



**LEAP Academy**  
UNIVERSITY SCHOOL

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
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## **INTRODUCTORY SECTION**

February 3, 2021

Members of the Board of Trustees

Members of the LEAP Academy University Charter School Community

County of Camden, New Jersey

Dear Board Members/School Community Members:

The comprehensive annual financial report of the LEAP Academy University Charter School for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the LEAP Academy University Charter School and its governing body, the Board of Trustees. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects, reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

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

LEAP Academy provides a full range of educational services appropriate to grade levels K-12. These include regular, as well as special education for handicapped and special needs youngsters, and English as the Second Language services for students with limited proficiency of the English language. The Charter School completed the 2019-2020 fiscal year with 1,540 students. The following details the changes in the student enrollment of the Charter School since 1997:

**BOARD OF TRUSTEES**

**OFFICERS**

Gloria Bonilla-Santiago, Ph.D., Chairperson  
Michael Palis, Ph.D., Vice-Chair  
Hector Nieves, Secretary

**PUBLIC MEMBERS**

Israel Castro  
Dr. Mathew Closter  
Jonathan Gonzalez  
John Hall  
Dr. Anthony Lowan  
Cal Maradonna  
Betty Mengesha  
Dr. Yosmeriz Roman  
Omar Samaniego  
Margo Venable

**PARENT REPRESENTATIVES**

Mathew Goodwin  
Hector Nieves  
Gladys G. Novoa  
Brenda Ortiz  
Lisa Wright

**CHIEF OPERATIONS OFFICER/LEAD PERSON**

Stephanie Rogers

**CHIEF ACADEMIC OFFICER**

Dr. Nurka L. Nieves

**CHIEF FINANCIAL OFFICER/SBA**

Yusein Durakov

**CHIEF MEDICAL OFFICER**

Dr. Velmina Rivera

**BOARD LIAISON**

Wanda I. Garcia, MSW, MS

**STEM ELEMENTARY**

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

**STEM UPPER ELEMENTARY**

532 Cooper Street, Camden, NJ 08102  
(856) 614-0400

**STEM INTERMEDIATE**

549 Cooper Street, Camden, NJ 08102  
(856) 614-3292/3290

**STEAM HIGH SCHOOL**

130 North Broadway, Camden, NJ 08102  
(856) 614-0400

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2019-2020	1,540	1.99%
2018-2019	1,510	-9.8%
2017-2018	1,525	-2.1%
2016-2017	1,558	8.49%
2015-2016	1,436	4.89%
2014-2015	1,369	4.26%
2013-2014	1,313	9.96%
2012-2013	1,194	38.8%
2011-2012	860	2.2%
2010-2011	751	-2.9%
2009-2010	774	2.2%
2008-2009	757	-1.3%
2007-2008	767	-0.13%
2006-2007	768	9.5%
2005-2006	701	3.0%
2004-2005	680	4.9%
2003-2004	648	9.0%
2002-2003	594	10.0%
2001-2002	540	11.1%
2000-2001	486	12.5%
1999-2000	432	14.2%
1998-1999	378	16.6%
1997-1998	324	

**OVERVIEW OF THE LEAP ACADEMY UNIVERSITY CHARTER SCHOOL:** LEAP Academy and all its stakeholders have continued to rally behind its founding mission to “enhance opportunities for the children and families of Camden through the collaborative design, implementation, and integration of education, health, and human services programs and through community development.” The missionary spirit of the LEAP Academy is reaffirmed by a profound commitment to the Camden community and by a deep belief in the potential of every one of the LEAP students to be successful. The underlying foundation for the school’s strategic trajectory is the collective conviction of all stakeholders that education is the path out of poverty for children that are raised in families that have been isolated from opportunity and where good schools are embedded in local development efforts.

This year, the COVID-19 pandemic radically changed our approaches to teaching and learning as the school, like every school in the nation, transitioned to an all-remote learning modality. LEAP’s transition was facilitated by the structures already in place and the staff talent and expertise with online education. LEAP has invested a myriad of resources, time, and effort to ensure that the transition for students and for families was learner-targeted and provided families with the tools and support to adjust to a new reality. Through focused school leadership, a supportive Board of Trustees and an organizational culture and climate that sustains the school during challenging times, a rapid response was implemented and a transition to a 100% remote learning instructional program was implemented.

