information | 58 |
| J-19 | Schedule of Allowable Maintenance Expenditures by School Facility | N/A |
| J-20 | Insurance Schedule | 59 - 61 |
| J. Renaissance School Performance Framework Financial Indicators: | | |
| J-21 | Near Term and Sustainability Indicators | 62 |

CAMDEN PREP, INC.

Contents
June 30, 2020

| SINGLE AUDIT SECTION K | | <u>Pages</u> |
|-------------------------------|---|---------------------|
| K-1 | Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 63 - 64 |
| K-2 | Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and New Jersey OMB Circular Letter 15-08 | 65 - 66 |
| K-3 | Schedule of Expenditures of Federal Awards, Schedule A | 67 |
| K-4 | Schedule of Expenditures of State Financial Assistance, Schedule B | 68 |
| K-5 | Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance | 69 - 70 |
| K-6 | Schedule of Findings and Questioned Costs | 71 - 73 |
| K-7 | Summary Schedule of Prior Year Findings and Questioned Costs | 74 |

N/A=Not Applicable

INTRODUCTORY SECTION

November 30, 2020

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza CN 500
Trenton, NJ 08625

Dear Commissioner:

The Comprehensive Annual Financial Report of Camden Prep, Inc. (the Renaissance School) for the fiscal year ended June 30, 2020, 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 Renaissance School. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Renaissance School. All disclosures necessary to enable the reader to gain an understanding of the Renaissance 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 and list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report. The statistical section includes unaudited data from the Renaissance School's first five fiscal years. The Renaissance School is required to undergo annual single audit in conformity with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance and the State Treasury OMB's Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

- 1) Reporting Entity and Its Services:** Camden Prep, Inc. constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

- 2) **Enrollment Outlook:** Camden Prep, Inc. opened its doors in August 2014. In its first year, the Renaissance School served a cohort of 66 kindergarten students. Since that time, the Renaissance School has grown each year increasing the number of students served. The Renaissance School has grown in order to ensure that as many Camden students as possible have access to a high-quality education that prepares them to enter, succeed in and ultimately graduate from a four-year college. The Renaissance School’s growth is indicated in the table below:

| <u>School Year</u> | <u>Grades Served</u> | <u>Student Enrollment</u> |
|--------------------|----------------------|---------------------------|
| 2014-2015 | K | 66 |
| 2015-2016 | K-4 th | 315 |
| 2016-2017 | K-5 th | 397.8 |
| 2017-2018 | K-6 th | 568.7 |
| 2018-2019 | K-7 th | 684 |
| 2019-2020 | K-8 th | 875 |

The Renaissance School operates an extended day and school year. Students attend classes from 8:00 a.m. to 4:00 p.m., which is more than an hour longer than most public schools. In addition, programs are available from 7:30 a.m. to 5:30 p.m. During the 2019-2020 school year, the average class size was 26 students. Students wear uniforms.

- 3) **Major Accomplishments:** The Renaissance School continues to see high proficiency rates on the state assessment (now the NJSLA assessment and previously the PARCC assessment) based on our maximization of instructional time. The Renaissance School builds toward proficiency by introducing critical learning strategies in kindergarten and then layering in additional complexity each year. The Renaissance School values the use of data to inform instruction through formal and informal assessments. Prior to joining the Renaissance School, only 3.0 percent of students were proficient in English language arts and 2.8 percent in mathematics. The growth in proficiency of these same students from year to year can be attributed to teachers and leaders analyzing student work and making clear action plans to address gaps in the data on a daily, weekly and quarterly basis. To maintain continued growth, the Renaissance School will remain faithful to the use of data cycles while continuing to increase the rigor of instruction that is taught in classrooms. High quality instruction at the Renaissance School is rigorous, engaging, and responsive to student learning. The Renaissance School has created and maintains a culture of high expectations for all of its students by developing a rigorous curriculum, offering a longer school day and extended school year, hiring a committed and talented staff, and effectively implementing data-driven instruction. The Renaissance School's teachers are at the core of high-quality instruction. For the Renaissance School to maximize the learning our students are able to receive, it is critically important that our school focus on making teachers better faster through a rigorous and structured observation and feedback model. The mission of the Renaissance School is to prepare each student to enter, succeed in, and ultimately graduate from a four-year college. The education model consists of two core pillars: a highly rigorous academic curriculum paired with a focus on strong character development.
- 4) **Internal Accounting Controls:** Management of the Renaissance School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Renaissance School are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and state financial assistance, the Renaissance School also is responsible for ensuring that an adequate 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 periodic evaluation by the Renaissance School's management.

As part of the Renaissance 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 Renaissance School has complied with applicable laws and regulations.

- 5) **Budgetary Controls:** In addition to internal accounting controls, the Renaissance 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 Renaissance School and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balances at June 30, 2020.

- 6) **Accounting System and Reports:** The Renaissance School's accounting records reflect GAAP, as promulgated by GASB. The accounting system of the Renaissance School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 2.

- 7) **Financial Information at Fiscal Year-End:** As demonstrated by the various statements and schedules included in the financial section of report, the Renaissance School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund and Special Revenue Fund for the fiscal year ended June 30, 2020.

| <u>Revenue</u> | <u>Amount</u> | <u>Percent of Total</u> |
|----------------------------------|----------------------|-------------------------|
| Local Revenue | \$ 414,827 | 2% |
| State Share | 14,334,094 | 76 |
| State Aid | 904,288 | 5 |
| Private Funding - General Fund | 1,116,475 | 6 |
| Federal Aid - Special Revenue | 1,729,191 | 9 |
| E-Rate Revenue | 104,832 | 1 |
| Private Grants - Special Revenue | <u>140,774</u> | <u>1</u> |
| Total | <u>\$ 18,744,481</u> | <u>100%</u> |

The following schedule presents a summary of the General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2020:

| <u>Expenditures</u> | <u>Amount</u> | <u>Percent of Total</u> |
|------------------------|----------------------|-------------------------|
| Current - General Fund | \$ 16,100,063 | 90% |
| Special Revenue Fund | <u>1,869,965</u> | <u>10</u> |
| Total | <u>\$ 17,970,028</u> | <u>100%</u> |

- 8) **Cash Management:** The investment policy of the Renaissance School is guided in large by the state statute as detailed in “Notes to the Financial Statements,” Note 2. The Renaissance School had adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 9) **Risk Management:** The Renaissance School carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and contents.

10) **Other Information:**

Independent Audit – State statutes require an annual audit by an independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of AAFCPAs, Inc. was selected by the Renaissance School.

In addition to meeting the requirements set forth in the state statutes, the Renaissance School is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, *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 internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

Respectfully submitted,



Cynthia Ledger
Managing Director of Operations
Lead Person

**ROSTER OF TRUSTEES AND OFFICERS
JUNE 30, 2020**

| <u>Board of Trustees</u> | <u>Term Expires</u> |
|---------------------------------|----------------------------|
| Lindsay Kruse | 8/31/20 |
| Julie Jackson | 8/31/20 |
| Robert Howitt | 8/31/20 |
| Joseph Mangini | 6/30/20 |
| Cassetta Perry | 8/31/20 |
| Janelle Duffy | 6/30/20 |
| Reverend Floyd White | 6/30/20 |
| Kelly Dowling | 6/30/20 |
| Yoni Samuel-Siegel | 6/30/20 |
| Giana Solomon | 6/30/20 |

CONSULTANTS AND ADVISORS

AUDIT FIRM

AAFCPAs, Inc.
50 Washington Street
Westborough, MA 01581

OFFICIAL DEPOSITORY

Santander
200 Park Avenue, Suite 100
Florham Park, NJ 07932

FINANCIAL SECTION



50 Washington Street
Westborough, MA 01581
508.366.9100
aafcpa.com

**Unmodified Opinion on General Purpose Financial Statements
Accompanied by Other Information - Governmental Entity**

Independent Auditor's Report

To the Board of Trustees of
Camden Prep, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Camden Prep, Inc. (the Renaissance School), County of Camden, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Renaissance 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

Opinion

In our opinion, the financial statements referred to on page seven present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Camden Prep, Inc. as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, and the *Budgetary Comparison Information* (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 the 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Renaissance School's basic financial statements. The accompanying combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and state financial assistance for the year ended June 30, 2020, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the provisions of New Jersey Department of the Treasury OMB's Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section 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 November 30, 2020, on our consideration of the Renaissance School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Renaissance School's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Renaissance School's internal control over financial reporting and compliance.

AAFCPA, Inc.

Westborough, Massachusetts
November 30, 2020

John R. Buckley CPA

John R. Buckley, C.P.A.
Public School Accountant
PSA #20CS00271800

**REQUIRED SUPPLEMENTARY INFORMATION - PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CAMDEN PREP, INC.

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

This section of Camden Prep, Inc.'s (the Renaissance School) annual financial report presents its discussion and analysis of the Renaissance School's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the Renaissance School's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-20 include the following:

- Total Net Position was \$2,973,172.
- The General Fund balance at June 30, 2020, is \$2,467,378.

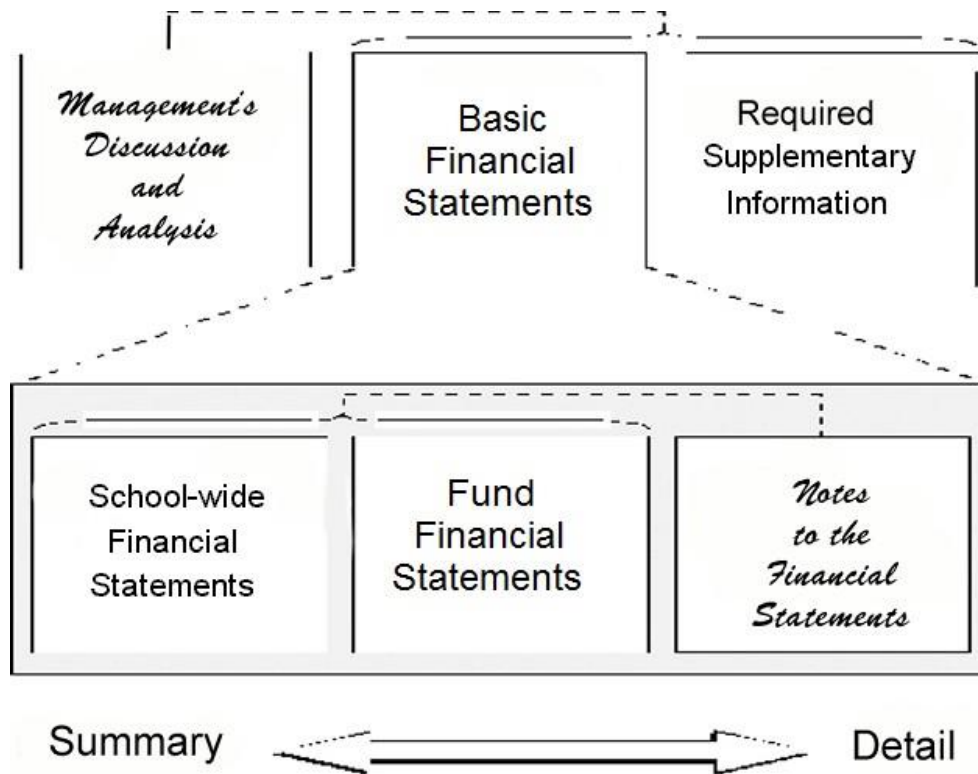
OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Camden Prep, Inc.

