

MASTERY SCHOOLS OF CAMDEN, INC.
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020



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CONSULTING

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October 6, 2020

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

Dear Commissioner:

We are pleased to report that the Comprehensive Annual Financial Report of Mastery Schools of Camden, Inc. (the School) for the fiscal year ended June 30, 2020 has been submitted. As you know, the responsibility for both the accuracy of these data and completeness and fairness of the presentation, including all disclosures, rests with the management of the School. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of Mastery Schools of Camden, Inc. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the School's organizational chart and a list of principal officials. The Financial Section includes the basic financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information. The School is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of New Jersey's OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to these single audits, including the auditor's report on the internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit Section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Mastery Schools of Camden, Inc. is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds of the School are included in this report. Mastery Schools of Camden, Inc. operates a Renaissance school project under an operating agreement with the Camden City School District. The agreement began effective July 17, 2014 for a ten-year term.

2. ENROLLMENT OUTLOOK: The School completed the 2019-20 school year with an average daily enrollment of 2,635 students in kindergarten through twelfth grade at six locations. Based on the demand it is anticipated that, we will be able to maintain our enrollment for the foreseeable future.

3. MAJOR ACCOMPLISHMENTS: Mastery schools are organized around a common mission: “All students learn the academic and personal skills they need to be truly prepared for postsecondary success and able to pursue their dreams.” Our work is rooted in an unwavering belief that our students can achieve at the highest levels. To fulfill our mission, we recognize that we must attend to the whole child – we value personal as well as academic skills, and we match our high expectations for students with high levels of support. Our program is comprised of four interlocking systems: Curriculum and Instruction, School Culture, Assessment & Data, and Student Support.

The School also has robust after-school programming for students through collaboration with local area organizations. In addition, the School has invested in family and community engagement staff and initiatives which support our goals related to student achievement and re-confirm our commitment to being a responsive, thoughtful partner for families and community leaders.

Mastery Schools of Camden students were housed in six schools across six buildings during the 2019-2020 school year. The schools and locations were as follows:

- Cramer Hill Elementary – newly constructed facility opened in August 2017
- McGraw Elementary – former Camden City School District building
- Molina Lower Elementary – facility previously operated by Camden Community Charter School that opened as a Mastery school in August 2017
- Molina Upper Elementary – former Camden City School District building
- East Camden Middle – former Camden City School District building
- Mastery High School of Camden – former Camden City School district building

4. INTERNAL ACCOUNTING CONTROLS: Management of the School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School are protected from loss, theft, or misuse. To this end, adequate accounting data are compiled periodically to allow accurate preparation of financial statements in conformity with generally accepted accounting principles (U.S. 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 School is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure likewise is subjected to periodic evaluation by School management. Since grant periods differ in their prescribed fiscal years, representations are made prior to the end of the fiscal year for those grants having fiscal years other than July 1 through June 30.

As part of the School’s single audit described earlier, tests are made to determine the adequacy of the internal controls over compliance related to federal and state financial assistance programs, as well as to determine that the School has complied with applicable laws and regulations.

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

6. ACCOUNTING SYSTEM AND REPORTS: The School accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the School is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

7. CASH MANAGEMENT: The investment policy of the School is guided by state statute as detailed in "Notes to the Financial Statements," Note 2. The School has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.

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

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The firm of CliftonLarsonAllen LLP, a professional firm of accountants and auditors was selected and duly appointed by Mastery Schools of Camden, Inc. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of New Jersey's OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,

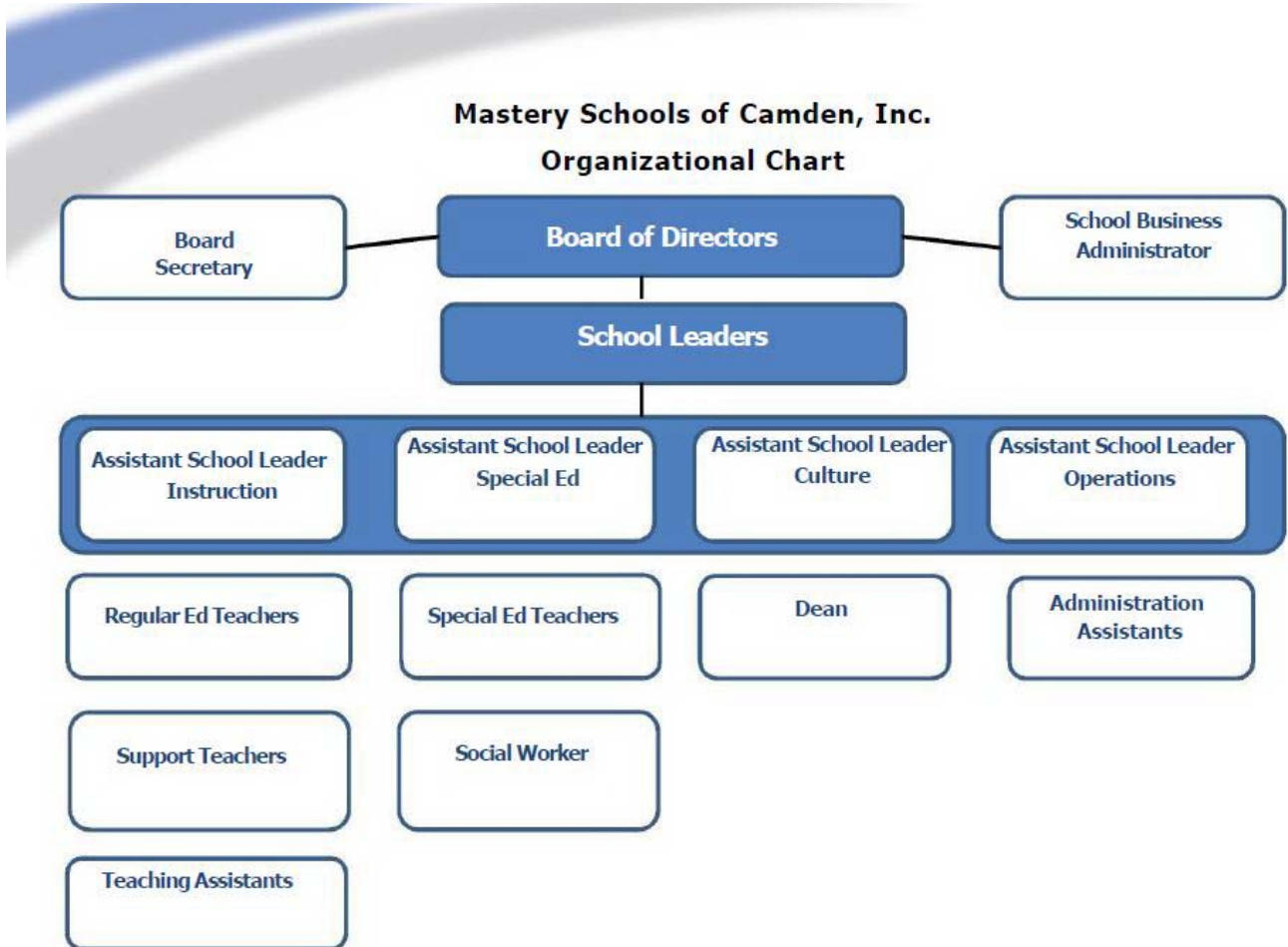
Christopher W Barts

Christopher W. Barts
School Business Administrator

Michael Patron

Michael Patron
Board Secretary

**MASTERY SCHOOLS OF CAMDEN, INC.
ORGANIZATIONAL CHART
JUNE 30, 2020**



**MASTERY SCHOOLS OF CAMDEN, INC.
ROSTER OF TRUSTEES AND OFFICIALS
JUNE 30, 2020**

Board of Trustees

Jim Sheward, Chair

Jamie Reynolds

Reuel Robinson

Sharell Sharp

Judy Tschirgi

School Leaders

Jessie Gismondi, School Leader – Cramer Hill Elementary

Meredith Howell-Turner, School Leader – Cramer Hill Elementary

Rickia Reid, School Leader – Molina Elementary

Kim Blake, School Leader – Molina Elementary

Charmaine Giles, School Leader – McGraw Elementary

Stephen Williams, School Leader – East Camden Middle

William Hayes, School Leader – Mastery High School of Camden

Other

Michael Patron, Board Secretary

Christopher W. Barts, School Business Administrator

**MASTERY SCHOOLS OF CAMDEN, INC.
CONSULTANTS AND ADVISORS
JUNE 30, 2020**

AUDIT FIRM

CliftonLarsonAllen LLP
610 W. Germantown Pike, Suite 400
Plymouth Meeting, PA 19462

ATTORNEY

Thomas O. Johnston, Esq.
Johnston Law Firm, LLC
151 Forest Street
Suite A
Montclair, NJ 07042

OFFICIAL DEPOSITORY

M&T Bank
2335 Church Road
Cherry Hill, NJ 08002



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Mastery Schools of Camden, Inc.
5700 Wayne Avenue
Philadelphia, Pennsylvania 19144

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mastery Schools of Camden, Inc., in the 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 Mastery Schools of Camden, Inc.'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Mastery Schools of Camden, 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 on pages 10 through 14, the budgetary comparison schedule — General Fund on pages 39 through 41 and the budgetary comparison schedule — Special Revenue Fund on page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

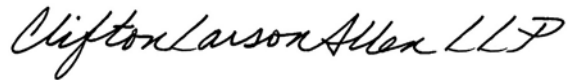
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mastery Schools of Camden, Inc.'s basic financial statements. The schedules of expenditures of federal and state awards on pages 100 and 101, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of New Jersey's OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees
Mastery Schools of Camden, Inc.