Over the last 23 years, LEAP Academy has successfully set-in motion a collective process that has transformed public education in Camden City and has shown tremendous success with its record of high school graduation and college placement rates, since 2005 when the first seniors graduated from the school.

In two decades, LEAP Academy has become a community and economic engine for the City, a hub for educational innovation and entrepreneurship, and most importantly a strategic partner with parents



and children in the creation and implementation of a comprehensive school model that meets the needs of all family members and empowers student to succeed in college, career, and life.

Anchoring LEAP Academy's success has been its laser-sharp focus on closing the achievement gap and ensuring college preparation and completion for African American and Latino students by building a cradle to college and career educational pipeline along Cooper Street. The LEAP Academy Class of 2020 was the 16th consecutive graduating cohort to accomplish 100% college placement. Below are the highlights of the graduating class:

- Hung Nguyen became LEAP Academy's fourth recipient of the prestigious Gates Foundation Scholarship, joining previous LEAP recipients Casandra Monroe - 2014 Princeton, Destiny Bingham - 2014 University of Pennsylvania, and Cindy Le - 2014 Rutgers University. Hung will utilize this prestigious scholarship as a Computer Sciences major at the University of Pennsylvania, becoming the fourth LEAP alumni to join the Quaker family, following Destiny Bingham - 2014, Sidia Mustapha - 2015, and Criston Young 2019.
- The LEAP Academy Class of 2020 was the seventh consecutive graduating cohort to exceed \$3 million in academic and merit-based scholarships awarded. This year's graduating class amassed a total of \$4.2 million in merit-based scholarship offers from colleges and universities
- Members of the LEAP Academy Class of 2020 gained acceptance to some of the top colleges and universities in the nation, including the University of Pennsylvania, George Mason University, Xavier University, Howard University, Temple University, Spelman College, Rutgers University, and Drexel University- amassing over 350 total college and university acceptances to prestigious institutions nationwide.
- Members of the LEAP Academy Class of 2020 were granted \$30,000 in total scholarships through the Rutgers University's Alfredo Santiago Endowment Fund and the Peter Burke Memorial Scholarship Fund -- two separate endowments established by LEAP Founder and Board Chair Gloria Bonilla Santiago to help the graduates of LEAP Academy offset the rising cost of higher education.
- The class of 2020 received additional scholarships from Rutgers Future Scholars, Battleship NJ Camden Resident Scholarship Program, Masonic Lodge No. 1, and the Ivy Legacy Foundation.
- Ten LEAP students earned the State Seal of Bi-literacy this year, allowing them to capitalize on the strengths of being ESL students.
- The Camden County Best in Class Award was presented to six members of the graduating class: Best Overall Student - Hung Nguyen, Leadership Award - Inaaya Coleman, School Spirit Award - Hakeem Evans, Most Improved Student - Zaria Edelson, Performing Arts Award - Shaline Mendez.

The success of our LEAP alumni is also an important measure of success. Below are highlights of these accomplishments:

- LEAP Class of 2010 Alumnus Jonathan Gonzalez, a graduate of the University of Rochester, recently accepted a position as a Program Associate with the Rockefeller Foundation in Midtown Manhattan, where he will focus on philanthropic efforts to support urban revitalization, job development, economic growth in Opportunity Zones in cities across America. He also serves as Trustee of the school.
- LEAP Class of 2014 Valedictorian Destiny Bingham began her second year as a Teacher Fellow in the Teach for America Program in the Baltimore Public School District, in addition to pursuing a graduate degree in the Johns Hopkins University School of Education.
- LEAP Class of 2014 alumnus Cindy Le recently began her journey into graduate studies in the University of Michigan School of Public Health.
- LEAP Class of 2014 alumnus Deja Moore recently began graduate studies in the Drexel University School of Public Health, where she will focus on Population Health and Public Health studies.

- LEAP Class of 2011 alumnus Felisha Robinson recently completed graduate studies at the Thomas Jefferson University School of Pharmacy, receiving her Master's in Pharmacology, and she now serves as Research Technician and Teaching Assistant.
- LEAP Class of 2010 graduate Melissa Edmond officially became the first LEAP alumnus to become a doctor when she completed her Doctorate of Pharmacology at the South University School of Pharmacy in Savannah, Georgia.
- In Spring 2019, LEAP Class of 2015 Valedictorian Sidia Mustapha completed her undergraduate studies in Psychology at the University of Pennsylvania, and she recently accepted a position at the Center for Autism Research at Children's Hospital of Philadelphia.