CAMDEN PREP, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about Camden Prep, Inc.'s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Camden Prep, Inc., reporting Camden Prep, Inc.'s operation in more detail than the Renaissance School-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short-term as well as what remains for future spending.

CAMDEN PREP, INC.

Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2020

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of Camden Prep, Inc.'s financial statements, including the portion of Camden Prep, Inc.'s activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the Renaissance School-Wide and Fund Financial Statements

| | <u>School-Wide Statements</u> | <u>Governmental Fund Financial Statements</u> |
|--|--|--|
| Scope | Entire school (except fiduciary funds) | The activities of Camden Prep, Inc. that are for the Renaissance School's operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education |
| Required financial statements | Statement of net position | Balance sheet |
| | Statement of activities | Statement of revenues, expenditures and changes in fund balances |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable |

CAMDEN PREP, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

School-wide Statements

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

The two school-wide statements report Camden Prep, Inc.'s net position and how they have changed. Net position – the difference between Camden Prep, Inc.'s assets and liabilities – is one way to measure Camden Prep, Inc.'s financial health or position.

- Over time, increases or decreases in Camden Prep, Inc.'s net position are an indicator of whether its financial position is improving or deteriorating, respectively.

In the school-wide financial statements, Camden Prep, Inc.'s activities are shown as:

- *Governmental activities* - Most of Camden Prep, Inc.'s basic services are included here, such as regular and special education, transportation, administration, food services, and community education.

Fund Financial Statements

The fund financial statements provide more detailed information about Camden Prep, Inc.'s funds – focusing on its most significant or “major” funds – not Camden Prep, Inc. as a whole.

Funds are accounting devices Camden Prep, Inc. uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

CAMDEN PREP, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Camden Prep, Inc. uses other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., Federal funds).

Camden Prep, Inc. could have three kinds of funds:

- **Governmental funds** - Most of Camden Prep, Inc.'s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance Camden Prep, Inc.'s programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds** - Services for which Camden Prep, Inc. charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.
- **Fiduciary funds** - Camden Prep, Inc. is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. Camden Prep, Inc. is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of Camden Prep, Inc.'s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from Camden Prep, Inc.'s government-wide financial statements because Camden Prep, Inc. cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF CAMDEN PREP, INC. AS A WHOLE

Net position. Camden Prep, Inc.'s net position is \$2,973,172 on June 30, 2020 (See Table A- 1), which is all governmental.

The Statement of Net Position of \$2,973,172 reflects total capital assets of \$505,794, net of accumulated depreciation from inception.

CAMDEN PREP, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Camden Prep, Inc.'s financial position is the product of these factors:

- Total revenues during the 2019-20 school year were \$18,744,481.
- Total expenditures during the 2019-20 school year were \$17,970,028.

**Table A-1
CAMDEN PREP, INC.
Statement of Net Position
As of June 30, 2020**

| | <u>Total</u> |
|-----------------------------|---------------------|
| Current and other assets | \$ 4,959,718 |
| Capital assets | <u>505,794</u> |
| Total assets | <u>\$ 5,465,512</u> |
| Short-term liabilities | <u>\$ 2,492,340</u> |
| Total liabilities | <u>\$ 2,492,340</u> |
| Net Position: | |
| Invested in capital assets | \$ 505,794 |
| Unrestricted | <u>2,467,378</u> |
| Total net position | <u>\$ 2,973,172</u> |
| Fund balance, June 30, 2020 | \$ 2,467,378 |
| Invested in capital assets | <u>505,794</u> |
| Net position, June 30, 2020 | <u>\$ 2,973,172</u> |

Total Governmental revenues and beginning assets minus net adjusted expenditures resulting in a calculation of net position of \$2,973,172 on June 30, 2020.

CAMDEN PREP, INC.Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Table A-2
CAMDEN PREP, INC.
Changes in Net Position
For the Fiscal Year Ended June 30, 2020

| | <u>Total</u> | <u>Percentage</u> |
|---|---------------------|-------------------|
| Revenues: | | |
| General revenues: | | |
| Local share | \$ 414,827 | 2% |
| State share | 14,334,094 | 85 |
| State aid | 904,288 | 5 |
| Other | <u>1,221,307</u> | <u>8</u> |
| Total revenues | <u>18,744,481</u> | <u>100%</u> |
| Expenses: | | |
| Regular instruction | 6,685,833 | 37% |
| General administrative | 6,614,075 | 37 |
| School administrative services/ operating plant | 4,509,261 | 25 |
| Reimbursed TPAF Social Security | <u>160,859</u> | <u>1</u> |
| Total expenses | <u>17,970,028</u> | <u>100%</u> |
| Increase in Fund Balance | 774,453 | |
| Decrease in net capital outlay | <u>(36,601)</u> | |
| Net increase in net position | 737,852 | |
| Net position - Beginning July 1, 2019 | <u>2,235,320</u> | |
| Net position, end of year, June 30, 2020 | <u>\$ 2,973,172</u> | |

Total revenues exceeded expenditures, increasing net position by \$774,453 in the General Fund.

CAMDEN PREP, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

**Table A-3 (See Exhibit A-2)
CAMDEN PREP, INC.
Changes in Net Position
For the Fiscal Year Ended June 30, 2020**

| <u>Functions/Programs</u> | <u>Source</u> | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|---------------------------------|---------------|-------------------------------|-----------------------------|
| Governmental activities: | | | |
| Instruction: | | | |
| Regular instruction | B-2 | \$ 6,685,833 | \$ 6,685,833 |
| Support services: | | | |
| General administrative services | B-2 | 6,614,075 | 6,614,075 |
| School administrative services | B-2 | 4,509,261 | 4,509,261 |
| Reimbursed TPAF Social Security | B-2 | <u>160,859</u> | <u>160,859</u> |
| Total governmental activities | | <u>\$ 17,970,028</u> | <u>\$ 17,970,028</u> |

FINANCIAL ANALYSIS OF CAMDEN PREP INC. FUNDS

The financial performance of Camden Prep, Inc. as a whole is reflected in its governmental activities Exhibit A-2. As Camden Prep, Inc. completed the year, its general funds reported a combined fund balance of \$2,973,172.

Governmental Fund

The Governmental Fund includes the primary operations of Camden Prep, Inc. in providing educational services to students in grade K to 8th.

CAMDEN PREP, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

The following schedule presents a summary of Governmental Fund Revenues. The summary reflects the activity for the fiscal years ended June 30, 2020 and 2019.

**Table A-4 (See Exhibit B-2)
CAMDEN PREP, INC.
Changes in Net Position
For the Fiscal Years Ended June 30**

| <u>Governmental Funds Revenues</u> | <u>Year Ended June 30, 2020</u> | <u>Year Ended June 30, 2019</u> | <u>Amount of Increase (Decrease)</u> |
|------------------------------------|-------------------------------------|-------------------------------------|--|
| Local Sources: | | | |
| Local share | \$ 414,827 | \$ 321,860 | \$ 92,967 |
| State share | 14,334,094 | 11,125,298 | 3,208,796 |
| Miscellaneous revenue | <u>1,362,081</u> | <u>245,811</u> | <u>1,116,270</u> |
| Total local sources | <u>16,111,002</u> | <u>11,692,969</u> | <u>4,418,033</u> |
| Intergovernmental Sources: | | | |
| State sources | 904,288 | 835,766 | 68,522 |
| Federal sources | <u>1,729,191</u> | <u>2,438,486</u> | <u>(709,295)</u> |
| Total intergovernmental sources | <u>2,633,479</u> | <u>3,274,252</u> | <u>(640,773)</u> |
| Total revenues | <u>\$ 18,744,481</u> | <u>\$ 14,967,221</u> | <u>\$ 3,777,260</u> |

The following schedule presents a summary of Governmental Fund expenditures. The summary reflects the activity for the fiscal years ended June 30, 2020 and 2019.

**Table A-5 (See Exhibit B-2)
CAMDEN PREP, INC.
Changes in Net Position
For the Fiscal Years Ended June 30**

| <u>Governmental Funds Expenditures</u> | <u>Year Ended June 30, 2020</u> | <u>Year Ended June 30, 2019</u> | <u>Amount of Increase (Decrease)</u> |
|--|-------------------------------------|-------------------------------------|--|
| Current: | | | |
| Regular instruction | \$ 6,685,833 | \$ 5,892,003 | \$ 793,830 |
| General administrative services | 6,614,075 | 5,728,713 | 885,362 |
| School administration | 4,509,261 | 2,945,255 | 1,564,006 |
| On-behalf TPAF Social Security | <u>160,859</u> | <u>191,914</u> | <u>(31,055)</u> |
| Total expenditures | <u>\$ 17,970,028</u> | <u>\$ 14,757,885</u> | <u>\$ 3,212,143</u> |

CAMDEN PREP, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the Governmental Fund unreserved-undesignated fund balance:

Table A-6
CAMDEN PREP, INC.
Changes in Net Position
For the Fiscal Years Ended June 30

| <u>General Fund</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Unreserved-Undesignated Fund Balance | 2,467,378 | 1,692,925 | 1,483,589 | 1,121,842 | 732,819 | 205,876 |
| Expenditures | 17,970,028 | 14,757,885 | 11,930,238 | 7,871,789 | 6,622,126 | 2,493,862 |
| Percentage | 14% | 11% | 12% | 14% | 11% | 8% |

Camden Prep, Inc. values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during the school year.

FACTORS BEARING ON THE RENAISSANCE SCHOOL'S FUTURE

At the time these financial statements were prepared and audited, Camden Prep, Inc. was aware of these existing circumstances that could significantly affect its financial health in the future:

- Future State Aid may be reduced due to the State's criteria utilized in calculating allocations of State Aid.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the fiscal year ended June 30, 2020, in the General Fund, Camden Prep, Inc. had capital assets in the amount of \$663,010, net accumulated depreciation of \$157,216, amounting to net capital assets of \$505,794.

Total General Fund depreciation expense for the year was \$36,601.

CONTACTING THE RENAISSANCE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and contributors with a general overview of Camden Prep, Inc.'s finances and to demonstrate Camden Prep, Inc.'s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Camden Prep, Inc., 10 Washington Place, Camden, New Jersey 07102.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of Camden Prep, Inc.'s operations. These financial statements present the financial position and operating results of all funds as of June 30, 2020.