The introductory section and the combining schedule of program revenues and expenditures - special revenue fund on pages 44 to 45 and the statistical section on pages 66 to 94 are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section, combining schedule of program revenues and expenditures, special revenue fund and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2020 on our consideration of Mastery Schools of Camden, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mastery Schools of Camden, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mastery Schools of Camden, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania



Bruce W. Braunewell, CPA, Principal
Public School Accountant
PSA #20CS00261400

October 6, 2020

MASTERY SCHOOLS OF CAMDEN, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020

The Board of Trustees of Mastery Schools of Camden, Inc. (the School) offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

- Total revenues on a governmental fund basis, which consisted mostly of School District student subsidies and other grants and contributions, increased from \$46,514,363 to \$54,208,066 due to an increase in the number of students from June 30, 2019.
- At the close of the current fiscal year, the School reported an ending general fund balance of \$13,180,005.
- The School's cash balance at June 30, 2020 was \$16,029,900, representing an increase of \$5,652,107 from June 30, 2019.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements as presented comprise four components: Management's Discussion and Analysis (this section), the basic financial statements, budgetary comparison and reporting required under *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of New Jersey's OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements report on the function of the School that is principally supported by subsidies from school districts whose constituents attend the School.

Fund Financial Statements

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like governmental type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has two governmental funds — the general fund and special revenue fund.

**MASTERY SCHOOLS OF CAMDEN, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020**

Overview of the Financial Statements (Continued)

Notes to the Financial Statements

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$10,966,108 as of June 30, 2020.

	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 17,654,430	\$ 11,335,802
Capital Assets	<u>3,440,780</u>	<u>3,111,544</u>
Total Assets	21,095,210	14,447,346
Current Liabilities	9,861,611	7,360,837
Noncurrent Liabilities	<u>267,491</u>	<u>994,293</u>
Total Liabilities	10,129,102	8,355,130
Net Investment in Capital Assets	3,038,973	2,811,389
Unrestricted	<u>7,927,135</u>	<u>3,280,827</u>
Total Net Position	<u>\$ 10,966,108</u>	<u>\$ 6,092,216</u>

**MASTERY SCHOOLS OF CAMDEN, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020**

Government-Wide Financial Analysis (Continued)

The School's revenues are predominately from the Camden City School District, based on the student enrollment and awards from federal, state, and local sources.

	<u>2020</u>	<u>2019</u>
REVENUES		
Program Revenues:		
Special Revenue Federal Aid	\$ 3,031,200	\$ 2,689,124
General Revenues:		
Local Share	1,540,762	1,329,323
State Share	47,874,294	40,871,421
State Aid	1,240,011	1,111,724
Other Revenue	<u>521,799</u>	<u>512,771</u>
 Total Revenues	 54,208,066	 46,514,363
EXPENDITURES		
Instruction	27,121,064	24,738,841
Support Services	21,489,216	20,506,903
Interest on Long-Term Debt	29,934	19,616
Unallocated Depreciation	<u>693,960</u>	<u>581,329</u>
 Total Expenditures	 <u>49,334,174</u>	 <u>45,846,689</u>
 Change in Net Position	 4,873,892	 667,674
 Net Position - Beginning	 <u>6,092,216</u>	 <u>5,424,542</u>
 Net Position - Ending	 <u>\$ 10,966,108</u>	 <u>\$ 6,092,216</u>

**MASTERY SCHOOLS OF CAMDEN, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020**

Government Fund

The focus of the School's *governmental fund* (the General Fund and Special Revenue Fund) is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

The School's general fund reported an ending fund balance of \$13,180,005. For the year ended June 30, 2020, the School's general fund revenues and other financing sources (\$56,704,976) exceeded expenditures (\$46,805,798) by \$9,899,178.

The School's special revenue fund reported an ending fund balance of \$-0-. For the year ended June 30, 2020, the School's revenues (\$3,031,200) equaled expenditures (\$3,031,200).

General Fund Budgetary Highlights

Actual revenues and other financing sources were less than budgeted revenues by \$4,873,976 primarily due to the other financing sources that were not budgeted. Actual expenditures were less than budgeted expenditures by \$2,371,702 primarily due to less than budgeted instruction, administrative and support expenditures.

Capital Asset and Debt Administration

CAPITAL ASSETS

As of June 30, 2020, the School's investment in capital assets for its governmental activities totaled \$3,440,780 (net of accumulated depreciation). This investment in capital assets includes building, building improvements, and equipment.

Major capital asset purchases during the year included the following:

- Capital expenditures of \$379,600 for leasehold improvements
- Capital expenditures of \$368,356 for furniture, equipment and software
- Capital expenditures of \$275,240 for capital leases

Additional information on the School's capital assets can be found in Note 3 of this report.

LONG-TERM DEBT

As of June 30, 2020, the School has long-term debt of \$401,807 for capital lease obligations and \$5,252,870 for Paycheck Protection Program Loan Payable.

Economic Factors and Next Year's Budgets and Rates

The School's primary source of revenue comes from per pupil funding from the Camden City School District. For the school year 2020-21, we are projecting total enrollment to be around 2,750, approximately a 4% increase over the 2019-2020 school year. Renaissance School per pupil funding for 2020-21 is expected to remain flat compared to 2019-20.

**MASTERY SCHOOLS OF CAMDEN, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020**

Economic Factors and Next Year's Budgets and Rates (Continued)

During FY2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 may impact various parts of its FY2021 operations, revenue sources and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated.

Contacting the School's Financial Management

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the School Business Administrator, Mastery Schools of Camden, Inc., 5700 Wayne Avenue, Philadelphia, PA 19144.

MASTERY SCHOOLS OF CAMDEN, INC.
A-1 STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 16,029,900
Receivables, Net	1,124,657
Prepaid Items	499,873
Capital Assets:	
Capital Assets, Net of Depreciation	<u>3,440,780</u>
Total Assets	<u>21,095,210</u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	4,474,425
PPP Loan Payable	5,252,870
Capital Lease Obligations:	
Due Within One Year	134,316
Due in More than One Year	<u>267,491</u>
Total Liabilities	<u>10,129,102</u>
NET POSITION	
Net Investment in Capital Assets	3,038,973
Unrestricted	<u>7,927,135</u>
Total Net Position	<u><u>\$ 10,966,108</u></u>

See accompanying Notes to Financial Statements.

MASTERY SCHOOLS OF CAMDEN, INC.
A-2 STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Changes in
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 18,601,852	\$ -	\$ 971,333	\$ -	\$ (17,630,519)
Special Education Instruction	8,188,093	-	662,847	-	(7,525,246)
Summer School	113,541	-	-	-	(113,541)
Student Activities	217,578	-	-	-	(217,578)
Support Services:					
Administrative	10,913,748	-	84,435	-	(10,829,313)
Culture and Educational Support	3,075,888	-	1,054,971	-	(2,020,917)
Professional Development	107,758	-	-	-	(107,758)
Nursing	331,233	-	-	-	(331,233)
Community Advocacy and Engagement	733,469	-	257,614	-	(475,855)
Operations	6,327,120	-	-	-	(6,327,120)
Interest on Long-Term Debt	29,934	-	-	-	(29,934)
Unallocated Depreciation	693,960	-	-	-	(693,960)
Total Governmental Activities	<u>49,334,174</u>	<u>-</u>	<u>3,031,200</u>	<u>-</u>	<u>(46,302,974)</u>
 Total Primary Government	 <u>\$ 49,334,174</u>	 <u>\$ -</u>	 <u>\$ 3,031,200</u>	 <u>\$ -</u>	 <u>(46,302,974)</u>
 General Revenues:					
					1,540,762
					47,874,294
					1,240,011
					521,799
					<u>51,176,866</u>
Change in Net Position					4,873,892
Net Position - Beginning of Year					<u>6,092,216</u>
Net Position - End of Year					<u>\$ 10,966,108</u>

See accompanying Notes to Financial Statements.

MASTERY SCHOOLS OF CAMDEN, INC.
B-1 BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 16,029,900	\$ -	\$ 16,029,900
Receivables, Net	768,231	356,426	1,124,657
Due from Other Funds	356,426	-	356,426
Prepaid Expenditures	499,873	-	499,873
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 17,654,430</u>	<u>\$ 356,426</u>	<u>\$ 18,010,856</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts Payable	\$ 739,752	\$ -	\$ 739,752
Accrued Expenses	3,734,673	-	3,734,673
Due to Other Funds	-	356,426	356,426
Due to State	-	-	-
Due to Camden City School District	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	4,474,425	356,426	4,830,851

FUND BALANCES

Nonspendable:			
Prepaid Expenditures	499,873	-	499,873
Assigned:			
PPP Loan	5,252,870	-	-
Committed:			
Capital Reserve	1,500,000	-	1,500,000
Maintenance Reserve	300,000	-	300,000
Emergency Reserve	5,600,000	-	5,600,000
Unassigned:			
General Fund	27,262	-	27,262
Special Revenue Fund	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	13,180,005	-	13,180,005

Total Liabilities and Fund Balances	<u>\$ 17,654,430</u>	<u>\$ 356,426</u>	<u>\$ 18,010,856</u>
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Total Governmental Fund Balances	\$ 13,180,005
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Amounts Reported for Governmental Activities in the
Statement of Net Position are Different because:

Capital Assets Used in Governmental Activities are not Financial
Resources and, therefore, are not Reported in the Funds:

Capital Assets	6,017,231
Accumulated Depreciation	<u>(2,576,451)</u>
Total	3,440,780

Capital Lease Obligations used in Governmental Funds are not Financial Resources
and, therefore, are not Reported in the Fund Liabilities. The Total Capital Lease
Obligations, both Current and Long Term, are Reported in the Statement of Net
Position. Balances at Year-end are:

(401,807)

Loan Obligations used in Governmental Funds are not Financial Resources
and, therefore, are not Reported in the Fund Liabilities. The Total Loan
Obligations, both Current and Long Term, are Reported in the Statement of Net
Position. Balance at Year-end is:

(5,252,870)

Net Position of Governmental Activities	<u>\$ 10,966,108</u>
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See accompanying Notes to Financial Statements.