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

It is important to include in this discussion the inadequacies in funding of charter schools as part of the economic challenges we face. By design in New Jersey, charter schools do not receive facilities and only a portion of what the local district receives on per pupil basis. Charter schools do not receive adjusted aid and therefore the local district retains over \$6,000 for each student that attends a charter school. This funding scenario has resulted in a growing disparity between what charter school students receive and the aid that is available for other public-school students. Addressing the funding disparity in an equitable and fair way is critical to the long-term sustainability of charter schools in New Jersey.

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

**BUDGETARY CONTROLS:** In addition to internal accounting controls, the School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees. Annual

appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as a reappropriation of fund balances in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.

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

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

**DEBT ADMINISTRATION:** The Charter School’s outstanding debt, including the component unites, at the close of the fiscal year was \$27,018,916.70. This debt is for bonds issued for the construction of or improvements to school facilities, loans payable for the lower school facility including improvements to the flooring, construction of the S.T.E.M. building and for implementation of a wireless network and capital leases for computers and furniture.

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

The School utilized TD Bank as its main depository for school funds. The Business Administrator utilizes the investment vehicles available through TD Bank. This program meets the G.U.D.P.A. requirements. The school’s funds are maintained in interest bearing accounts allowing the school to maximize interest and yet maintain the liquidity needed to meet its obligations.

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

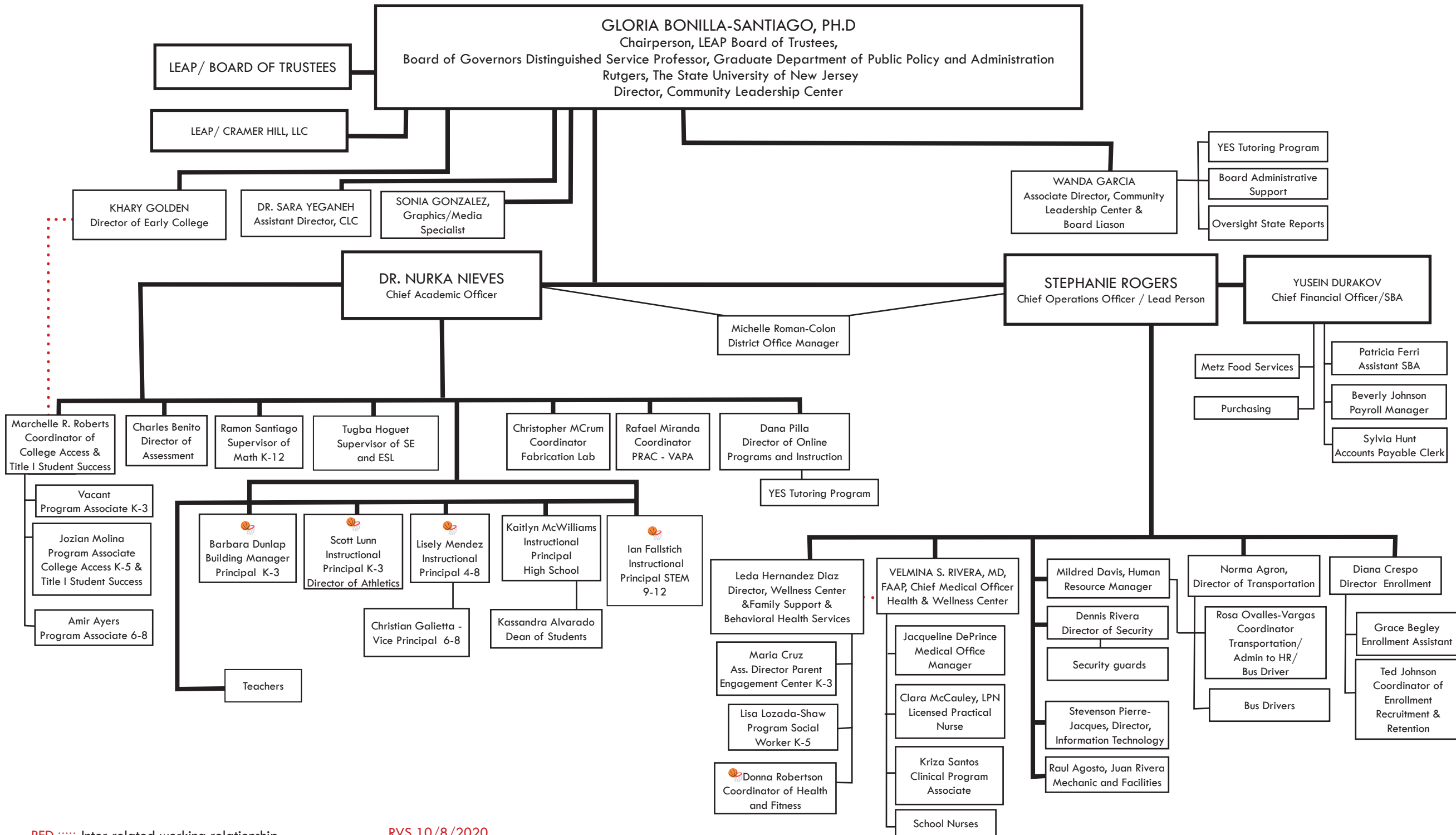
**OTHER INFORMATION:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company was selected by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit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