SCHOOL-WIDE FINANCIAL STATEMENTS

Camden Prep, Inc.
Statement of Net Position
June 30, 2020

| | <u>Governmental Activities</u> |
|---|---|
| ASSETS: | |
| Cash and cash equivalents | \$ 3,707,073 |
| Receivables | 1,205,696 |
| Prepaid expenses | 46,949 |
| Capital assets, net | <u>505,794</u> |
| Total assets | <u><u>\$ 5,465,512</u></u> |
| LIABILITIES: | |
| Accounts payable | \$ 2,483,915 |
| Deferred revenue | <u>8,425</u> |
| Total liabilities | <u>2,492,340</u> |
| NET POSITION: | |
| Invested in capital assets | 505,794 |
| Unrestricted | <u>2,467,378</u> |
| Total net position | <u>2,973,172</u> |
| Total liabilities and net position | <u><u>\$ 5,465,512</u></u> |
| Fund Balance, June 30, 2020 - B-1 | \$ 2,467,378 |
| Cost of capital assets, net of accumulated depreciation | <u>505,794</u> |
| Total Net Position, June 30, 2020 | <u><u>\$ 2,973,172</u></u> |

Camden Prep, Inc.
Statement of Activities
For the Year Ended June 30, 2020

| Functions/Programs | Expenses | Program Revenues | | Net Expense (Revenue) and Changes in Net Position | |
|--|--------------------------|-------------------------|--|--|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Total |
| Governmental Activities: | | | | | |
| Instruction: | | | | | |
| Regular | \$ 6,685,833 | \$ - | \$ 952,860 | \$ 5,732,973 | \$ 5,732,973 |
| Support services: | | | | | |
| General administration | 6,614,075 | - | 917,105 | 5,696,970 | 5,696,970 |
| School administrative services/operating plant | 4,509,261 | - | - | 4,509,261 | 4,509,261 |
| TPAF Social Security (Reimbursed) | 160,859 | - | - | 160,859 | 160,859 |
| Total governmental activities | <u>17,970,028</u> | <u>-</u> | <u>1,869,965</u> | <u>16,100,063</u> | <u>16,100,063</u> |
| Total primary government | <u>\$ 17,970,028</u> | <u>\$ -</u> | <u>\$ 1,869,965</u> | <u>16,100,063</u> | <u>16,100,063</u> |
| General revenues: | | | | | |
| Local share | | | | 414,827 | 414,827 |
| State share | | | | 14,334,094 | 14,334,094 |
| State aid | | | | 904,288 | 904,288 |
| Other miscellaneous income | | | | 104,832 | 104,832 |
| Philanthropic support | | | | 1,116,475 | 1,116,475 |
| Total general revenues | | | | <u>16,874,516</u> | <u>16,874,516</u> |
| Change in fund balance | | | | 774,453 | 774,453 |
| Decrease in net Capital Outlay | | | | <u>(36,601)</u> | <u>(36,601)</u> |
| Change in net position | | | | 737,852 | 737,852 |
| Net Position - beginning July 1, 2019 | | | | <u>2,235,320</u> | <u>2,235,320</u> |
| Net Position - ending June 30, 2020 | | | | <u>\$ 2,973,172</u> | <u>\$ 2,973,172</u> |

The accompanying notes are an integral part of these statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

Camden Prep, Inc.
Balance Sheet
Governmental Funds
June 30, 2020

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|---------------------------------------|-------------------------|-------------------------------------|---|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 3,707,073 | \$ - | \$ 3,707,073 |
| Receivables | 1,139,234 | 66,462 | 1,205,696 |
| Prepaid expenses | 46,949 | - | 46,949 |
| Interfund receivable | 39,787 | - | 39,787 |
| Total assets | \$ 4,933,043 | \$ 66,462 | \$ 4,999,505 |
| LIABILITIES AND FUND BALANCES: | | | |
| Liabilities: | | | |
| Accounts payable | \$ 2,465,665 | \$ 18,250 | \$ 2,483,915 |
| Interfund payable | - | 39,787 | 39,787 |
| Deferred revenue | - | 8,425 | 8,425 |
| Total liabilities | 2,465,665 | 66,462 | 2,532,127 |
| Fund Balances: | | | |
| Unassigned | 2,467,378 | - | 2,467,378 |
| Total fund balances | 2,467,378 | - | 2,467,378 |
| Total liabilities and fund balances | \$ 4,933,043 | \$ 66,462 | \$ 4,999,505 |

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$663,010 and the accumulated depreciation is \$157,216 (see Note 11)

505,794

Net position of governmental activities

\$ 2,973,172

Camden Prep, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|--|----------------------------|-------------------------------------|---|
| REVENUES: | | | |
| Local sources: | | | |
| Local share | \$ 414,827 | \$ - | \$ 414,827 |
| State share | 14,334,094 | - | 14,334,094 |
| Other restricted miscellaneous income | 104,832 | - | 104,832 |
| Philanthropic support | <u>1,116,475</u> | <u>140,774</u> | <u>1,257,249</u> |
| Total - local sources | 15,970,228 | 140,774 | 16,111,002 |
| State sources | 904,288 | - | 904,288 |
| Federal sources | <u>-</u> | <u>1,729,191</u> | <u>1,729,191</u> |
| Total revenues | <u>16,874,516</u> | <u>1,869,965</u> | <u>18,744,481</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular instruction | 5,732,973 | 952,860 | 6,685,833 |
| Supportive services: | | | |
| Support services - General Administrative | 5,696,970 | 917,105 | 6,614,075 |
| Support services - School Admin/Operations Plant | 4,509,261 | - | 4,509,261 |
| Reimbursed TPAF Social Security and Pension | <u>160,859</u> | <u>-</u> | <u>160,859</u> |
| Total expenditures | <u>16,100,063</u> | <u>1,869,965</u> | <u>17,970,028</u> |
| Excess of revenues over expenditures | <u>774,453</u> | <u>-</u> | <u>774,453</u> |
| Net change in fund balances | 774,453 | - | 774,453 |
| Fund Balance - July 1, 2019 | <u>1,692,925</u> | <u>-</u> | <u>1,692,925</u> |
| Fund Balance - June 30, 2020 | <u><u>\$ 2,467,378</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,467,378</u></u> |

Camden Prep, Inc.
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020

| | | |
|---|----------------------|--------------------------|
| Total net change in fund balances - governmental funds (from B-2) | | \$ 774,453 |
| <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 | \$ (36,601) |
| | | <u>(36,601)</u> |
| Change in net position of governmental activities | | <u><u>\$ 737,852</u></u> |

FIDUCIARY FUNDS

Camden Prep, Inc.
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

| | <u>Unemployment Compensation Trust</u> | <u>Payroll Fund</u> | <u>Total</u> |
|------------------------------------|--|-------------------------|------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 1,000 | \$ 22,562 | \$ 23,562 |
| Total assets | <u>\$ 1,000</u> | <u>\$ 22,562</u> | <u>\$ 23,562</u> |
| LIABILITIES: | | | |
| Interfund payables | \$ - | \$ 22,562 | \$ 22,562 |
| NET POSITION: | | | |
| Net position | <u>1,000</u> | <u>-</u> | <u>1,000</u> |
| Total liabilities and net position | <u>\$ 1,000</u> | <u>\$ 22,562</u> | <u>\$ 23,562</u> |

Camden Prep, Inc.
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

| | <u>Unemployment Compensation Trust</u> |
|---|--|
| ADDITIONS: | |
| Contributions: | |
| Other | \$ 68,778 |
| Total contributions | <u>68,778</u> |
| DEDUCTIONS: | |
| Unemployment claims | <u>68,778</u> |
| Total deductions | <u>68,778</u> |
| Change in net position | - |
| Net Position - beginning of the year | <u>1,000</u> |
| Net Position - end of the year | <u><u>\$ 1,000</u></u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. DESCRIPTION OF THE RENAISSANCE SCHOOL AND REPORTING ENTITY

Camden Prep, Inc. (the Renaissance School) was incorporated in the State of New Jersey as a not-for-profit corporation for the purpose of operating a public school under the Urban Hope Act which provides a process for authorized entities to operate and manage Renaissance School Projects as public schools. The Renaissance School opened in August 2014. The Renaissance School's Board of Trustees (the Board) is responsible for the fiscal control of the Renaissance School. Under the existing statutes, the Renaissance School's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Renaissance School served 875 students from grades kindergarten to eighth grade during the Renaissance School year 2019-2020.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Renaissance School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Renaissance School. For the Renaissance School, this includes general operations and student-related activities of the Renaissance School.

The primary criterion for including activities within the Renaissance School's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Renaissance School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the Renaissance School over which the Board exercises operating control. Based on the aforementioned criteria, the Renaissance School has no component units to be included in the reporting entity. Further, the Renaissance School is not includable in any other reporting entity on the basis of such criteria.

The Renaissance School's Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Its mission is to establish a Renaissance school to serve as a neighborhood resource and as a model for other similar schools. The Renaissance School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Renaissance School is presented to assist in understanding the Renaissance School's financial statements and notes are a representation of the Renaissance School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

The financial statements of the Renaissance School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

Renaissance School Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Renaissance School as a whole. These statements include the financial activities of the Renaissance School, except for fiduciary funds.

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

Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Renaissance School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Renaissance School.

The governmental activities generally are financed through Federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the Renaissance School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Renaissance School. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Renaissance School's financial reporting in the State of New Jersey.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The Renaissance School segregates transactions related to certain Renaissance School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Renaissance School at a more detailed level.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Renaissance School's major governmental funds:

General Fund - The General Fund is the primary operating fund of the Renaissance School. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education, the Renaissance School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings, and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2020, there was no Capital Projects Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Renaissance School had no Proprietary Funds as of June 30, 2020.

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fiduciary Funds

Fiduciary or Trust and Agency Funds are used to account for assets held by the Renaissance School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Trust Funds - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Renaissance School) and interest earned on the balance, as well as payments to the State for reimbursements of unemployment claims.

Agency Funds - Agency Funds (*Payroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Renaissance School holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involved measurement of results of operations.

Measurement Focus

In the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e., expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All Proprietary Funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or non-current, associated with their activities are included on the balance sheet. Fund equity (i.e., net total position) is classified as net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange-like transactions, are incurred (i.e., the exchange takes place), regardless of the timing of cash flows.

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determine and "available" means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets, except for the special revenue fund which is prepared using a non-GAAP budgetary basis, 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by Renaissance School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below.

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds types. Unencumbered appropriations lapse at fiscal year-end.

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

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, and all highly liquid investments with a maturity of three months or less.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

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

N.J.S.A. 17:9-41 et. Seq. established 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 Act. Public depositories include Savings and Loan Institutions, bank (both state and national banks) and saving bank, 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 deposit of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deferred revenue

Deferred revenue consists of advance payments on grants.

Capital Assets

Capital assets, which include leasehold improvements and equipment, are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. Capital assets are defined by the Renaissance School as assets with initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. The following estimated useful lives are used to compute depreciation:

| <u>Description of Capital Cost</u> | <u>Estimated Useful Lives</u> |
|------------------------------------|-------------------------------|
| Leasehold improvements | 20 years or life of lease |
| Equipment | 10 years |

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Renaissance School has no deferred outflow of resources as of June 30, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Renaissance School has no deferred inflows of resources as of June 30, 2020.