MASTERY SCHOOLS OF CAMDEN, INC.
B-2 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Local Share	\$ 1,540,762	\$ -	\$ 1,540,762
Other Revenue	521,799	-	521,799
Total Local Sources	2,062,561	-	2,062,561
State Share	47,874,294	-	47,874,294
State Sources	1,240,011	-	1,240,011
Federal Sources	-	3,031,200	3,031,200
Total Revenues	51,176,866	3,031,200	54,208,066
EXPENDITURES			
Current:			
Instruction:			
Regular Instruction	17,819,173	971,333	18,790,506
Special Education Instruction	7,525,246	662,847	8,188,093
Summer School	113,541	-	113,541
Student Activities	217,578	-	217,578
Support Services:			
Administrative	11,051,174	84,435	11,135,609
Culture and Educational Support	2,020,917	1,054,971	3,075,888
Professional Development	107,758	-	107,758
Nursing	331,233	-	331,233
Community Advocacy and Engagement	475,855	257,614	733,469
Operations	6,868,083	-	6,868,083
Capital Lease Expenditures	275,240	-	275,240
Total Expenditures	46,805,798	3,031,200	49,836,998
EXCESS OF REVENUES OVER EXPENDITURES	4,371,068	-	4,371,068
OTHER FINANCING SOURCES			
Proceeds from Capital Lease Obligation (Nonbudgeted)	275,240	-	275,240
Proceeds from Paycheck Protection Program (Nonbudgeted)	5,252,870	-	5,252,870
Total Other Financing Sources	5,528,110	-	5,528,110
NET CHANGE IN FUND BALANCES	9,899,178	-	9,899,178
Fund Balance - Beginning of Year	3,280,827	-	3,280,827
Fund Balance - End of Year	\$ 13,180,005	\$ -	\$ 13,180,005

See accompanying Notes to Financial Statements.

MASTERY SCHOOLS OF CAMDEN, INC.
B-3 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Governmental Funds \$ 9,899,178

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated useful
lives as depreciation expense. This is the amount by which capital outlays exceeded
depreciation in the period.

Capital Outlays	1,023,196
Depreciation Expense	<u>(693,960)</u>
Total	<u>329,236</u>

Governmental funds report capital lease and loan obligations proceeds as financing sources,
while repayment is reported as expenditures. In the statement of net position, however, the
capital lease and loan obligations increase liabilities and do not affect the statement of
activities and repayment of principal reduces the obligations. The net effect of these differences
in the treatment of the capital lease and loan obligations is as follows:

Repayment of Capital Lease Obligations	173,588
Proceeds from Capital Lease Obligation	(275,240)
Proceeds from Paycheck Protection Program	<u>(5,252,870)</u>
Total	<u>(5,354,522)</u>

Change in Net Position of Governmental Activities \$ 4,873,892

**MASTERY SCHOOLS OF CAMDEN, INC.
B-4 STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
B-5 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
B-6 STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
B-7 STATEMENT OF FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
B-8 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Renaissance School and Reporting Entity

Mastery Schools of Camden, Inc. (School) is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. The School was formed in the state of New Jersey as a nonprofit corporation for the purpose of operating and maintaining a Renaissance school charter granted by the state of New Jersey. Mastery Schools of Camden, Inc. operates the Renaissance school project under an operating agreement with the Camden City School District and is located in the County of Camden, state of New Jersey. The Renaissance school project agreement began effective July 17, 2014 for a ten-year term. The School served over 2,600 students from grades kindergarten to twelfth grade during the school year 2019-20 in six campuses: Cramer Hill Elementary, McGraw Elementary, Molina Lower Elementary, Molina Upper Elementary, East Camden Middle and Mastery High School of Camden.

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 School are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School. For the School, this includes general operations and special revenue activities of the School.

The primary criterion for including activities within the School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the 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 combined financial statements include all funds of the School over which the Board exercises operating control. Based on the aforementioned criteria, the School has no component units to be included in the reporting entity. Further, the School is not includable in any other reporting entity on the basis of such criteria.

The Mastery Schools of Camden, Inc. School Board of Trustees 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 all students learn the academic and personal skills they need to be truly prepared for postsecondary success and able to pursue their dreams.

Basis of Presentation

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The GASB is the accepted standard setting body for establishing government accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards.

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report on the School as a whole. The statement of activities demonstrates the degree to which the direct expenses of the School's function are offset by program revenues.

The fund financial statements (governmental fund balance sheet and statement of governmental fund revenues, expenditures, and changes in fund balance) report on the School's general fund and special revenue fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements:

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by provider have been met.

Fund Financial Statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The school reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the School and accounts for all revenues and expenditures of the School except for those required to be accounted for in other fund.

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 legally restricted to expenditures for specified purposes.

Method of Accounting

Accounting standards requires a statement of net position, a statement of activities and changes in net position. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Method of Accounting (Continued)

These calculations are defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental funds report nonspendable portions of fund balance related to prepaid expenditures, long-term receivables, and corpus on any permanent fund. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances represent amounts constrained for a specific purpose by a governmental entity using its highest level of decision-making authority. Committed fund balances are established and modified by a resolution approved by the Board of Trustees. Assigned fund balances are intended by the School to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balances are considered the remaining amounts.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance are available, it is currently the School’s policy to use restricted first, then unrestricted fund balance. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, it is currently the School’s policy to use committed first, then assigned, and finally unassigned amounts.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with U.S. GAAP. An annual budget is adopted for the General Fund and Special Revenue Fund.

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Budgets and Budgetary Accounting (Continued)

The Budgetary Comparison Schedule should present both the original and the final appropriated budgets for the reporting period. The School has a general fund and special revenue fund budget; the original budgets were filed and accepted in March 2019 by the New Jersey Department of Education. There were multiple budget revisions during the year, all approved by the Board of Trustees. The budget is required supplementary information.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts 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 expenses during the reporting period. Actual results could differ from those estimates.

Significant Accounting Estimates — Self-Insured Claims

The School participates in a self-funded benefit payment plan (the Plan). The Mastery Charter High School is the sponsor of the Plan. The Plan covers eligible employees/members and dependents of the School as defined in the agreement. The School is primarily self-insured, up to certain limits, for employee group health claims. The Plan contains stop-loss insurance, which will reimburse the Plan for amounts of paid claims in excess of \$175,000 on any individual covered by the Plan in the policy year ending June 30, 2020. The stop-loss insurance also provides up to \$1,000,000 of coverage beyond the School's aggregate annual claims limit of \$19,128,251 for the fiscal year ended June 30, 2020. The annual claims limit is based on the average enrollment of 1,412 covered employees, but is ultimately derived based on the actual covered employees' times a monthly claims factor of \$1,129, for each month of the policy period.

During the year ended June 30, 2020, the School paid premiums to Mastery Charter High School based on 1) the Plan's historical claims experience, 2) actual claims for the year ended June 30, 2020, and 3) the estimated claims incurred but not reported. Such estimates were provided by the School's benefits consultant.

Total expense under the program was approximately \$14,254,367, which includes the School's portion of \$2,336,759 for the year ended June 30, 2020.

Cash and Cash Equivalents

The School's cash is considered to be cash on hand, amounts held at financial institutions, and certificate of deposits that are readily convertible to known amounts of cash.

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Receivables

Receivables primarily consist of amounts due from the New Jersey Department of Education for federal and state subsidy programs. Receivables are stated at the amount management expects to collect from outstanding balances and net of any allowance for doubtful accounts. The allowance is estimated based on professional judgement and historical information. As of June 30, 2020, the allowance for doubtful accounts totaled \$4,766,460 and consists mainly of the FICA receivable from the state of New Jersey as discussed in Note 8.

Prepaid Items

Prepaid items include payments to vendors for services applicable to future accounting periods such as rental payments and insurance premiums.

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Capital assets of the School are depreciated using the straight-line method over the estimated useful lives of the assets.

Income Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. No provision for income taxes has been established, as the School has no unrelated business activity.

Risks and Uncertainties

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees, and communities. Specific to the School, COVID-19 may impact its fiscal year 2021 operations and financial results including local and state share revenue, state and federal grants, and other local sources. Management believes the School is taking appropriate actions to mitigate any negative impact; however, the full impact of COVID-19 is unknown and not reasonably estimated as of June 30, 2020.

**MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 CASH AND CASH EQUIVALENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School invests in repurchase agreements with its bank wherein the funds are secured by obligations of the U.S. government or agencies or instrumentalities of the U.S. government. As of June 30, 2020, \$16,599,518 of the School's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 16,349,518
Collateralized	-
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the School's Name	-
Total Custodial Credit Risk	<u>\$ 16,349,518</u>

Reconciliation to the Financial Statements:

Total Custodial Credit Risk	\$ 16,349,518
Plus: Insured Amount	250,000
Less: Outstanding Checks	(583,618)
Petty Cash	14,000
Total Cash Per Financial Statements	<u>\$ 16,029,900</u>

NOTE 3 CAPITAL ASSETS

Capital assets are stated at cost. Depreciation has been calculated on such assets using the straight-line method over the following estimated lives:

Leasehold Improvements	5 – 10 Years
Furniture and Equipment	5 – 10 Years
Capital Lease Equipment	5 Years
Software	3 Years

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year is summarized below:

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
<u>Governmental Activities</u>				
Capital Assets, being Depreciated:				
Leasehold Improvements	\$ 1,718,405	\$ 379,600	\$ -	\$ 2,098,005
Furniture, Equipment and Software	2,498,367	368,356	-	2,866,723
Capital Lease Equipment	777,263	275,240	-	1,052,503
Total Capital Assets being Depreciated	<u>4,994,035</u>	<u>1,023,196</u>	-	<u>6,017,231</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	164,954	72,070	-	237,024
Furniture, Equipment and Software	1,192,055	440,902	-	1,632,957
Capital Lease Equipment	525,482	180,988	-	706,470
Total Accumulated Depreciation	<u>1,882,491</u>	<u>693,960</u>	-	<u>2,576,451</u>
Total Capital Assets being Depreciated, Net	<u>3,111,544</u>	<u>329,236</u>	-	<u>3,440,780</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,111,544</u>	<u>\$ 329,236</u>	<u>\$ -</u>	<u>\$ 3,440,780</u>

NOTE 4 CAPITAL LEASE OBLIGATIONS

The School leases copiers under capital leases that expire between August 2020 and June 2024. As of June 30, 2020, the leased copiers are reflected at a cost of \$1,052,503 and related accumulated depreciation of \$706,470. The leases require monthly payments of principal and interest ranging from \$740 to \$2,770 at rates of 4.79% to 6.17% per annum.