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

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'G. Bonilla-Santiago', with a long horizontal stroke extending to the right.

Dr. Gloria Bonilla-Santiago  
Board Chair



RED ..... Inter-related working relationship  
 = Works with all principals to design sports program

RVS 10/8/2020

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**CAMDEN, NEW JERSEY**  
**ROSTER OF OFFICIALS**  
**June 30, 2020**

**Members of the Board of Trustees**

**Officers:**

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

**Public Members:**

Israel Castro  
Dr. Mathew Closter  
Jonathan Gonzalez  
John Hall  
Cal Maradonna  
Bette Mengasha  
Omar Samaniego  
Margo Venable

**Parent Representatives:**

Mathew Goodwin  
Hector Nieves  
Gladys G. Novoa  
Brenda Ortiz

**Staff:**

Stephanie Rogers	Chief Operations Office/Lead Person
Yusein Durakov	Chief Financial Officer/School Business Administrator
Wanda Garcia	Board Liaison

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

**Consultants and Advisors**

**Audit Firm**

Bowman & Company LLP  
601 White Horse Road  
Voorhees, NJ 08043-2493

**Attorneys**

Dilworth Paxson  
1500 Market St. 3500E  
Philadelphia, PA 19102

**Official Depositories**

TD Bank  
1701 Route 70 East  
Cherry Hill, NJ 08034

Republic Bank  
780 Route 70 W  
Marlton, NJ 08053

**FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component units, each major fund, and the aggregate remaining fund information of the LEAP Academy University Charter School, Inc. in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the blended component units, each major fund, and the aggregate remaining fund information of the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

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

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

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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2021 on our consideration of the LEAP Academy University Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the LEAP Academy University Charter School, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LEAP Academy University Charter School, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



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

Voorhees, New Jersey  
February 3, 2021

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the blended component units, each major fund, and the aggregate remaining fund information of the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated February 3, 2021.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



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

Voorhees, New Jersey  
February 3, 2021

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

As management of the LEAP Academy University Charter School, Inc. (hereafter referred to as the "Charter School"), we offer readers of the Charter School's annual financial report this narrative overview and analysis of the financial activities for the fiscal year that ended on June 30, 2020. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. As required, certain comparative information between the current fiscal year (2019-2020) and the prior fiscal year (2018-2019) is presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

- The net position of the Charter School, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$2,996,736.26 at the close of the current fiscal year. Of this amount, \$2,622,881.87 represents net position of governmental activities and \$373,854.39 for Business-Type activities. At June 30, 2019, these were \$3,946,151.77 and \$436,002.21 respectively.
- As of the close of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances of \$5,009,959.19, an increase of \$2,980,463.67, in comparison with the prior fiscal year combined ending fund balances, which were \$2,029,495.52.
- The Charter School entered into a loan agreement for \$5,385,890.00. The proceeds were used to refinance existing debt \$2,300,693.60, provide funding for building improvements for the lower elementary school \$1,000,000.00, provide funding for a cash reserve \$2,014,777.85 and cover closing costs.

### **USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

#### **Reporting the Charter School as a Whole**

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

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

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

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

Reporting the Charter School's Most Significant Funds

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

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

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

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

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

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

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



**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

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

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

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

**THE CHARTER SCHOOL AS A WHOLE**

Table A-1 provides a summary of the Charter School's net position for fiscal years 2020 and 2019.