Net Position/Fund Balance

School-Wide Statements

In the school-wide statements, there are three classes of net position:

- Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets, if any. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- Restricted Net Position - reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Renaissance School had no restricted net position at June 30, 2020.
- Unrestricted Net Position - any portion of net position not already classified as either net investment in capital assets or net position - restricted is classified as net position - unrestricted.

Fund Balance and Equity

The Renaissance School follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), in establishing fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

At June 30, 2020, the Renaissance School only had unassigned fund balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance and Equity (Continued)

When both restricted and unrestricted resources are available for use, it is the Renaissance School's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Renaissance School first spends committed funds, then assigned funds, and finally, unassigned funds.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific event that is outside the control of the Renaissance 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 Renaissance School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported.

The Renaissance School had no compensated absences as of June 30, 2020.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, the non-current portion of compensated absences and mortgage payable (if any) that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On-Behalf Payments

Revenues and expenditures of the General Fund include payments made by the State of New Jersey for Pension and Social Security contributions for certified teacher members of the New Jersey Teachers' Pension and Annuity Fund. The amounts are not required to be included in the Renaissance School's annual budget.

Fair Value of Financial Instruments

The Renaissance School follows the accounting and disclosure standards pertaining to GASB No. 72, *Fair Value Measurement and Application*, for qualifying assets and liabilities. Fair value is defined as the price that the Renaissance School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

The Renaissance School uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Renaissance School. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

CAMDEN PREP, INC.

Notes to Basic Financial Statements
June 30, 2020

3. DEPOSITS AND INVESTMENTS

New Jersey statutes require that Renaissance schools deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Renaissance schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least 5% of the average daily balance of collected funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75% of its capital funds or \$200,000,000. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Deposits

The Renaissance School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Renaissance School's deposits and investments are exposed to custodial credit risk. As of June 30, 2020, the Renaissance School's carrying amount of deposits and investments are as follows:

| | <u>School-Wide Financial Statements</u> | <u>Fiduciary Funds</u> | <u>Total</u> |
|--------------|---|----------------------------|---------------------|
| Cash Balance | <u>\$ 3,707,703</u> | <u>\$ 23,562</u> | <u>\$ 3,731,265</u> |

Operating cash accounts are held in the Renaissance School's name by one banking institution. At June 30, 2020, the Renaissance School's bank balance was \$3,924,379. Of the bank balance, \$250,000 of the Renaissance School's cash deposits on June 30, 2020, was secured by Federal deposit insurance and \$3,674,379 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey GUDPA.

Reconciliation to the financial statements:

| | |
|--|---------------------|
| Total cash balance covered by collateral pool | \$ 3,674,379 |
| Plus - insured amount | 250,000 |
| Less - outstanding checks | (188,496) |
| Less - other reconciling items | <u>(4,618)</u> |
| | 3,731,265 |
| Less - fiduciary funds | <u>(23,562)</u> |
| Total cash and cash equivalents per school-wide financial statements | <u>\$ 3,707,703</u> |

CAMDEN PREP, INC.

Notes to Basic Financial Statements
June 30, 2020

3. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

GASB Statement No. 40 requires that the Renaissance School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Renaissance School would not be able to recover the value of its deposit or investment). In general deposits are considered to be exposed to custodial risk by three categories described below:

Category 1

Insured or collateralized with securities held by the Renaissance School or by its agent in the Renaissance School's name.

Category 2

Collateralized with securities held by the pledging public depository's trust department or agent in the Renaissance School's name.

Category 3

Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Renaissance School's name.

The Renaissance School does not have a policy for the management of the custodial risk, other than depositing all of its funds in banks covered by GUDPA.

Investments

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

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
3. Bonds or other obligations of the Renaissance School.
4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2020, the Renaissance School did not hold any investments.

4. RENTAL EXPENSE

The Renaissance School leases its premises under two lease agreements from subsidiaries of Uncommon Schools, Inc. (see Note 5). One lease expired in June 2019 and was amended to begin in January 2020 and expire in July 2024, and will automatically be extended in five year periods through July 2055, if the Renaissance School's project is renewed. The second lease expires in July 2024, and will automatically extend in five year periods through November 2056, if the Renaissance School's project is renewed. Rent expense for the year ended June 30, 2020, totaled \$1,854,618.

CAMDEN PREP, INC.

Notes to Basic Financial Statements
June 30, 2020

4. RENTAL EXPENSE (Continued)

Future minimum payments under the remaining term of these operating lease agreements are as follows:

| <u>Year Ended</u> <u>June 30</u> | |
|-------------------------------------|--------------|
| 2021 | \$ 2,671,128 |
| 2022 | \$ 2,671,128 |
| 2023 | \$ 2,671,128 |
| 2024 | \$ 2,671,128 |
| 2025 | \$ 222,594 |

5. RELATED PARTY AND MANAGEMENT AGREEMENT

Uncommon Schools Inc. (USI), a nonprofit charter management organization, provided management services in the amount of \$1,955,435 to the Renaissance School during fiscal year 2020. USI provided services such as academic, financial, technology, and curriculum and operations support. USI raises philanthropy and governmental grants, which are passed-through to the Renaissance School.

One Board member is employed by USI. This Board member does not participate in decisions related to USI.

As described in Note 4, the Renaissance School also leases space from subsidiaries of USI.

6. PENSION PLAN

Application to State of New Jersey Pension Plans

The Renaissance School submitted its application to the New Jersey Division of Pensions and Benefits to join the State of New Jersey pension system. The Renaissance School is awaiting approval of its application, which is typically a lengthy process for a new school. The Renaissance School is actively monitoring its status of its application with the New Jersey Department of Education and the Division of Pensions and Benefits. Upon receiving approval to join the pension system, the Renaissance School will begin enrolling employees in the pension system, process payroll deductions, and receive the State of New Jersey subsidy for employer FICA contributions on the wages of members of the Teachers' Pensions and Annuity Fund (TPAF). As of June 30, 2020, the Renaissance School has recorded a receivable of \$657,425, which represents the amount they expect to be reimbursed once they are admitted into the TPAF.

7. ECONOMIC DEPENDENCY

The Renaissance School receives approximately 93% of its support from Federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Renaissance School's programs and activities.

8. CONTINGENT LIABILITIES

Certain amounts from Federal and state agencies are subject to possible audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the net position of the Renaissance School as of June 30, 2020, or on its changes in fund balances for the year then ended.

CAMDEN PREP, INC.

Notes to Basic Financial Statements
June 30, 2020

8. CONTINGENT LIABILITIES (Continued)

As of June 30, 2020, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Renaissance School believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on any of the individual governmental funds or the overall financial position of the Renaissance School.

The Renaissance School, from time-to-time, is the defendant in lawsuits. It is management's belief that the Renaissance School will prevail in these lawsuits. Accordingly, no amounts have been reflected in the accompanying financial statements for any potential liability resulting from these lawsuits.

The COVID-19 outbreak in the United States is unprecedented. It has had a significant impact on our economy and businesses and the future impact is unknown. The Renaissance School has put in place e-learning environments. Administrative and fundraising activities have also safely transitioned to a cyber environment. While this disruption is expected to be temporary, there is considerable uncertainty around its duration. The impact on the Renaissance School's financial position and operating results cannot be reasonably estimated at this time.

9. RISK MANAGEMENT

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

Property and Liability Insurance - The Renaissance School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation - The Renaissance School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Renaissance School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Renaissance School is billed quarterly for amounts due to the State.

10. RECEIVABLES

Receivables as of June 30, 2020, consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

| | <u>General</u> | <u>Special Revenue</u> | <u>Total</u> |
|--------------|----------------|----------------------------|--------------|
| Receivables: | | | |
| Accounts | \$ 1,139,234 | \$ 66,462 | \$ 1,205,696 |

There was no allowance for doubtful accounts recorded as of June 30, 2020.

As of June 30, 2020, approximately 100% of the Renaissance School's accounts receivable were due from two funders. The Renaissance School received 93% of its total general revenues through contracts from New Jersey.

CAMDEN PREP, INC.Notes to Basic Financial Statements
June 30, 2020**11. CAPITAL ASSETS**

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2020:

| <u>Governmental Activities</u> | <u>Beginning Balance July 1, 2019</u> | <u>Net Additions</u> | <u>Ending Balance June 30, 2020</u> |
|--|---|--------------------------|---|
| Capital assets being depreciated: | | | |
| Leasehold improvements | \$ 593,994 | \$ - | \$ 593,994 |
| Equipment | <u>69,016</u> | <u>-</u> | <u>69,016</u> |
| Total capital assets being depreciated | <u>663,010</u> | <u>-</u> | <u>663,010</u> |
| Less - accumulated depreciated: | | | |
| Leasehold improvements | 103,949 | 29,700 | 133,649 |
| Equipment | <u>16,666</u> | <u>6,901</u> | <u>23,567</u> |
| Total accumulated depreciation | <u>120,615</u> | <u>36,601</u> | <u>157,216</u> |
| Total capital assets, net | <u>\$ 542,395</u> | <u>\$ (36,601)</u> | <u>\$ 505,794</u> |

Depreciation expense of \$36,601 was charged to an unallocated function.

12. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).**

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term assets, including capital assets, which are not considered a current asset and therefore are not reported in the funds.

The reconciliation is as follows:

| | |
|--|---------------------|
| Fund balance per B-1 as of June 30, 2020 | \$ 2,467,378 |
| Cost of capital assets, net accumulated depreciation | <u>505,794</u> |
| Net position (per A-1) as of June 30, 2020 | <u>\$ 2,973,172</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

Camden Prep, Inc.
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual Favorable (Unfavorable)</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Share | \$ - | \$ 414,827 | \$ 414,827 | \$ 414,827 | \$ - |
| State Share | 9,546,738 | 4,787,356 | 14,334,094 | 14,334,094 | - |
| Other Restricted Miscellaneous Revenues | 80,288 | 24,544 | 104,832 | 104,832 | - |
| Miscellaneous | 674,066 | 442,409 | 1,116,475 | 1,116,475 | - |
| Total - Local Sources | <u>10,301,092</u> | <u>5,669,136</u> | <u>15,970,228</u> | <u>15,970,228</u> | <u>-</u> |
| State Sources: | | | | | |
| Special Education Aid | 475,190 | (55,821) | 419,369 | 419,369 | - |
| Security Aid | 321,640 | 2,420 | 324,060 | 324,060 | - |
| Reimbursed TPAF Social Security and Pension | 395,283 | (395,283) | - | 160,859 | 160,859 |
| Total - State Sources | <u>1,192,113</u> | <u>(448,684)</u> | <u>743,429</u> | <u>904,288</u> | <u>160,859</u> |
| Total Revenues | <u>11,493,205</u> | <u>5,220,452</u> | <u>16,713,657</u> | <u>16,874,516</u> | <u>160,859</u> |
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Teachers Salary | 4,644,974 | (129,646) | 4,515,328 | 4,515,328 | - |
| Other Salaries | 259,393 | (94,578) | 164,815 | 164,815 | - |
| Prof/Tech Services | 5,068 | 1,731 | 6,799 | 6,799 | - |
| Other Purchased Services (400-500 series) | 92,526 | 32,285 | 124,811 | 124,811 | - |
| General Supplies | 454,551 | 417,167 | 871,718 | 871,718 | - |
| Textbooks | 10,688 | (3,467) | 7,221 | 7,221 | - |
| Other Objects | 77,155 | (34,874) | 42,281 | 42,281 | - |
| Total Regular Programs - Instruction | <u>5,544,355</u> | <u>188,618</u> | <u>5,732,973</u> | <u>5,732,973</u> | <u>-</u> |