Future minimum payments under the capital lease as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 154,968
2022	118,944
2023	102,180
2024	69,560
Total	445,652
Less: Amount Representing Interest	43,845
Present Value of Minimum Lease Payments	<u>\$ 401,807</u>

The following is a summary of changes in capital lease obligations for the year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Lease Obligations	\$ 300,155	\$ 275,240	\$ 173,588	\$ 401,807
Total Capital Lease Obligations	<u>\$ 300,155</u>	<u>\$ 275,240</u>	<u>\$ 173,588</u>	<u>\$ 401,807</u>

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 PAYCHECK PROTECTION PROGRAM LOAN

On April 16, 2020, the School received loan proceeds in the amount of \$5,252,870 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to two and a half times the average monthly payroll expense of the qualifying business. The loan is forgivable if the borrower uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities, and maintains its payroll levels.

The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the School fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum. Per New Jersey Administrative Code 6A:23-9.6, the School is required to pay back the loan within twelve months of when the debt is incurred.

The following is a summary of changes in PPP Loan for the year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
PPP Loan	\$ -	\$ 5,252,870	\$ -	\$ 5,252,870
Total Long-Term Debt	\$ -	\$ 5,252,870	\$ -	\$ 5,252,870

NOTE 6 REVENUE

The School receives a substantial amount of its support from federal, state, and local governments. A significant reduction in the level of support, if it were to occur, could have an effect on the School's programs and activities.

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 GOVERNMENT GRANTS AND REIMBURSEMENT PROGRAMS

The School participates in numerous state and federal grant and reimbursement programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs and reimbursement programs for social security taxes, retirement expense and health services are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants and reimbursement programs, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 8 RETIREMENT PLANS

The School was accepted into the New Jersey Division of Pensions and Benefits Teachers' Pension and Annuity Fund (TPAF) and Public Employee's Retirement System (PERS) plans and is currently in the process of completing enrollment for all eligible employees. Employee contributions will be retroactive to the hire date. It is anticipated to have full participation in TPAF and PSERS plans by June 30, 2021.

In addition, the School is part of the Mastery Schools of Camden 403(b) Retirement Plan (403(b) plan), a multiple employer defined contribution plan under Section 403(b) of the Internal Revenue Code, in which School employees that work more than 20 hours per week are required to contribute 5% of their eligible compensation. The School provided a 5% matching contribution through May 2020. As the School expects to enter the state of New Jersey pension plans in the near future as noted in the previous paragraph, mandatory employee and employer contributions ceased in May 2020 for the 403(b) plan.

The total retirement plan contribution expense incurred for the year ended June 30, 2020 totaled \$1,895,779.

NOTE 9 RISK MANAGEMENT

The 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. The School carries commercial insurance for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the School's policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past two years.

**MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 MANAGEMENT AND TECHNOLOGY AGREEMENT

The School uses a Network Support Team (NST) for its educational, administrative, and financial services. The NST is a separate department that is included in the operations of the Mastery Charter High School.

The School has a management agreement with the Mastery Charter High School to provide educational, administrative, and financial services for the School by the NST. The NST management fee is 10% of local school funds plus reimbursement for any costs NST incurs in providing the educational, administrative, and financial services totaling \$4,941,503. The term of the agreement is July 1, 2019 through June 30, 2024.

The School also had a technology and equipment agreement that is renewed annually with Mastery Charter High School totaling \$452,000.

The NST management and technology fee totaled \$5,393,503 for the current year.

NOTE 11 FACILITIES LEASE AGREEMENT

The School leases facilities under multiple operating leases that require base rent through July 2024. The School is also responsible for all costs of operating the facilities.

Future minimum rental payments required under the operating leases that have noncancelable lease terms in excess of one year are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2021	\$ 3,092,256
2022	3,103,476
2023	3,114,920
2024	3,126,594
2025	210,938
Total	<u>\$ 12,648,184</u>

Rent expense was \$3,163,922 for the year ended June 30, 2020.

NOTE 12 NEWLY ADOPTED STATEMENTS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018.

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 NEWLY ADOPTED STATEMENTS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD (CONTINUED)

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, which is effective for fiscal years beginning after June 15, 2019. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The School adopted Statement No. 88 and determined the standard did not have any impact on its financial statements.

NOTE 13 RECENT ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which is effective for fiscal years beginning after December 15, 2018. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Criteria for identifying fiduciary activities are generally defined as (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also defines four fiduciary funds that should be reported. The School is required to adopt Statement No. 84 for its fiscal year 2021 and assessing if the standard will have any impact on its financial statements.

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The School is required to adopt Statement No. 87 for its fiscal year 2022 and assessing if the standard will have any impact on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is effective for fiscal years beginning after December 15, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The School is required to adopt Statement No. 89 for its fiscal year 2022 and assessing if the standard will have any impact on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*, which is effective for fiscal years beginning after December 15, 2019. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting component unit if a government acquires a 100% equity interest in that component unit. An equity interest is a financial interest in a legally separate organization evidenced by the ownership of shares of the organization's stock or by otherwise having an explicit, measureable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measureable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. The School is required to adopt Statement No. 90 for its fiscal year 2021 and assessing if the standard will have any impact on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The School is required to adopt Statement No. 91 for its fiscal year 2023 and assessing if the standard will have any impact on its financial statements.

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, which is effective for fiscal years beginning after June 15, 2021. This statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The School is required to adopt Statement No. 92 for its fiscal year 2022 and assessing if the standard will have any impact on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for fiscal years beginning after June 15, 2020. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The School is required to adopt Statement No. 93 for its fiscal year 2021 and assessing if the standard will have any impact on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*, which is effective for fiscal years beginning after June 15, 2022. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The School is required to adopt Statement No. 94 for its fiscal year 2023 and assessing if the standard will have any impact on its financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology agreements. The School is required to adopt Statement No. 99 for its fiscal year 2023 and assessing if the standard will have any impact on its financial statements.

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 31*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. The School is required to adopt Statement No. 97 for its fiscal year 2022 and assessing if the standard will have any impact on its financial statements.

MASTERY SCHOOLS OF CAMDEN, INC.
C-1 BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
(UNAUDITED)
YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,543,000	\$ 16,000	\$ 1,559,000	\$ 1,540,762	\$ (18,238)
Other Revenue	125,000	351,000	476,000	521,799	45,799
Total Local Sources	<u>1,668,000</u>	<u>367,000</u>	<u>2,035,000</u>	<u>2,062,561</u>	<u>27,561</u>
State Sources:					
Equalization Aid	47,957,000	519,000	48,476,000	47,874,294	(601,706)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	1,250,000	-	1,250,000	1,142,956	(107,044)
Special Education Medicaid Initiative	50,000	20,000	70,000	97,055	27,055
Total State Sources	<u>49,257,000</u>	<u>539,000</u>	<u>49,796,000</u>	<u>49,114,305</u>	<u>(681,695)</u>
Total Revenues	50,925,000	906,000	51,831,000	51,176,866	(654,134)
EXPENDITURES					
Regular Education - Instruction:					
Salaries	11,966,068	318,800	12,284,868	11,924,106	360,762
Benefits	3,785,134	(215,000)	3,570,134	3,131,577	438,557
Professional Services	690,000	(325,000)	365,000	238,047	126,953
General Supplies	652,000	48,200	700,200	647,333	52,867
General Supplies - Books	550,000	(70,000)	480,000	430,369	49,631
General Supplies - Computers	459,165	140,000	599,165	571,519	27,646
General Supplies - Furniture and Equipment	307,500	(146,000)	161,500	139,451	22,049
Field Trips	250,000	(80,000)	170,000	134,096	35,904
Conferences, Travel and Meals	45,000	12,000	57,000	34,050	22,950
College Initiatives	220,000	27,000	247,000	241,025	5,975
Disciplinary Placements	350,000	-	350,000	327,600	22,400
Total Regular Education - Instruction	<u>19,274,867</u>	<u>(290,000)</u>	<u>18,984,867</u>	<u>17,819,173</u>	<u>1,165,694</u>
Special Education - Instruction:					
Salaries	4,419,200	(276,000)	4,143,200	4,080,923	62,277
Benefits	1,206,035	153,000	1,359,035	1,191,481	167,554
Purchased Professional-Educational Services	2,206,918	70,000	2,276,918	2,182,986	93,932
General Supplies	55,000	5,000	60,000	33,631	26,369
General Supplies - Books	55,000	(22,000)	33,000	16,457	16,543
General Supplies - Computers	10,000	16,000	26,000	19,768	6,232
Total Special Education - Instruction	<u>7,952,153</u>	<u>(54,000)</u>	<u>7,898,153</u>	<u>7,525,246</u>	<u>372,907</u>
Summer School:					
Salaries	120,000	(18,000)	102,000	101,500	500
Benefits	60,000	(47,000)	13,000	12,041	959
Total Summer School	<u>180,000</u>	<u>(65,000)</u>	<u>115,000</u>	<u>113,541</u>	<u>1,459</u>