Camden Prep, Inc.
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual Favorable (Unfavorable)</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|---|
| EXPENDITURES: (Continued) | | | | | |
| Current Expense: (Continued) | | | | | |
| Support Services - General Administrative: | | | | | |
| Salaries of Administrative Salaries | 923,077 | (157,467) | 765,610 | 765,610 | - |
| Salaries of Secretarial and Clerical Assistants | 339,526 | (3,582) | 335,944 | 335,944 | - |
| Cost of Benefits | 1,604,867 | 86,564 | 1,691,431 | 1,691,431 | - |
| Consultants | 81,664 | 26,765 | 108,429 | 108,429 | - |
| Contracted Management Services | 1,785,898 | 169,537 | 1,955,435 | 1,955,435 | - |
| Purchased Professional and Technical Services | 562,180 | 10,378 | 572,558 | 572,558 | - |
| Communications/Telephone | 117,244 | (2,633) | 114,611 | 114,611 | - |
| Supplies and Materials | 172,719 | (32,095) | 140,624 | 140,624 | - |
| Other Objects | 7,926 | 4,402 | 12,328 | 12,328 | - |
| Total Support Services - General Administrative | <u>5,595,101</u> | <u>101,869</u> | <u>5,696,970</u> | <u>5,696,970</u> | <u>-</u> |
| Support Services - School Admin/Operation Plant Services: | | | | | |
| Salaries | 877,084 | (72,868) | 804,216 | 804,216 | - |
| Purchased Professional and Technical Services | 803,599 | 275,109 | 1,078,708 | 1,078,708 | - |
| Other Purchased Services (400-500 series) | 550,358 | (194,218) | 356,140 | 356,140 | - |
| Rental of Land and Building - other than Lease Purchase Agreements | 2,027,963 | (173,345) | 1,854,618 | 1,854,618 | - |
| Insurance | 119,115 | 39,315 | 158,430 | 158,430 | - |
| General Supplies | 44,868 | 9,535 | 54,403 | 54,403 | - |
| Transportation - Trips | 34,265 | (22,345) | 11,920 | 11,920 | - |
| Energy (Energy and Electricity) | 209,765 | (18,939) | 190,826 | 190,826 | - |
| Total Support Services - School Admin/Operation Plant Services | <u>4,667,017</u> | <u>(157,756)</u> | <u>4,509,261</u> | <u>4,509,261</u> | <u>-</u> |
| Reimbursed TPAF Social Security Contributions | 395,283 | (234,424) | 160,859 | 160,859 | - |
| Total On-Behalf Contributions | <u>395,283</u> | <u>(234,424)</u> | <u>160,859</u> | <u>160,859</u> | <u>-</u> |
| Total Undistributed Expenditures | <u>10,657,401</u> | <u>(290,311)</u> | <u>10,367,090</u> | <u>10,367,090</u> | <u>-</u> |
| Total General Current Expense | <u>16,201,756</u> | <u>(101,693)</u> | <u>16,100,063</u> | <u>16,100,063</u> | <u>-</u> |

Camden Prep, Inc.
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | Variance Final to Actual Favorable (Unfavorable) |
|---|----------------------------|-----------------------------|-------------------------|---------------------|---|
| CAPITAL OUTLAY: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Miscellaneous (Cap Reserve) | 341,869 | 865,008 | 1,206,877 | - | 1,206,877 |
| Total Equipment | <u>341,869</u> | <u>865,008</u> | <u>1,206,877</u> | <u>-</u> | <u>1,206,877</u> |
| Total Expenditures - General Fund | <u>16,543,625</u> | <u>763,315</u> | <u>17,306,940</u> | <u>16,100,063</u> | <u>1,206,877</u> |
| Excess of Revenues Over Expenditures | (5,050,420) | 4,457,137 | (593,283) | 774,453 | 1,367,736 |
| Fund Balance, July 1 | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,692,925</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ (5,050,420)</u> | <u>\$ 4,457,137</u> | <u>\$ (593,283)</u> | <u>\$ 2,467,378</u> | <u>\$ 1,367,736</u> |

Camden Prep, Inc.
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES: | | | | | |
| Miscellaneous | \$ 99,571 | \$ 41,203 | \$ 140,774 | \$ 140,774 | \$ - |
| Federal Sources | 2,265,862 | (536,671) | 1,729,191 | 1,729,191 | - |
| Total Revenues | <u>2,365,433</u> | <u>(495,468)</u> | <u>1,869,965</u> | <u>1,869,965</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 875,952 | (200,890) | 675,062 | 675,062 | - |
| Other Purchased Services | 26,055 | (11,413) | 14,642 | 14,642 | - |
| General Supplies | 400,380 | (384,163) | 16,217 | 16,217 | - |
| Personal Services - Employee Benefits | - | 240,429 | 240,429 | 240,429 | - |
| Other Objects | - | 6,510 | 6,510 | 6,510 | - |
| Total Instruction | <u>1,302,387</u> | <u>(349,527)</u> | <u>952,860</u> | <u>952,860</u> | <u>-</u> |
| Support Services: | | | | | |
| Salaries of Supervisor of Instruction | 365,123 | 34,627 | 399,750 | 399,750 | - |
| Salaries of Other Professional Staff | - | 20,878 | 20,878 | 20,878 | - |
| Supplies and Materials | 99,571 | (22,942) | 76,629 | 76,629 | - |
| Other Purchased Professional Services | - | 14,408 | 14,408 | 14,408 | - |
| Other Purchase Services | 429,292 | (23,852) | 405,440 | 405,440 | - |
| Total Support Services | <u>893,986</u> | <u>23,119</u> | <u>917,105</u> | <u>917,105</u> | <u>-</u> |
| Total Expenditures | <u>2,196,373</u> | <u>(326,408)</u> | <u>1,869,965</u> | <u>1,869,965</u> | <u>-</u> |
| Total Outflows | <u>2,196,373</u> | <u>(326,408)</u> | <u>1,869,965</u> | <u>1,869,965</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | <u>\$ 169,060</u> | <u>\$ (169,060)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CAMDEN PREP, INC.

Required Supplementary Information
Budgetary Comparison Schedule Note to RSI
For the Fiscal Year Ended June 30, 2020

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

The General Fund budget and the Special Revenue budget basis are GAAP, therefore, no reconciliation is required.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SPECIAL REVENUE FUND

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

Camden Prep, Inc.
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

| | <u>Total</u> | <u>Title I Part A</u> | <u>IDEA Part B</u> | <u>Investing in Innovation Grant</u> | <u>Private Grants</u> |
|--|-------------------------|---------------------------|------------------------|--|---------------------------|
| REVENUES: | | | | | |
| Intergovernmental: | | | | | |
| Federal | \$ 1,729,191 | \$ 570,927 | \$ 142,936 | \$ 1,015,328 | \$ - |
| Other Sources: | | | | | |
| Miscellaneous | 140,774 | - | - | - | 140,774 |
| Total Revenues | <u>1,869,965</u> | <u>570,927</u> | <u>142,936</u> | <u>1,015,328</u> | <u>140,774</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 675,062 | 417,561 | 85,000 | 172,501 | - |
| General Supplies | 16,217 | - | - | 16,217 | - |
| Other Purchased Services | 14,642 | - | - | 14,642 | - |
| Personal Services - Employee Benefits | 240,429 | 146,146 | 37,058 | 57,225 | - |
| Other Objects | 6,510 | 6,510 | - | - | - |
| Total Instruction | <u>952,860</u> | <u>570,217</u> | <u>122,058</u> | <u>260,585</u> | <u>-</u> |
| Support Services: | | | | | |
| Salaries of Supervisors of Instruction | 399,750 | - | - | 399,750 | - |
| Salaries of Other Professional Staff | 20,878 | - | 20,878 | - | - |
| Other Purchased Professional Services | 14,408 | - | - | - | 14,408 |
| Other Purchased Services | 405,440 | - | - | 354,993 | 50,447 |
| Supplies and Materials | 76,629 | 710 | - | - | 75,919 |
| Total Support Services | <u>917,105</u> | <u>710</u> | <u>20,878</u> | <u>754,743</u> | <u>140,774</u> |
| Total Expenditures | <u>1,869,965</u> | <u>570,927</u> | <u>142,936</u> | <u>1,015,328</u> | <u>140,774</u> |
| Excess (Deficit) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

FIDUCIARY FUNDS

Camden Prep, Inc.
Combining Statement of Fiduciary Fund Net Position
Fiduciary Funds
As of June 30, 2020

| | Trust | Agency | Total |
|-------------------------------------|---------------------|----------------|--------------|
| | Unemployment | Payroll | |
| | Trust | Fund | Total |
| ASSETS: | | | |
| Cash and cash equivalents | \$ 1,000 | \$ 22,562 | \$ 23,562 |
| Total assets | \$ 1,000 | \$ 22,562 | \$ 23,562 |
| LIABILITIES: | | | |
| Interfund payables | \$ - | \$ 22,562 | \$ 22,562 |
| Total liabilities | - | 22,562 | 22,562 |
| NET POSITION: | | | |
| Reserve for Unemployment Trust Fund | 1,000 | - | 1,000 |
| Total net position | 1,000 | - | 1,000 |
| Total liabilities and net position | \$ 1,000 | \$ 22,562 | \$ 23,562 |

Camden Prep, Inc.
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

| | <u>Balance</u> <u>June 30, 2019</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2020</u> |
|-------------------------------------|--|--------------------------------|-------------------------------------|--|
| Payroll deductions and withholdings | \$ 10,056 | \$ 2,353,760 | \$ 2,353,760 | \$ 10,056 |
| Accrued salaries and wages | 11,944 | 6,023,230 | 6,022,668 | 12,506 |
| Total liabilities | <u>\$ 22,000</u> | <u>\$ 8,376,990</u> | <u>\$ 8,376,428</u> | <u>\$ 22,562</u> |

Camden Prep, Inc.
 Unemployment Compensation Insurance Trust Fund
 Schedule of Receipts and Disbursements
 Fiduciary Funds
 For the Fiscal Year Ended June 30, 2020

| | <u>Balance</u> <u>June 30, 2019</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2020</u> |
|---------------------------------------|--|--------------------------------|-------------------------------------|--|
| ASSETS: | | | | |
| Cash | <u>\$ 1,000</u> | <u>\$ 68,778</u> | <u>\$ 68,778</u> | <u>\$ 1,000</u> |
| FUND BALANCE: | | | | |
| Reserve for Unemployment Compensation | <u>\$ 1,000</u> | <u>\$ 68,778</u> | <u>\$ 68,778</u> | <u>\$ 1,000</u> |
| Totals | <u>\$ 1,000</u> | <u>\$ 68,778</u> | <u>\$ 68,778</u> | <u>\$ 1,000</u> |

STATISTICAL SECTION (UNAUDITED)

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

Contents

Exhibits

Financial Trends

J-1 to J-5

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

Revenue Capacity

J-6 to J-9

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

Debt Capacity

J-10 to J-13

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

Demographic and Economic Information

J-14 and J-15

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

Operating Information

J-16 to J-20

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

Renaissance School Performance Framework Financial Indicators

J-21

These schedules contain financial indicators to help the reader understand how the Renaissance School's financial performance have changed over time.