MASTERY SCHOOLS OF CAMDEN, INC.
C-1 BUDGETARY COMPARISON SCHEDULE — GENERAL FUND (CONTINUED)
(UNAUDITED)
YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES (CONTINUED)					
Student Activities:					
Salaries	\$ 120,000	\$ -	\$ 120,000	\$ 77,529	\$ 42,471
Benefits	40,000	-	40,000	8,354	31,646
Professional Services	50,000	-	50,000	31,019	18,981
Supplies	120,000	-	120,000	100,676	19,324
Total Student Activities	330,000	-	330,000	217,578	112,422
Administrative:					
Salaries	1,975,000	225,000	2,200,000	2,189,596	10,404
Benefits	740,565	63,000	803,565	745,916	57,649
Purchased Professional/Technical Services	30,000	10,000	40,000	28,151	11,849
Aftercare Program	350,000	(84,000)	266,000	253,557	12,443
Legal Services	55,000	20,000	75,000	60,322	14,678
Management Fees	4,950,000	77,000	5,027,000	4,941,503	85,497
Insurance	205,000	53,000	258,000	256,190	1,810
Postage	25,000	9,000	34,000	29,767	4,233
Advertising/Marketing	20,000	(3,000)	17,000	14,155	2,845
Printing	225,000	(48,000)	177,000	168,344	8,656
Dues, Board and Other	40,000	57,000	97,000	84,628	12,372
Supplies	160,000	29,000	189,000	160,936	28,064
Transportation Services	800,000	(1,000)	799,000	796,376	2,624
Telecommunications	141,000	34,000	175,000	169,506	5,494
Furniture and Equipment	5,000	5,000	10,000	9,272	728
Computers and Software	23,000	(2,000)	21,000	-	21,000
FICA Subsidy Reserve	1,250,000	-	1,250,000	1,142,955	107,045
Total Administrative	10,994,565	444,000	11,438,565	11,051,174	387,391
Support Services:					
Culture and Educational Support:					
Salaries	1,700,352	(240,000)	1,460,352	1,399,991	60,361
Benefits	746,677	(131,000)	615,677	545,330	70,347
Purchased Professional Services	22,000	-	22,000	5,569	16,431
Supplies and Materials	100,000	(10,000)	90,000	70,027	19,973
Total Culture and Educational Support	2,569,029	(381,000)	2,188,029	2,020,917	167,112
Professional Development:					
Purchased Professional Services	25,000	85,000	110,000	107,758	2,242
Total Professional Development	25,000	85,000	110,000	107,758	2,242
Nursing:					
Purchased Professional Services	365,000	18,500	383,500	331,233	52,267
Total Nursing	365,000	18,500	383,500	331,233	52,267

MASTERY SCHOOLS OF CAMDEN, INC.
C-1 BUDGETARY COMPARISON SCHEDULE — GENERAL FUND (CONTINUED)
(UNAUDITED)
YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES (CONTINUED)					
Support Services (Continued):					
Community Advocacy and Engagement:					
Salaries	\$ 287,096	\$ (15,000)	\$ 272,096	\$ 270,611	\$ 1,485
Benefits	128,290	(10,000)	118,290	116,588	1,702
Purchased Professional Services	37,000	(6,000)	31,000	29,648	1,352
Printing	30,000	(20,000)	10,000	8,647	1,353
Supplies	60,000	(8,000)	52,000	50,361	1,639
Total Community Advocacy and Engagement	542,386	(59,000)	483,386	475,855	7,531
Operations:					
Salaries	60,000	90,000	150,000	141,944	8,056
Benefits	26,000	44,000	70,000	55,768	14,232
Cleaning	1,400,000	(342,000)	1,058,000	1,030,539	27,461
Utilities	1,100,000	(110,000)	990,000	945,252	44,748
Building Rental	3,275,000	(10,000)	3,265,000	3,163,922	101,078
Maintenance and Repairs	1,630,000	(465,000)	1,165,000	1,083,443	81,557
Pest Control	41,000	-	41,000	34,633	6,367
Security	160,000	(35,000)	125,000	101,744	23,256
Trash and Snow	115,000	22,000	137,000	110,484	26,516
Supplies	285,000	(40,000)	245,000	200,354	44,646
Total Operations	8,092,000	(846,000)	7,246,000	6,868,083	377,917
Total Support Services	11,593,415	(1,182,500)	10,410,915	9,803,846	607,069
Capital Lease Outlay	-	-	-	275,240	(275,240)
Total Expenditures	50,325,000	(1,147,500)	49,177,500	46,805,798	2,371,702
EXCESS OF REVENUES OVER EXPENDITURES					
	600,000	2,053,500	2,653,500	4,371,068	7,024,568
OTHER FINANCING SOURCES					
Capital Leases (Nonbudgeted)	-	-	-	275,240	275,240
Proceeds from Paycheck Protection Program (Nonbudgeted)	-	-	-	5,252,870	5,252,870
Total Other Financing Sources and Uses	-	-	-	5,528,110	5,528,110
NET CHANGE IN FUND BALANCES	600,000	2,053,500	2,653,500	9,899,178	12,552,678
Fund Balance - Beginning of Year	1,838,781	408,520	2,247,301	3,280,827	1,033,526
FUND BALANCE - END OF YEAR	<u>\$ 2,438,781</u>	<u>\$ 2,462,020</u>	<u>\$ 4,900,801</u>	<u>\$ 13,180,005</u>	<u>\$ 13,586,204</u>

MASTERY SCHOOLS OF CAMDEN, INC.
C-2 BUDGETARY COMPARISON SCHEDULE — SPECIAL REVENUE FUND
(UNAUDITED)
YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources:					
Entitlement Grants	\$ 2,216,000	\$ 322,118	\$ 2,538,118	\$ 2,538,118	\$ -
IDEA Grant	484,000	9,082	493,082	493,082	-
Total Revenues	<u>2,700,000</u>	<u>331,200</u>	<u>3,031,200</u>	<u>3,031,200</u>	<u>-</u>
EXPENDITURES					
Current:					
Regular Education - Instruction:					
Other Salaries for Instruction	378,932	331,200	710,132	710,132	-
Benefits	214,866	-	214,866	214,866	-
Professional Services	5,500	-	5,500	5,500	-
Supplies	40,835	-	40,835	40,835	-
Total Regular Education - Instruction	<u>640,133</u>	<u>331,200</u>	<u>971,333</u>	<u>971,333</u>	<u>-</u>
Special Education - Instruction:					
Other Salaries for Instruction	150,800	-	150,800	150,800	-
Benefits	18,965	-	18,965	18,965	-
Professional Services	493,082	-	493,082	493,082	-
Total Special Education - Instruction	<u>662,847</u>	<u>-</u>	<u>662,847</u>	<u>662,847</u>	<u>-</u>
Administrative:					
Other Salaries	75,000	-	75,000	75,000	-
Benefits	9,435	-	9,435	9,435	-
Total Administrative	<u>84,435</u>	<u>-</u>	<u>84,435</u>	<u>84,435</u>	<u>-</u>
Support Services:					
Culture and Educational Support					
Salaries - Support Services	804,648	-	804,648	804,648	-
Benefits	250,323	-	250,323	250,323	-
Total Culture and Educational Support	<u>1,054,971</u>	<u>-</u>	<u>1,054,971</u>	<u>1,054,971</u>	<u>-</u>
Community Advocacy and Engagement:					
Salaries	195,904	-	195,904	195,904	-
Benefits	61,710	-	61,710	61,710	-
Total Community Advocacy and Engagement	<u>257,614</u>	<u>-</u>	<u>257,614</u>	<u>257,614</u>	<u>-</u>
Total Expenditures	<u>2,700,000</u>	<u>331,200</u>	<u>3,031,200</u>	<u>3,031,200</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MASTERY SCHOOLS OF CAMDEN, INC.
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
C-3 BUDGET TO U.S. GAAP RECONCILIATION
(UNAUDITED)
YEAR ENDED JUNE 30, 2020

**NOTE 1 EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND
OUTFLOWS AND U.S. GAAP REVENUES AND EXPENDITURES**

The General Fund budget basis is U.S. GAAP, therefore no reconciliation is required.

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.

MASTERY SCHOOLS OF CAMDEN, INC.
SPECIAL REVENUE FUND
E-1 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES, SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2020

	<u>Total</u>	<u>Title I Part A</u>	<u>Title I SIA</u>	<u>Title I Reallocated</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>IDEA Part B</u>
REVENUES							
Intergovernmental:							
Federal	\$ 3,031,200	\$ 2,082,684	\$ 254,200	\$ 75,300	\$ 123,718	\$ 2,216	\$ 493,082
Total Revenues	3,031,200	2,082,684	254,200	75,300	123,718	2,216	493,082
EXPENDITURES							
Current:							
Instruction:							
Regular Instruction	971,333	896,980	-	46,335	28,018	-	-
Special Education Instruction	662,847	-	169,765	-	-	-	493,082
Support Services:	-						
Culture and Educational Support	1,054,971	928,090	-	28,965	95,700	2,216	-
Community Advocacy and Engagement	257,614	257,614	-	-	-	-	-
Administrative	84,435	-	84,435	-	-	-	-
Total Expenditures	3,031,200	2,082,684	254,200	75,300	123,718	2,216	493,082
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MASTERY SCHOOLS OF CAMDEN, INC.
SPECIAL REVENUE FUND
E-2 SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES —
ALL PROGRAMS — BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**MASTERY SCHOOLS OF CAMDEN, INC.
F-1 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
F-2 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE — BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
F-3 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS — BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

PROPRIETARY FUNDS

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or there the Board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

For the year ended June 30, 2020, the School had no enterprise funds.

**MASTERY SCHOOLS OF CAMDEN, INC.
G-1 COMBINING STATEMENT OF NET ASSETS
ENTERPRISE FUND
JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
G-2 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
ENTERPRISE FUND
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
G-3 COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUND
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

INTERNAL SERVICE FUND

**MASTERY SCHOOLS OF CAMDEN, INC.
G-4 COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
G-5 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
G-6 COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

FIDUCIARY FUNDS

**MASTERY SCHOOLS OF CAMDEN, INC.
H-1 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
H-2 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
H-3 STUDENT ACTIVITY AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
H-4 PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
H-5 UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
STATISTICAL SECTION
(UNAUDITED)**

<u>Contents</u>	<u>Page</u>
<p><i>Financial Trends</i></p> <p>These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.</p>	67
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<p><i>Debt Capacity</i></p> <p>These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.</p>	78
<p><i>Demographic and Economic Information</i></p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place.</p>	82
<p><i>Operating Information</i></p> <p>These schedules contain service and infrastructure data to help the reader understand how the information in the School's financial report relates to the services the school provides and the activities it performs.</p>	85

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

FINANCIAL TRENDS

**MASTERY SCHOOLS OF CAMDEN, INC.
J-1 NET POSITION BY COMPONENT
(UNAUDITED)
LAST SIX FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GOVERNMENTAL ACTIVITIES						
Net Investment in Capital Assets	\$ 3,038,973	\$ 2,811,389	\$ 2,388,167	\$ 2,318,336	\$ 1,621,654	\$ 497,371
Unrestricted Fund Balance	<u>7,927,135</u>	<u>3,280,827</u>	<u>3,036,375</u>	<u>1,379,336</u>	<u>72,636</u>	<u>40,863</u>
Total Governmental Activities	<u>\$ 10,966,108</u>	<u>\$ 6,092,216</u>	<u>\$ 5,424,542</u>	<u>\$ 3,697,672</u>	<u>\$ 1,694,290</u>	<u>\$ 538,234</u>
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
SCHOOL-WIDE						
Net Investment in Capital Assets	\$ 3,038,973	\$ 2,811,389	\$ 2,388,167	\$ 2,318,336	\$ 1,621,654	\$ 497,371
Unrestricted	<u>7,927,135</u>	<u>3,280,827</u>	<u>3,036,375</u>	<u>1,379,336</u>	<u>72,636</u>	<u>40,863</u>
Total School-Wide Net Position	<u>\$ 10,966,108</u>	<u>\$ 6,092,216</u>	<u>\$ 5,424,542</u>	<u>\$ 3,697,672</u>	<u>\$ 1,694,290</u>	<u>\$ 538,234</u>

Source: CAFR Schedule A-1

MASTERY SCHOOLS OF CAMDEN, INC.
J-2 CHANGES IN NET POSITION
(UNAUDITED)
LAST SIX FISCAL YEARS

	2020	2019	2018	2017	2016	2015
EXPENSES						
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 18,601,852	\$ 16,735,114	\$ 14,616,291	\$ 12,532,161	\$ 9,554,357	\$ 2,850,693
Special Education Instruction	8,188,093	7,615,559	6,694,678	5,253,662	3,875,399	718,722
Summer School	113,541	129,219	-	-	-	-
Student Activities	217,578	258,949	-	-	-	-
Support Services:						
Administrative	10,913,748	9,756,464	8,356,981	6,149,983	5,440,313	1,361,231
Culture And Educational Support	3,075,888	2,908,583	2,513,784	1,781,070	1,468,260	590,934
Professional Development	107,758	23,360	24,280	22,632	4,540	-
Nursing	331,233	361,242	310,810	324,330	309,266	139,934
Psychologist	-	77,189	80,890	132,808	132,905	15,463
Community Advocacy And Engagement	733,469	663,777	704,134	680,155	422,373	238,666
Operations	6,327,120	6,716,288	5,710,878	3,109,302	1,915,990	1,066,783
Other Support Services	-	-	-	-	-	1,750
Debt Service:						
Interest	29,934	19,616	17,376	20,290	17,102	5,154
Unallocated Depreciation	693,960	581,329	489,728	415,611	305,711	90,112
Total Expenditures	<u>49,334,174</u>	<u>45,846,689</u>	<u>39,519,830</u>	<u>30,422,004</u>	<u>23,446,216</u>	<u>7,079,442</u>
REVENUES						
Governmental Activities:						
Local Sources:						
Local Share	1,540,762	1,329,323	1,193,513	940,493	840,485	181,005
State Share	47,874,294	40,871,421	36,756,000	28,888,008	21,892,898	5,471,859
Other Revenue	521,799	512,771	60,819	19,540	92,220	1,375,505
Miscellaneous	-	-	71,787	25,685	14,203	4,021
Total Local Sources	<u>49,936,855</u>	<u>42,713,515</u>	<u>38,082,119</u>	<u>29,873,726</u>	<u>22,839,806</u>	<u>7,032,390</u>
State Sources	1,240,011	1,111,724	1,012,474	896,569	592,534	180,517
Federal Sources	3,031,200	2,689,124	2,152,107	1,655,091	1,169,932	404,769
Total Revenues	<u>54,208,066</u>	<u>46,514,363</u>	<u>41,246,700</u>	<u>32,425,386</u>	<u>24,602,272</u>	<u>7,617,676</u>
NET REVENUE (EXPENSE)						
Government Activities	<u>4,873,892</u>	<u>667,674</u>	<u>1,726,870</u>	<u>2,003,382</u>	<u>1,156,056</u>	<u>538,234</u>
Total School-Wide Net Revenue	<u>\$ 4,873,892</u>	<u>\$ 667,674</u>	<u>\$ 1,726,870</u>	<u>\$ 2,003,382</u>	<u>\$ 1,156,056</u>	<u>\$ 538,234</u>

Source: CAFR Schedule A-2

MASTERY SCHOOLS OF CAMDEN, INC.
J-3 FUND BALANCES — GOVERNMENTAL FUNDS
(UNAUDITED)
LAST SIX FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GENERAL FUND						
Nonspendable:						
Prepaid Expenditures	\$ 499,873	\$ 238,958	\$ 46,673	\$ 262,801	\$ 568,001	\$ 268,513
Assigned:						
PPP Loan	5,252,870	-	-	-	-	-
Capital Reserve	-	-	-	100,000	-	-
Maintenance Reserve	-	-	-	500,000	-	-
Emergency Reserve	-	-	-	500,000	-	-
Committed:						
Capital Reserve	1,500,000	1,200,000	900,000	-	-	-
Maintenance Reserve	300,000	300,000	645,000	-	-	-
Emergency Reserve	5,600,000	1,500,000	1,405,000	-	-	-
Unassigned Fund Balance	<u>27,262</u>	<u>41,869</u>	<u>39,702</u>	<u>16,535</u>	<u>(495,365)</u>	<u>(227,650)</u>
 Total General Fund	 <u>\$ 13,180,005</u>	 <u>\$ 3,280,827</u>	 <u>\$ 3,036,375</u>	 <u>\$ 1,379,336</u>	 <u>\$ 72,636</u>	 <u>\$ 40,863</u>

Source: CAFR B-1

MASTERY SCHOOLS OF CAMDEN, INC.
J-4 CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
(UNAUDITED)
LAST SIX FISCAL YEARS

	2020	2019	2018	2017	2016	2015
REVENUES						
Local Sources:						
Local Share	\$ 1,540,762	\$ 1,329,323	\$ 1,193,513	\$ 940,493	\$ 840,485	\$ 181,005
State Share	47,874,294	40,871,421	36,756,000	28,888,008	21,892,898	5,471,859
Other Revenue	521,799	512,771	60,819	19,540	92,220	1,375,505
Miscellaneous	-	-	71,787	25,685	14,203	4,021
Total Local Sources	49,936,855	42,713,515	38,082,119	29,873,726	22,839,806	7,032,390
State Sources	1,240,011	1,111,724	1,012,474	896,569	592,534	180,517
Federal Sources	3,031,200	2,689,124	2,152,107	1,655,091	1,169,932	404,769
Total Revenues	54,208,066	46,514,363	41,246,700	32,425,386	24,602,272	7,617,676
EXPENDITURES						
Current:						
Instruction:						
Regular Instruction	18,790,506	16,993,294	14,704,976	12,856,742	10,079,633	3,044,882
Special Education Instruction	8,188,093	7,615,559	6,694,678	5,253,662	3,875,399	718,723
Summer School	113,541	129,219	-	-	-	-
Student Activities	217,578	258,949	-	-	-	-
Support Services:						
Administrative	11,135,609	10,085,296	8,502,140	6,277,429	5,531,735	1,387,089
Culture and Educational Support	3,075,888	2,912,123	2,517,284	1,784,400	1,481,130	345,542
Professional Development	107,758	23,360	24,280	22,632	4,540	-
Nursing	331,233	361,242	310,810	324,330	309,266	139,934
Psychologist	-	77,189	80,890	132,808	132,905	15,463
Community Advocacy and Engagement	733,469	663,777	704,134	680,155	422,373	238,666
Operations	6,868,083	7,149,903	6,050,469	3,786,528	2,733,518	1,281,745
Capital Lease Expenditures	275,240	147,575	39,414	98,428	344,284	147,562
Total Expenditures	49,836,998	46,417,486	39,629,075	31,217,114	24,914,783	7,319,606
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,371,068	96,877	1,617,625	1,208,272	(312,511)	298,070
OTHER FINANCING SOURCES						
Proceeds from Capital Lease Obligation (Nonbudgeted)	275,240	147,575	39,414	98,428	344,284	147,562
Proceeds from Paycheck Protection Program (Nonbudgeted)	5,252,870	-	-	-	-	-
Total Other Financing Sources	5,528,110	147,575	39,414	98,428	344,284	147,562
NET CHANGE IN FUND BALANCES	<u>\$ 9,899,178</u>	<u>\$ 244,452</u>	<u>\$ 1,657,039</u>	<u>\$ 1,306,700</u>	<u>\$ 31,773</u>	<u>\$ 445,632</u>

Source: CAFR Schedule B-2

**MASTERY SCHOOLS OF CAMDEN, INC.
 J-5 GENERAL FUND — OTHER LOCAL REVENUE BY SOURCE
 (UNAUDITED)
 LAST SIX FISCAL YEARS**

<u>Years Ended June 30</u>	<u>Private Grants</u>	<u>Miscellaneous</u>	<u>Totals</u>
2020	\$ 93,307	\$ 426,836	\$ 520,143
2019	314,460	198,311	512,771
2018	60,819	71,787	132,606
2017	19,540	25,685	45,225
2016	92,220	14,203	106,423
2015	1,375,505	4,021	1,379,526