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

FINANCIAL TRENDS

Camden Prep, Inc.
Net Position by Component
For the Fiscal Years Ended June 30
(Accrual Basis of Accounting)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------|
| Governmental Activities: | | | | | | |
| Invested in capital assets | \$ 505,794 | \$ 542,395 | \$ 578,996 | \$ 609,417 | \$ 579,144 | \$ - |
| Unrestricted | <u>2,467,378</u> | <u>1,692,925</u> | <u>1,483,589</u> | <u>1,121,842</u> | <u>732,819</u> | <u>205,876</u> |
| Total governmental activities net position | <u><u>\$ 2,973,172</u></u> | <u><u>\$ 2,235,320</u></u> | <u><u>\$ 2,062,585</u></u> | <u><u>\$ 1,731,259</u></u> | <u><u>\$ 1,311,963</u></u> | <u><u>\$ 205,876</u></u> |
| School-wide: | | | | | | |
| Invested in capital assets | \$ 505,794 | \$ 542,395 | \$ 578,996 | \$ 609,417 | \$ 579,144 | \$ - |
| Unrestricted | <u>2,467,378</u> | <u>1,692,925</u> | <u>1,483,589</u> | <u>1,121,842</u> | <u>732,819</u> | <u>205,876</u> |
| Total district net position | <u><u>\$ 2,973,172</u></u> | <u><u>\$ 2,235,320</u></u> | <u><u>\$ 2,062,585</u></u> | <u><u>\$ 1,731,259</u></u> | <u><u>\$ 1,311,963</u></u> | <u><u>\$ 205,876</u></u> |

Camden Prep, Inc.
Changes in Net Position
For the Fiscal Years Ended June 30
(Accrual Basis of Accounting)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|--------------------|--------------------|---------------------|---------------------|
| Expenses: | | | | | | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 6,685,833 | \$ 5,892,003 | \$ 4,984,216 | \$ 3,635,453 | \$ 2,700,916 | \$ 925,832 |
| Support Services: | | | | | | |
| General administration | 6,614,075 | 5,728,713 | 4,758,112 | 3,068,301 | 2,371,666 | 929,683 |
| School administrative services/operating plant | 4,509,261 | 2,945,255 | 1,877,372 | 897,816 | 803,168 | 455,528 |
| On-behalf TPAF Social Security | 160,859 | 191,914 | 304,652 | 207,089 | 152,382 | 43,172 |
| Capital outlay | - | - | 5,886 | 63,130 | 593,994 | 27,000 |
| Unallocated depreciation | 36,601 | 36,601 | 36,307 | 32,856 | 14,250 | - |
| Total governmental activities expenses | <u>18,006,629</u> | <u>14,794,486</u> | <u>11,966,545</u> | <u>7,904,645</u> | <u>6,636,376</u> | <u>2,381,215</u> |
| Program Revenues: | | | | | | |
| Governmental activities: | | | | | | |
| Operating grants and contributions | 1,869,965 | 2,523,675 | 2,056,600 | 1,004,239 | 294,866 | 112,647 |
| Total governmental activities program revenues | <u>1,869,965</u> | <u>2,523,675</u> | <u>2,056,600</u> | <u>1,004,239</u> | <u>294,866</u> | <u>112,647</u> |
| Net (Expense)/Revenue: | | | | | | |
| Governmental activities | (16,136,664) | (12,270,811) | (9,909,945) | (6,900,406) | (6,341,510) | (2,268,568) |
| Total net (expense)/revenue | <u>(16,136,664)</u> | <u>(12,270,811)</u> | <u>(9,909,945)</u> | <u>(6,900,406)</u> | <u>(6,341,510)</u> | <u>(2,268,568)</u> |
| General Revenues and Other Changes in Net Position: | | | | | | |
| Governmental activities: | | | | | | |
| Local share | 414,827 | 321,860 | 257,439 | 181,916 | 74,753 | 30,388 |
| State share | 14,334,094 | 11,125,298 | 8,895,521 | 6,286,008 | 4,524,617 | 921,622 |
| State and Federal Aid | 904,288 | 835,766 | 847,824 | 573,527 | 440,332 | 1,635,081 |
| Miscellaneous income | 1,221,307 | 160,622 | 234,601 | 215,121 | 1,814,502 | 1,580,706 |
| Increase in net capital outlay | - | - | 5,886 | 30,274 | 593,994 | - |
| Total governmental activities | <u>16,874,516</u> | <u>12,443,546</u> | <u>10,241,271</u> | <u>7,286,846</u> | <u>7,448,198</u> | <u>4,167,797</u> |
| Change in Net Position: | | | | | | |
| Governmental activities | 737,852 | 172,735 | 331,326 | 386,440 | 1,106,688 | 1,899,229 |
| Total school | <u>\$ 737,852</u> | <u>\$ 172,735</u> | <u>\$ 331,326</u> | <u>\$ 386,440</u> | <u>\$ 1,106,688</u> | <u>\$ 1,899,229</u> |

Camden Prep, Inc.
Fund Balances - Governmental Funds
For the Fiscal Years Ended June 30
(Modified Accrual Basis of Accounting)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|----------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| General Fund: | | | | | | |
| Unreserved | <u>\$ 2,467,378</u> | <u>\$ 1,692,925</u> | <u>\$ 1,483,589</u> | <u>\$ 1,121,841</u> | <u>\$ 732,819</u> | <u>\$ 205,876</u> |
| Total general fund | <u><u>\$ 2,467,378</u></u> | <u><u>\$ 1,692,925</u></u> | <u><u>\$ 1,483,589</u></u> | <u><u>\$ 1,121,841</u></u> | <u><u>\$ 732,819</u></u> | <u><u>\$ 205,876</u></u> |

Camden Prep, Inc.
Changes in Fund Balances - Governmental Funds
For the Fiscal Years Ended June 30
(Modified Accrual Basis of Accounting)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | | | |
| Local tax levy | \$ 414,827 | \$ 321,860 | \$ 257,439 | \$ 181,916 | \$ 74,753 | \$ 30,388 |
| Other local revenue | 1,362,081 | 245,811 | 294,048 | 287,299 | 1,898,245 | 1,580,706 |
| State sources | 15,238,382 | 11,961,064 | 9,743,345 | 6,859,535 | 4,964,949 | 1,006,279 |
| Federal sources | 1,729,191 | 2,438,486 | 1,997,153 | 932,061 | 211,523 | 82,365 |
| Total revenues | <u>18,744,481</u> | <u>14,967,221</u> | <u>12,291,985</u> | <u>8,260,811</u> | <u>7,149,470</u> | <u>2,699,738</u> |
| Expenditures: | | | | | | |
| Instruction: | | | | | | |
| Regular instruction | 5,732,973 | 4,665,486 | 3,668,288 | 2,937,214 | 2,533,358 | 925,832 |
| Support Services: | | | | | | |
| General administration | 5,696,970 | 4,431,555 | 4,017,440 | 2,762,301 | 2,244,358 | 929,683 |
| School administrative services/operating plant | 4,509,261 | 2,945,255 | 1,877,372 | 897,816 | 803,168 | 455,528 |
| TPAF Social Security | 160,859 | 191,914 | 304,652 | 207,089 | 152,382 | 43,172 |
| Capital outlay | - | - | 5,886 | 63,130 | 593,994 | 27,000 |
| Special revenue | 1,869,965 | 2,523,675 | 2,056,600 | 1,004,239 | 294,866 | 112,647 |
| Total expenditures | <u>17,970,028</u> | <u>14,757,885</u> | <u>11,930,238</u> | <u>7,871,789</u> | <u>6,622,126</u> | <u>2,493,862</u> |
| Excess (deficit) of revenues over (under) expenditures | <u>774,453</u> | <u>209,336</u> | <u>361,747</u> | <u>389,022</u> | <u>527,344</u> | <u>205,876</u> |
| Net change in fund balances | <u>\$ 774,453</u> | <u>\$ 209,336</u> | <u>\$ 361,747</u> | <u>\$ 389,022</u> | <u>\$ 527,344</u> | <u>\$ 205,876</u> |

Source: School Financial Statements

Camden Prep, Inc.
General Fund - Other Local Revenue by Source
For the Fiscal Years Ended June 30
(Modified Accrual Basis of Accounting)

| | <u>E-Rate</u> | <u>Donations</u> | <u>Other Local</u> | <u>Totals</u> |
|------|---------------|------------------|--------------------|---------------|
| 2015 | \$ 10,706 | \$ 1,539,718 | \$ 30,282 | \$ 1,580,706 |
| 2016 | 66,745 | 1,747,757 | - | 1,814,502 |
| 2017 | 2,880 | 212,242 | - | 215,122 |
| 2018 | 108,193 | 126,408 | - | 234,601 |
| 2019 | 53,095 | 107,527 | - | 160,622 |
| 2020 | 104,832 | 1,116,475 | - | 1,221,307 |

Source: School Financial Statements

DEMOGRAPHIC AND ECONOMIC INFORMATION

Camden Prep, Inc.
Demographic and Economic Statistics
For the Fiscal Year Ended June 30, 2020

| <u>Year</u> | <u>Population^a</u> | <u>Personal Income^b</u> | <u>County Per Capita Personal Income^c</u> | <u>Unemployment Rate^d</u> |
|-------------|-------------------------------|------------------------------------|--|--------------------------------------|
| 2015 | 507,784 | 24,826,318 | 48,891 | 6.5% |
| 2016 | 507,075 | 25,436,770 | 50,164 | 5.5% |
| 2017 | 506,343 | 26,254,721 | 51,852 | 5.1% |
| 2018 | 507,078 | 27,434,409 | 54,103 | 4.6% |
| 2019 | * | * | * | 4.0% |
| 2020 | * | * | * | 10.9% |

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Personal capital income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

* Data was not available at time of issuance.