Source: Renaissance School Records

REVENUE CAPACITY

**MASTERY SCHOOLS OF CAMDEN, INC.
J-6 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
(UNAUDITED)
LAST SIX FISCAL YEARS**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
J-7 DIRECT AND OVERLAPPING PROPERTY TAX RATES
(UNAUDITED)
LAST SIX FISCAL YEARS**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
J-8 PRINCIPAL PROPERTY TAXPAYERS
(UNAUDITED)
LAST SIX FISCAL YEARS**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
J-9 PROPERTY TAX LEVIES AND COLLECTIONS
(UNAUDITED)
LAST SIX FISCAL YEARS**

NOT APPLICABLE

DEBT CAPACITY

**MASTERY SCHOOLS OF CAMDEN, INC.
J-10 RATIOS OF OUTSTANDING DEBT BY TYPE
(UNAUDITED)
LAST SIX FISCAL YEARS**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
J-11 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
(UNAUDITED)
LAST SIX FISCAL YEARS**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
J-12 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)
LAST SIX FISCAL YEARS**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

**MASTERY SCHOOLS OF CAMDEN, INC.
J-13 LEGAL DEBT MARGIN INFORMATION
(UNAUDITED)
LAST SIX FISCAL YEARS**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
J-14 DEMOGRAPHIC AND ECONOMIC STATISTICS
(UNAUDITED)
LAST SIX FISCAL YEARS**

Year	Camden City Population ^a	Camden City Personal Income ^b	Camden County per Capita Personal Income ^c	Camden City Unemployment Rate ^d
2020	73,562	\$ 3,979,924,886	\$ 54,103	8.9 %
2019	73,973	\$ 3,837,571,294	\$ 51,878	8.9 %
2018	74,532	\$ 3,681,284,544	\$ 49,392	9.8 %
2017	74,513	\$ 3,587,428,385	\$ 48,145	10.1 %
2016	75,826	\$ 3,502,782,070	\$ 46,195	11.1 %
2015	76,219	\$ 3,411,105,126	\$ 44,754	11.1 %

^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 County estimated based upon the 2000 Census published by the Bureau of Economic Analysis.

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

OPERATING INFORMATION

**MASTERY SCHOOLS OF CAMDEN, INC.
J-15 PRINCIPAL EMPLOYERS
(UNAUDITED)
LAST SIX FISCAL YEARS**

NOT APPLICABLE

MASTERY SCHOOLS OF CAMDEN, INC.
J-16 FULL TIME EQUIVALENT RENAISSANCE SCHOOL EMPLOYEES BY FUNCTION/PROGRAM
(UNAUDITED)
LAST SIX FISCAL YEARS

FUNCTION/PROGRAM	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Instruction:						
Regular Instruction	163.0	153.0	130.0	106.0	87.0	30.0
Special Education Instruction	61.0	59.0	50.0	28.0	21.0	6.0
Other Instruction	22.0	17.0	14.0	17.0	17.7	4.5
Support Services:						
Student and Instruction Related Services	38.0	40.0	39.0	29.0	19.5	11.0
General Administration	36.0	34.0	39.0	25.0	29.3	8.0
Total	<u>320.0</u>	<u>303.0</u>	<u>272.0</u>	<u>205.0</u>	<u>174.5</u>	<u>59.5</u>

Source: Renaissance School Personnel Records

**MASTERY SCHOOLS OF CAMDEN, INC.
J-17 OPERATING STATISTICS
(UNAUDITED)
LAST SIX FISCAL YEARS**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ^a</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) ^b</u>	<u>Average Daily Attendance (ADA)</u>	<u>Percent Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2015	474	\$ 7,576,813	\$ 15,985	N/A	30	15.8	380	356	N/A	93.5 %
2016	1,523	\$ 24,570,499	\$ 16,133	N/A	108	14.1	1,391	1,284	N/A	92.3 %
2017	1,623	\$ 31,118,686	\$ 19,174	N/A	134	12.1	1,651	1,506	N/A	91.2 %
2018	2,271	\$ 39,589,661	\$ 17,433	N/A	180	12.6	2,090	1,919	N/A	91.8 %
2019	2,439	\$ 46,269,911	\$ 18,971	N/A	212	11.5	2,274	2,121	N/A	93.3 %
2020	2,856	\$ 49,561,758	\$ 17,354	N/A	224	12.8	2,635	2,532	N/A	96.1 %

Sources: Renaissance School records

Note: Enrollment based on June school count.

^a Teaching staff includes only full-time equivalents of certificated staff.

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

**MASTERY SCHOOLS OF CAMDEN, INC.
J-18 SCHOOL BUILDING INFORMATION
(UNAUDITED)
LAST SIX FISCAL YEARS**

NOT APPLICABLE

MASTERY SCHOOLS OF CAMDEN, INC.
J-19 SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
(UNAUDITED)
LAST SIX FISCAL YEARS

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.
J-20 INSURANCE SCHEDULE
(UNAUDITED)
YEAR ENDED JUNE 30, 2020**

	<u>Coverage</u>	<u>Deductible</u>
<u>School Package Policy</u>		
Building and Contents (All Locations)	\$ 455,541,050	\$ 25,000
Boiler and Machinery	83,086,619	5,000
General Liability (Each Occurrence)	1,000,000	-
General Liability (Aggregate)	3,000,000	-
Educators Legal Liability	5,000,000	50,000
General Automobile Liability	1,000,000	-
School Board Legal Liability	5,000,000	25,000
Employment Practices Liability	5,000,000	25,000
Umbrella	10,000,000	10,000
Excess Umbrella	10,000,000	-
Workers' Compensation	500,000	-
<u>Student Accident Insurance</u>		
Medical Expense Benefit	\$ 25,000	\$ -
Fidelity/Employee Theft Bond	\$ 500,000	\$ 5,000

Source: Renaissance School Records

**RENAISSANCE SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

MASTERY SCHOOLS OF CAMDEN, INC.
J-21 FINANCIAL PERFORMANCE, FISCAL RATIOS
NEAR TERM INDICATORS
(UNAUDITED)
LAST SIX FISCAL YEARS

	2020	2019	2018	2017	2016	2015
Cash	\$ 16,029,900	\$ 10,377,793	\$ 9,913,337	\$ 8,168,562	\$ 3,494,443	\$ 813,091
Current Assets	17,654,430	11,335,802	10,226,961	8,696,463	4,527,796	1,711,809
Capital Assets - Net	3,440,780	3,111,544	2,693,401	2,706,430	2,018,476	624,229
Total Assets	<u>\$ 21,095,210</u>	<u>\$ 14,447,346</u>	<u>\$ 12,920,362</u>	<u>\$ 11,402,893</u>	<u>\$ 6,546,272</u>	<u>\$ 2,336,038</u>
Current Liabilities	\$ 9,861,611	\$ 8,195,678	\$ 7,320,667	\$ 7,434,073	\$ 4,565,974	\$ 1,698,720
Long-Term Liabilities	267,491	159,452	175,153	271,148	286,008	99,084
Total Liabilities	<u>\$ 10,129,102</u>	<u>\$ 8,355,130</u>	<u>\$ 7,495,820</u>	<u>\$ 7,705,221</u>	<u>\$ 4,851,982</u>	<u>\$ 1,797,804</u>
Net Position	<u>\$ 10,966,108</u>	<u>\$ 6,092,216</u>	<u>\$ 5,424,542</u>	<u>\$ 3,697,672</u>	<u>\$ 1,694,290</u>	<u>\$ 538,234</u>
Total Revenue	\$ 54,208,066	\$ 46,514,363	\$ 41,246,700	\$ 32,425,386	\$ 24,602,272	\$ 7,617,676
Total Expenses	49,334,174	45,846,689	39,519,830	30,422,004	23,446,216	7,079,442
Change in Net Position	<u>\$ 4,873,892</u>	<u>\$ 667,674</u>	<u>\$ 1,726,870</u>	<u>\$ 2,003,382</u>	<u>\$ 1,156,056</u>	<u>\$ 538,234</u>
Depreciation	\$ 693,960	\$ 581,329	\$ 489,728	\$ 415,611	\$ 305,711	\$ 90,112
Principal Payments	173,588	152,654	122,274	107,156	74,320	20,704
Interest Payments	29,934	19,616	17,376	20,290	17,102	5,154
Final Average Daily Enrollment	2,635	2,274	2,090	1,651	1,391	380
March 30th Budgeted Enrollment	2,558	2,195	2,100	1,750	1,400	600
	2020	2019	2018	2017	2016	2015
Near Term Indicators						
Current Ratio	1.79	1.38	1.40	1.17	0.99	1.01
Unrestricted Days Cash	119	83	92	98	54	42
Enrollment Variance	1.03	1.04	1.00	0.94	0.99	0.63
Default	N/A	N/A	N/A	N/A	N/A	N/A

MASTERY SCHOOLS OF CAMDEN, INC.
J-22 FINANCIAL PERFORMANCE, FINANCIAL RATIOS
SUSTAINABILITY INDICATORS
(UNAUDITED)
LAST SIX FISCAL YEARS