OPERATING INFORMATION

Camden Prep, Inc.
Full-Time Equivalent Renaissance School Employees by Function/Program
For the Fiscal Years Ended June 30

| <u>Function/Program</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|------------------|------------------|------------------|------------------|
| Instruction: | | | | | | |
| Regular | 85 | 77 | 56 | 37 | 30 | 8 |
| Special education | - | - | - | 5 | 6 | - |
| Support Services: | | | | | | |
| General administration | 3 | 3 | 2 | 2 | 2 | 2 |
| School administrative services/operating plant | 14 | 12 | 11 | 10 | 6 | 5 |
| Other support services | <u>13</u> | <u>15</u> | <u>18</u> | <u>10</u> | <u>6</u> | <u>-</u> |
| Total | <u><u>115</u></u> | <u><u>107</u></u> | <u><u>87</u></u> | <u><u>64</u></u> | <u><u>50</u></u> | <u><u>15</u></u> |

Source: School Personnel Records

**Camden Prep, Inc.
Operating Statistics
For the Fiscal Years Ended June 30**

| Fiscal Year | Enrollment | Operating Expenditures | Cost Per Pupil | Percentage Change | Teaching Staff | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|------------------------|----------------|-------------------|----------------|------------------------------|--------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | | Elementary and Middle School | Senior High School | | | | |
| 2015 | 66 | 2,450,691 | 37,132 | N/A | 8 | 12 | N/A | 66 | 62 | N/A | 93.14% |
| 2016 | 315 | 6,822,126 | 21,658 | -41.67% | 36 | 36 | N/A | 298 | 270 | 348.61% | 90.91% |
| 2017 | 398 | 7,664,700 | 19,258 | -11.08% | 42 | 42 | N/A | 354 | 316 | 18.91% | 89.36% |
| 2018 | 750 | 9,873,638 | 13,165 | -31.64% | 56 | 56 | N/A | 461 | 430 | 30.30% | 93.28% |
| 2019 | 902 | 12,234,210 | 17,849 | 35.58% | 77 | 77 | N/A | 821 | 748 | 78.09% | 91.11% |
| 2020 | 898 | 16,100,063 | 17,929 | 0.45% | 85 | 85 | N/A | 823 | 750 | 0.24% | 91.13% |

Sources: School records

Note: Enrollment based on annual October district count.

**Camden Prep, Inc.
School Building Information
For the Fiscal Years Ended June 30**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Mt. Ephraim Campus (ES #1, MS #1)</u> | | | | | | |
| Mt. Ephraim Elementary | | | | | | |
| Square Feet | 77,701 | 77,701 | 77,701 | 77,701 | 77,701 | 77,701 |
| Capacity (students) | 450 | 450 | 690 | 450 | 390 | 100 |
| Enrollment | 439 | 441 | 574 | 398 | 315 | 66 |
| Mt. Ephraim Middle | | | | | | |
| Square Feet | 77,701 | 77,701 | 77,701 | - | - | - |
| Capacity (students) | 270 | 270 | 120 | - | - | - |
| Enrollment | 247 | 247 | 93 | - | - | - |
| Copewood Elementary | | | | | | |
| Square Feet | 60,000 | 60,000 | 60,000 | - | - | - |
| Capacity (students) | 225 | 225 | 90 | - | - | - |
| Enrollment | 212 | 214 | 83 | - | - | - |
| Number of Schools at June 30 | | | | | | |
| Elementary | 2 | 2 | 2 | 1 | 1 | 1 |
| Middle | 1 | 1 | 1 | - | - | - |

Source: School Office

CAMDEN PREP, INC.

Insurance Schedule
For the Fiscal Year Ended June 30, 2020

| Coverage | Policy Period | Carrier | Limits of Liability | | Retention | Premium |
|---------------------------------------|-------------------|----------------------------------|--|--|---|------------|
| Workers' Comp and Employers Liability | 6/26/19 - 6/26/20 | Twin City Fire Insurance Company | WC: Statutory Employer's Liability: BI Per Accident BI Each Employee Disease BI Policy Limit Disease | \$1,000,000 \$1,000,000 \$1,000,000 | NIL | \$68,324 |
| General Liability | 6/26/19 - 6/26/20 | Markel/WRM | Liability: Each Occurrence Personal and Advertising Injury General Aggregate Fire Legal Liability Medical Payments, per person Employee Benefits Liability Abuse and Molestation Limit | \$1,000,000 \$1,000,000 \$2,000,000 \$1,000,000 \$10,000 \$1,000,000 \$1,000,000 | Liability: Nil except: \$1,000 Employee Benefits Liability | \$160,008 |
| Educators Liability | 6/26/19 - 6/26/20 | Markel/WRM | Educators Legal Liability | \$1,000,000 | \$5,000 Educators Legal Liability | Incl. w/GL |
| Hired & Non Owned Automobile | 6/26/19 - 6/26/20 | Hartford | Automobile Liability Hired Physical Damage | \$1,000,000 \$ 50,000 | \$500 | Incl. w/GL |
| Automobile | 6/26/19 - 6/26/20 | Hartford | Automobile Liability Physical Damage | \$1,000,000 ACV | \$1,000 | Incl. w/GL |
| Property | 6/26/19 - 6/26/20 | Hartford | Property: Building/Personal Property Equipment Breakdown \$25,000 Business Income / Extra Expense Flood Earthquake Troy Polk Flood Troy Polk BI Cause of Loss Form Special Coinsurance | \$130,093,900 \$100,000,000 \$13,200,000 \$10,000,000 \$10,000,000 \$1,000,000 \$500,000 Special Agreed amount | \$2,500 except \$25,000 Earthquake \$25,000 Flood Troy Polk Flood x/o NFIP | Incl. w/GL |

CAMDEN PREP, INC.

Insurance Schedule
For the Fiscal Year Ended June 30, 2020

| Coverage | Policy Period | Carrier | Limits of Liability | | Retention | Premium |
|-----------------------|-------------------|---------------------------------|--|--------------|---|------------|
| Excess Liability | 6/26/19 - 6/26/20 | Markel/WRM | Each Occurrence | \$15,000,000 | Excess over primary | Incl. w/GL |
| | | | Aggregate | \$15,000,000 | | |
| Excess Liability | 6/26/19 - 6/26/20 | US Fire | Each Occurrence | \$15,000,000 | Excess over \$15M | Incl. w/GL |
| | | | Aggregate | \$15,000,000 | | |
| Excess Liability | 6/26/19 - 6/26/20 | Aspen | Each Occurrence | \$30,000,000 | Excess over \$30M | Incl. w/GL |
| | | | Aggregate | \$30,000,000 | | |
| Crime | 6/26/19 - 6/26/20 | Markel/WRM | Employee Theft | \$500,000 | \$10,000 | Incl. w/GL |
| | | | Depositors Forgery or Alteration | \$500,000 | | |
| | | | Theft, Disappearance and Money, Securities, and Other Property | | | |
| | | | Computer and Funds Transfer Fraud | \$500,000 | | |
| Excess Crime | 6/26/19 - 6/26/20 | Zurich | Employee Theft | \$500,000 | Access over Markel/WRM | Incl. w/GL |
| | | | Depositors Forgery or Alteration | \$500,000 | | |
| | | | Theft, Disappearance and Money, Securities, and Other Property | | | |
| | | | Computer and Funds Transfer Fraud | \$500,000 | | |
| Accident Insurance I | 6/26/19 - 6/26/20 | Axis Insurance Company | Accident Medical Expense: | \$25,000 | Nil | Incl. w/GL |
| Accident Insurance II | 6/26/19 - 6/26/20 | National union Fire Ins. Co. | Accident Medical Expense: | \$2,000,000 | \$25,000 | Incl. w/GL |
| Special Risk | 6/26/19 - 6/26/20 | HCC | Limit | \$5,000,000 | | Incl. w/GL |
| International Package | 7/01/19 - 7/01/20 | Ace/Chubb | Limit | \$1,000,000 | | Incl. w/GL |
| Workplace Violence | 6/26/19 - 6/26/20 | Indian HarborIns.CO. | Act of Violence | \$5,000,000 | | Incl. w/GL |
| | | | 3 rd Party Legal Liability | \$5,000,000 | | |
| | | | Business Interruption | \$5,000,000 | | |
| | | | Stalking Thread Event | \$5,000,000 | | |
| D&O/EPL/ Fiduciary | 6/26/19 - 6/26/20 | Philadelphia Indemnity Ins. Co. | Directors and Officers | \$3,000,000 | D&O - Ded. \$2,500 Empl. Pract. Liab - Ded. \$2,500 Fid. Liab. - Ded. \$5,000 | \$9,708 |
| | | | Employment Practices Liability | \$3,000,000 | | |
| | | | Fiduciary Liability | \$1,000,000 | | |
| | | | Aggregate | \$3,000,000 | | |

CAMDEN PREP, INC.

Insurance Schedule
For the Fiscal Year Ended June 30, 2020

| Coverage | Policy Period | Carrier | Limits of Liability | Retention | Retention | Premium |
|-----------------|-------------------|------------------------|---|--|---------------|------------|
| Excess D&O | 6/26/19 - 6/26/20 | Great American Ins.Co. | Limit | \$2,000,000 x/o \$3,000,00 | | \$4,038 |
| SID A D&O | 6/26/19 - 6/26/20 | RLI Insurance | Limit | \$1,000,000 | | \$1,350 |
| Environmental | 6/26/19 - 6/26/20 | Ironshore | Each Claim Policy Aggregate | \$3,000,000 \$5,000,000 | Ded. \$25,000 | Incl. w/GL |
| Cyber Liability | 6/26/19 - 6/26/20 | Beazley Insurance | Information Security Privacy Notification Costs Regulatory Defense and Penalties Website Media Liability | \$2,000,000 \$250,000 \$500,000 \$2,000,000 | Ded. \$25,000 | Incl. w/GL |

* All of the above policies with the exception of the Management Liability coverages are written in the Uncommon Schools Shared Insurance program. The premiums allocated are based on the exposures submitted at time of placement.