	2020	2019	2018	2017	2016	2015
Cash	\$ 16,029,900	\$ 10,377,793	\$ 9,913,337	\$ 8,168,562	\$ 3,494,443	\$ 813,091
Current Assets	17,654,430	11,335,802	10,226,961	8,696,463	4,527,796	1,711,809
Capital Assets - Net	3,440,780	3,111,544	2,693,401	2,706,430	2,018,476	624,229
Total Assets	<u>\$ 21,095,210</u>	<u>\$ 14,447,346</u>	<u>\$ 12,920,362</u>	<u>\$ 11,402,893</u>	<u>\$ 6,546,272</u>	<u>\$ 2,336,038</u>
Current Liabilities	\$ 9,861,611	\$ 8,195,678	\$ 7,320,667	\$ 7,434,073	\$ 4,565,974	\$ 1,698,720
Long-Term Liabilities	267,491	159,452	175,153	271,148	286,008	99,084
Total Liabilities	<u>\$ 10,129,102</u>	<u>\$ 8,355,130</u>	<u>\$ 7,495,820</u>	<u>\$ 7,705,221</u>	<u>\$ 4,851,982</u>	<u>\$ 1,797,804</u>
Net Position	<u>\$ 10,966,108</u>	<u>\$ 6,092,216</u>	<u>\$ 5,424,542</u>	<u>\$ 3,697,672</u>	<u>\$ 1,694,290</u>	<u>\$ 538,234</u>
Total Revenue	\$ 54,208,066	\$ 46,514,363	\$ 41,246,700	\$ 32,425,386	\$ 24,602,272	\$ 7,617,676
Total Expenses	49,334,174	45,846,689	39,519,830	30,422,004	23,446,216	7,079,442
Change in Net Position	<u>\$ 4,873,892</u>	<u>\$ 667,674</u>	<u>\$ 1,726,870</u>	<u>\$ 2,003,382</u>	<u>\$ 1,156,056</u>	<u>\$ 538,234</u>
Depreciation	\$ 693,960	\$ 581,329	\$ 489,728	\$ 415,611	\$ 305,711	\$ 90,112
Principal Payments	173,588	152,654	122,274	107,156	74,320	20,704
Interest Payments	29,934	19,616	17,376	20,290	17,102	5,154
Final Average Daily Enrollment	2,635	2,274	2,090	1,651	1,391	380
March 30th Budgeted Enrollment	2,558	2,195	2,100	1,750	1,400	600
	2020	2019	2018	2017	2016	2015
Sustainability Indicators						
Total Margin	9%	1%	4%	6%	5%	7%
Debt to Asset	0.48	0.58	0.58	0.68	0.74	0.77
Cash Flow	5,652,107	464,456	1,744,775	4,674,119	2,681,352	813,091
Debt Service Coverage Ratio	27.50	7.36	16.00	19.14	16.18	24.50

SINGLE AUDIT SECTION



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

Board of Trustees
Mastery Schools of Camden, Inc.
Camden, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States 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, and each major fund of the Mastery Schools of Camden, Inc., as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Mastery Schools of Camden, Inc.'s basic financial statements, and have issued our report thereon dated October 6, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

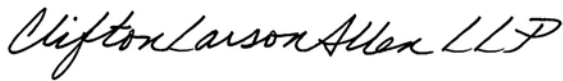
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Mastery Schools of Camden, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and *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 *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.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 6, 2020



Bruce W. Braunewell, CPA, Principal
Public School Accountant
PSA #20CS00261400
October 6, 2020



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

Board of Trustees
Mastery Schools of Camden, Inc.
Camden, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited Mastery Schools of Camden, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement and New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Mastery Schools of Camden, Inc.'s major federal and state programs for the year ended June 30, 2020. Mastery Schools of Camden, Inc.'s major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Mastery Schools of Camden, Inc.'s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of New Jersey's OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Those standards, the Uniform Guidance and State of New Jersey's OMB Circular Letter 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 Mastery Schools of Camden, Inc.'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 opinions on compliance for each major federal and state program. However, our audit does not provide a legal determination of Mastery Schools of Camden, Inc.'s compliance.

Opinion on Each Major Federal and State Program

In our opinion, Mastery Schools of Camden, Inc. 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 Mastery Schools of Camden, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mastery Schools of Camden, Inc.'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's OMB Circular Letter 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 Mastery Schools of Camden, Inc.'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 result of that testing based on the requirements of the Uniform Guidance and State of New Jersey's OMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 6, 2020



Bruce W. Braunewell, CPA, Principal
Public School Accountant
PSA #20CS00261400
October 6, 2020

MASTERY SCHOOLS OF CAMDEN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A
YEAR ENDED JUNE 30, 2020

K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Award Identification Number	Grant/ Contract Period	Grant Amount	Accrued (Deferred) Revenue at July 1, 2019	Total Received for the Year	Federal Disbursements/ Expenditures	Accrued (Deferred) Revenue at June 30, 2020	Pass-through to Subrecipients	Pass-through Entity Identifying Number
U.S. Department of Education:										
Pass-through New Jersey Department of Education:										
Every Student Succeeds Act Consolidated Grant:										
Title I, Part A	84.010	S010A160030	7/1/16 - 6/30/17	\$ 2,046,853	\$ (250,000)	\$ -	\$ 250,000	\$ -	\$ -	n/a
Title I, Part A	84.010	S010A180030	7/1/18 - 6/30/19	1,862,700	510,864	510,864	-	-	-	n/a
Title I, Part A	84.010	S010A190030	7/1/19 - 9/30/20	1,832,684	-	1,600,900	1,832,684	231,784	-	n/a
Total Title I, Part A					260,864	2,111,764	2,082,684	231,784	-	
Title I SIA	84.010A	S010A190030	7/1/19 - 9/30/20	254,200	-	198,000	254,200	56,200	-	n/a
Title I Reallocated	84.010	S010A180030	2/1/19 - 9/30/19	46,336	-	46,336	46,336	-	-	n/a
Title I Reallocated	84.010A	S010A190030	7/1/19 - 9/30/20	28,964	-	28,964	28,964	-	-	n/a
Total Title I Reallocated					-	75,300	75,300	-	-	
Title III	84.365	S365A170030	7/1/18 - 6/30/19	126,337	21,304	65,675	44,371	-	-	
Title III	84.365A	S365A190030	7/1/19 - 6/30/20	123,718	-	62,429	79,347	16,918	-	n/a
Title III - Immigrant	84.365	S011A180030	7/1/18 - 6/30/19	2,216	-	-	2,216	2,216	-	n/a
Total Title III					21,304	128,104	125,934	19,134	-	
Special Education Cluster:										
IDEA, Part B - Basic	84.027	H027A180100	7/1/18 - 6/30/19	437,092	78,667	78,667	-	-	-	n/a
IDEA, Part B - Preschool	84.027	H173A180114	7/1/18 - 6/30/19	11,519	11,519	11,519	-	-	-	n/a
IDEA, Part B - Basic	84.027	H027A190100	7/1/19 - 9/30/20	480,650	-	431,342	480,650	49,308	-	n/a
IDEA, Part B - Preschool	84.027	H173A190114	7/1/19 - 9/30/20	12,432	-	12,432	12,432	-	-	n/a
Total Special Education Cluster					90,186	533,960	493,082	49,308	-	
Total U.S. Department of Education					372,354	3,047,128	3,031,200	356,426	-	
Total Expenditures of Federal Awards					\$ 372,354	\$ 3,047,128	\$ 3,031,200	\$ 356,426	\$ -	

See accompanying Notes to Schedules of Federal and State Awards.

MASTERY SCHOOLS OF CAMDEN, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS, SCHEDULE B
YEAR ENDED JUNE 30, 2020

K-4

State Grantor Program Title	Grant or State Project Number	Grant/ Contract Period	Grant Amount	Accrued (Deferred) Revenue at July 1,2019	Total Received for the Year	Budgetary Expenditures	Accrued (Deferred) Revenue at June 30, 2020	Pass-through to Subrecipients	Pass-through Entity Identifying Number
<u>New Jersey Department of Education:</u>									
State Aid - Public Cluster:									
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	\$ 39,025,321	\$ (540,826)	\$ (475,978)	\$ 64,848	\$ -	\$ -	n/a
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	1,846,100	(25,583)	(22,513)	3,070	-	-	n/a
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	46,415,929	-	45,204,357	45,904,966	700,609	-	n/a
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	2,023,233	-	1,872,390	1,901,410	29,020	-	n/a
Total State Aid - Public Cluster				(566,409)	46,578,256	47,874,294	729,629	-	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-003	7/1/14-6/30/15	180,517	180,517	-	-	180,517	-	n/a
Reimbursed TPAF Social Security Contributions	16-495-034-5095-003	7/1/15-6/30/16	592,534	592,534	-	-	592,534	-	n/a
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	7/1/16-6/30/17	767,169	767,169	-	-	767,169	-	n/a
Reimbursed TPAF Social Security Contributions	18-495-034-5095-003	7/1/17-6/30/18	943,248	943,248	-	-	943,248	-	n/a
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	1,017,113	1,017,133	-	-	1,017,133	-	n/a
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	1,142,956	-	-	1,142,956	1,142,956	-	n/a
Total Reimbursed TPAF Social Security Contributions				3,500,601	-	1,142,956	4,643,557	-	
Total New Jersey Department of Education				2,934,192	46,578,256	49,017,250	5,373,186	-	
Total Expenditures of State Awards				\$ 2,934,192	\$ 46,578,256	\$ 49,017,250	\$ 5,373,186	\$ -	

See accompanying Notes to Schedules of Federal and State Awards.

MASTERY SCHOOLS OF CAMDEN, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2020

K-5

NOTE 1 GENERAL INFORMATION

The accompanying Schedules of Expenditures of Federal and State Awards present the activities of the federal and state financial assistance programs of Mastery Schools of Camden, Inc. (the School). Financial awards received directly from federal and state agencies, as well as financial assistance passed through other governmental agencies or nonprofit organizations, are included in the schedule.

NOTE 2 BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards include the federal and state grant activity of the School and are presented on the accrual basis of accounting. The information in these schedules are 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* and the State of New Jersey's OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

NOTE 4 INDIRECT COST RATE

Mastery Schools of Camden, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**MASTERY SCHOOLS OF CAMDEN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

K-6

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal and State Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.027	Special Education Cluster – IDEA, Part B

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

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

**MASTERY SCHOOLS OF CAMDEN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

K-6

Section I – Summary of Auditors’ Results (Continued)

Identification of Major State Programs (Continued)

GMIS Number(s)	Name of State Program or Cluster
<u>State Aid – Public Cluster</u> 20-495-034-5120-078 20-495-034-5120-089	Equalization Aid Special Education Categorical Aid

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 1,470,517

Auditee qualified as low-risk auditee?

 X yes _____ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal and State Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a) and the State of New Jersey’s OMB Circular Letter 15-08.

K-7

Section IV – Prior Audit Findings

There were no prior year findings required to be reported under the Federal Single Audit Act and the State Single Audit Act.