**RENAISSANCE SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

Camden Prep, Inc.
Renaissance School Performance Framework Financial Indicators
Near Term and Sustainability Indicators
For the Fiscal Years Ended June 30

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Cash | \$ 3,707,073 | \$ 1,573,489 | \$ 863,638 | \$ 1,323,558 | \$ 409,740 | \$ 754,040 |
| Current Assets | 4,959,718 | 3,529,637 | 2,076,210 | 2,183,573 | 795,934 | 871,751 |
| Capital Assets - net | 505,794 | 542,395 | 578,996 | 609,417 | 579,144 | - |
| Total Assets | <u>5,465,512</u> | <u>4,072,032</u> | <u>2,655,206</u> | <u>2,792,990</u> | <u>1,375,078</u> | <u>871,751</u> |
| Current Liabilities | 2,492,340 | 1,836,712 | 592,621 | 1,061,731 | 63,115 | 665,875 |
| Total Liabilities | <u>2,492,340</u> | <u>1,836,712</u> | <u>592,621</u> | <u>1,061,731</u> | <u>63,115</u> | <u>665,875</u> |
| Net Position | <u>\$ 2,973,172</u> | <u>\$ 2,235,320</u> | <u>\$ 2,062,585</u> | <u>\$ 1,731,259</u> | <u>\$ 1,311,963</u> | <u>\$ 205,876</u> |
| Total Revenue | \$ 18,744,481 | \$ 14,967,221 | \$ 12,291,985 | \$ 8,260,812 | \$ 7,149,069 | \$ 2,699,738 |
| Total Expenses | <u>(17,970,028)</u> | <u>(14,757,885)</u> | <u>(11,930,238)</u> | <u>(7,871,789)</u> | <u>(6,622,126)</u> | <u>(2,493,862)</u> |
| Change in Fund Balance | <u>\$ 774,453</u> | <u>\$ 209,336</u> | <u>\$ 361,747</u> | <u>\$ 389,023</u> | <u>\$ 526,943</u> | <u>\$ 205,876</u> |
| Final average daily enrollment | 898 | 902 | 750 | 398 | 315 | 66 |
| March 30th budgeted enrollment | 872 | 733 | 690 | 420 | 300 | 66 |
| Near Term Indicators | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Current Ratios | 1.99 | 1.92 | 3.50 | 2.06 | 12.61 | 1.31 |
| Unrestricted days in cash | 75.30 | 38.92 | 26.42 | 61.37 | 22.58 | 110.36 |
| Enrollment variance | 103% | 123% | 109% | 95% | 105% | 100% |
| Default | N/A | N/A | N/A | N/A | N/A | N/A |
| Sustainability Indicators | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Total Margin | 4.1% | 1.4% | 2.9% | 4.7% | 7.4% | 7.6% |
| Debt to Asset | N/A | N/A | N/A | N/A | N/A | N/A |
| Cash Flow | \$ 2,133,584 | \$ 709,851 | \$ (459,920) | \$ 913,818 | \$ (344,300) | \$ 754,040 |
| Debt Service Coverage Ratio | N/A | N/A | N/A | N/A | N/A | N/A |

SINGLE AUDIT SECTION K



Exhibit K-1

**Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditor's Report

To the Board of Trustees of
Camden Prep, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Camden Prep, Inc. (the Renaissance School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Renaissance School's basic financial statements, and have issued our report thereon dated November 30, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over compliance 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 Renaissance School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 *Office of School 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 *Office of School Finance, Department of Education, State of New Jersey* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AAFCPA, Inc.

Westborough, Massachusetts
November 30, 2020

John R. Buckley CPA

John R. Buckley, C.P.A.
Public School Accountant
PSA #20CS00271800



Exhibit K-2

Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and New Jersey OMB's Circular Letter 15-08

Independent Auditor's Report

To the Board of Trustees of
Camden Prep, Inc.:

Report on Compliance for Each Major Federal and State Program

We have audited Camden Prep, Inc.'s (the Renaissance School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Renaissance School's major Federal and state programs for the year ended June 30, 2020. The Renaissance 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 the Federal and state statutes, regulations, and the terms and conditions of its Federal and state award applicable to its Federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Renaissance 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Department of the Treasury OMB's Circular Letter 15-08, *Single Audit Policy for Receipts of Federal Grants, State Grants and State Aid*. Those standards and the Uniform Guidance and State of New Jersey Department of Treasury OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal and state program occurred. An audit includes examining, on a test basis, evidence about the Renaissance School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Renaissance School 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 year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Renaissance School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the Renaissance 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 Department of Treasury OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Renaissance 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 a 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 Department of Treasury OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

AAFCPAs, Inc.

Westborough, Massachusetts
November 30, 2020



John R. Buckley, C.P.A.
Public School Accountant
PSA #20CS00271800

CAMDEN PREP, INC.
Schedule of Expenditures of Federal Awards, Schedule A
For the Year Ended June 30, 2020

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identification Number | Program or Award Amount | Grant Period | | Balance at June 30, 2019 | Cash Received | Total Budgetary Expenditures | Balance at June 30, 2020 |
|--|---------------------------|---|-------------------------------|--------------|---------|--------------------------------|----------------------------|------------------------------------|-----------------------------|
| | | | | From | To | | | | Accounts Receivable |
| | | | | | | | | | - |
| U.S. Department of Education | | | | | | | | | |
| Passed-through New Jersey Department of Education: | | | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | S010A160030 | \$ 570,927 | 7/1/19 | 6/30/20 | \$ 525,462 | \$ 1,041,547 | \$ 570,927 | \$ 54,842 |
| Special Education Cluster (IDEA): Special Education Grants to States | 84.027 | H027A160100 | \$ 142,936 | 7/1/19 | 6/30/20 | 109,184 | 240,500 | 142,936 | 11,620 |
| Passed-through Uncommon Schools, Inc.: | | | | | | | | | |
| Education Innovation and Research (formerly, Investing in Innovation (i3) Fund) | 84.411 | U282A120015 | \$ 1,015,328 | 7/1/19 | 6/30/20 | <u>674,454</u> | <u>1,689,782</u> | <u>1,015,328</u> | <u>-</u> |
| Total Expenditures of Federal Awards | | | | | | <u>\$ 1,309,100</u> | <u>\$ 2,971,829</u> | <u>\$ 1,729,191</u> | <u>\$ 66,462</u> |

CAMDEN PREP, INC.
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2020

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Accounts Receivable June 30, 2019 | Cash Received | Budgetary Expenditures | Accounts Receivable June 30, 2020 |
|---|-------------------------------|-------------------------|--------------|---------|-----------------------------------|----------------------|------------------------|-----------------------------------|
| | | | From | To | | | | |
| State Department of Education | | | | | | | | |
| General Fund: | | | | | | | | |
| Reimbursed TPAF Social Security Contributions | 18-495-034-5094-003 | \$ 304,652 | 7/1/17 | 6/30/18 | \$ 304,652 | \$ - | \$ - | \$ 304,652 |
| Reimbursed TPAF Social Security Contributions | 19-495-034-5094-003 | \$ 191,914 | 7/1/18 | 6/30/19 | 191,914 | - | - | 191,914 |
| Reimbursed TPAF Social Security Contributions | 20-495-034-5094-003 | \$ 160,859 | 7/1/19 | 6/30/20 | - | - | 160,859 | 160,859 |
| Equalization Aid - State | 20-495-034-5120-078 | \$ 14,334,094 | 7/1/19 | 6/30/20 | - | 14,334,094 | 14,334,094 | - |
| Special Education Categorical Aid | 20-495-034-5120-089 | \$ 419,369 | 7/1/19 | 6/30/20 | - | 419,369 | 419,369 | - |
| Security Aid | 20-495-034-5120-084 | \$ 324,060 | 7/1/19 | 6/30/20 | - | 324,060 | 324,060 | - |
| Total General Fund | | | | | <u>496,566</u> | <u>15,077,523</u> | <u>15,238,382</u> | <u>657,425</u> |
| Total State Financial Assistance | | | | | <u>\$ 496,566</u> | <u>\$ 15,077,523</u> | <u>\$ 15,238,382</u> | <u>\$ 657,425</u> |

CAMDEN PREP, INC.

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2020

1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and state financial assistance programs (collectively, the Schedules) include Federal and state award activity of Camden Prep, Inc. 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 Schedule of Expenditures of Federal Awards and State Financial Assistance.

2. BASIS OF ACCOUNTING

The accompanying Schedules are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the provisions of New Jersey Department of the Treasury OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

3. RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

The Schedules of Awards and Financial Assistance present only a selected portion of the activities of the Renaissance School. It is not intended to, nor does it, present either the balance sheet, revenue, expenditures, or changes in fund balance of the governmental funds. The financial activity for the aforementioned awards is reported in the Renaissance School's statement of activities and statement of revenue, expenditures and changes in fund balance - governmental funds.

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

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|---------------------------------------|---------------------|----------------------|----------------------|
| General Fund | \$ - | \$ 15,238,382 | \$ 15,238,382 |
| Special Revenue Fund | <u>1,729,191</u> | <u>-</u> | <u>1,729,191</u> |
| Total Awards and Financial Assistance | <u>\$ 1,729,191</u> | <u>\$ 15,238,382</u> | <u>\$ 16,967,573</u> |

CAMDEN PREP, INC.

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2020

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying Schedules agree with the amounts reported in the related Federal and state financial reports.

5. OTHER

TPAF Social Security (Reimbursed) contributions represent the amount of \$160,859 accrued reimbursements due from the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2020.

6. DE MINIMIS INDIRECT COST RATE

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

CAMDEN PREP, INC.

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Is a “going concern” emphasis-of-matter paragraph included in the auditor’s report? Yes No

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major Federal programs:

| <u>Name of Federal Program or Cluster</u> | <u>CFDA Number</u> |
|---|--------------------|
| Education Innovation and Research (formerly, Investing in Innovation Fund (i3)) | 84.411 |

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

Auditee qualified as low-risk auditee? Yes No

CAMDEN PREP, INC.

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF AUDITOR’S RESULTS (Continued)

State Awards

| | | | |
|--|------------|-----------|---|
| Dollar threshold used to distinguish between type A and type B programs (.520) | \$750,000 | | |
| | <u>Yes</u> | <u>No</u> | |
| Auditee qualified as low risk auditee: | | X | |
| Type of auditor’s report issued: | | | Unmodified |
| Internal control over major programs: | | | |
| Material weakness(es) identified: | | X | |
| Significant deficiencies identified not considered to be material weakness(es)? | | X | None Reported |
| Type of auditor's report on compliance for major programs: | | | Unmodified |
| Any audit findings disclosed that are required to reported in Accordance with New Jersey Department of Treasury OMB Circular Letter 15-08? | | X | |
| Identification of major programs: | | | |
| <u>GMIS Number(s)</u> | | | <u>Name of State Program or Cluster</u> |
| 19-495-034-5120-078 | | | Equalization Aid - State |

CAMDEN PREP, INC.

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

2. FINANCIAL STATEMENT FINDINGS

None

3. FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

None

CAMDEN PREP, INC.

Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Status of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and Federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

Material Weakness***Finding 2019-001: Enrollment Reconciliation******Condition***

During the year ended June 30, 2019, there were reconciliation discrepancies between the Renaissance School and the Camden City School District (the District) for what was paid and the final Application for State School Aid report. During the year, the Renaissance School reported and provided documentation for students. Subsequent to year end, there was communication between the Renaissance School and the District regarding the reconciliation of eligible students to what was paid out. Based on subsequent communications it was determined that a number of students were ineligible for funding resulting in final reporting discrepancies. The discrepancies were a result of a lack of timely and proper communication between the Renaissance School and the District. As a result of reconciliation discrepancies, there was an adjustment to the Renaissance School's funding in the amount of \$473,176, which the Renaissance School owed back to the District.

Current Status

The Renaissance School ensured that their enrollment count procedures be thoroughly reviewed with the District to ensure that all requirements were met, and that the reconciliation process was done on a timely basis. Additionally, management revisited their process for obtaining and submitting enrollment information and is committed to updating their policies and procedures to include a more timely reconciliation for reporting purposes.

This finding has been resolved in fiscal year 2020.