**Table A-1**  
**Statements of Net Position**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current and Other Assets	\$ 7,882,871.62	\$ 4,744,845.77	\$ 155,850.38	\$ 422,942.27	\$ 8,038,722.00	\$5,167,788.04
Capital Assets	32,077,918.09	33,418,966.09	196,965.17	201,211.85	32,274,883.26	33,620,177.94
<b>Total Assets</b>	<b>39,960,789.71</b>	<b>38,163,811.86</b>	<b>352,815.55</b>	<b>624,154.12</b>	<b>40,313,605.26</b>	<b>38,787,965.98</b>
Deferred Outflows of Resources - Related to Pensions	5,538,285.00	4,675,098.00			5,538,285.00	4,675,098.00
Long-term Liabilities	35,866,222.43	32,774,919.31			35,866,222.43	32,774,919.31
Other Liabilities	3,384,354.41	3,161,177.78	(21,038.84)	188,151.91	3,363,315.57	3,349,329.69
<b>Total Liabilities</b>	<b>39,250,576.84</b>	<b>35,936,097.09</b>	<b>(21,038.84)</b>	<b>188,151.91</b>	<b>39,229,538.00</b>	<b>36,124,249.00</b>
Deferred Inflows of Resources - Related to Pensions	3,625,616.00	2,956,661.00			3,625,616.00	2,956,661.00
Net Position						
Net Investment in Capital Assets	8,059,001.39	8,490,522.50	196,965.17	201,211.85	8,255,966.56	8,691,734.35
Restricted	2,214,050.31	1,075,482.27				1,075,482.27
Unrestricted (Deficit)	(7,650,169.83)	(5,619,853.00)	176,889.22	234,790.36	(7,473,280.61)	(5,385,062.64)
<b>Total Net Position</b>	<b>\$ 2,622,881.87</b>	<b>\$ 3,946,151.77</b>	<b>\$ 373,854.39</b>	<b>\$ 436,002.21</b>	<b>\$ 2,996,736.26</b>	<b>\$4,382,153.98</b>

**Governmental Activities**

In the governmental activities, total assets increased by \$1,796,977.85. Overall, the Charter School's cash position increased \$3,379,090.27 since June 30, 2019. Receivables decreased (\$241,064.42). Capital assets (net) decreased by (\$1,341,048.00) because the depreciation of existing assets exceeded the value of newly acquired capital assets.

Deferred outflows increased \$863,187.00 because of GASB 68 for the Charter School's participation in various pension plans.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

**Governmental Activities**

Total liabilities increased by \$3,314,479.75. Most significant was a net increase in noncurrent liabilities of \$3,234,525.13. This included a net increase in loans payable of \$3,864,795.56; an increase for net pension liability of \$1,121,010.00 and an increase for compensated absences of \$23,042.02 offset with net decreases for capital leases of (\$262,925.65); and bonds payable of (\$1,511,396.80) Also contributing to the net increase in liabilities were a short-term loan \$350,000.00; an increase in internal balances of \$16,213.70, an increase in amounts payable to local government \$118,998.35; increase in unearned revenue of \$3,500.00 offset by decreases in accounts payable (\$398,249.62); and accrued interest payable (\$10,507.81).

Deferred inflows of resources increased by \$668,955.00 because of GASB 68 for the Charter School's participation in various pension plans.

At June 30, 2020, net position was \$2,622,881.87, a decrease of (\$1,323,269.90) over the net position at June 30, 2019, which was \$3,946,151.77.

The largest portion of net position, \$8,059,001.39 is the Charter School's net investment in capital assets. This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Charter School uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the Charter School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities. At June 30, 2019, net investment in capital assets was \$8,490,522.50.

An additional component of the Charter School's net position represents resources that are restricted, which totaled \$2,214,050.31 consisting of amounts restricted for debt service, grant expenditures and other restricted purposes. At June 30, 2019, restricted net position was \$1,075,482.27.

The third and final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current fiscal year, the Charter School's unrestricted net position was a deficit of (\$7,650,169.83). At June 30, 2019, unrestricted deficit was (\$5,619,853.00).

**Business-Type Activities**

In the business-type activities, total assets decreased (\$271,338.57). The cash position decreased (\$137,558.77). Accounts receivable decreased (\$137,787.99). Inventories increased by \$8,254.87. Capital assets net of accumulated depreciation decreased by (\$4,246.68).

Liabilities decreased by (\$209,190.75). This includes accounts payable that decreased (\$192,803.29); and unearned revenue that decreased (\$173.76) offset with internal balances with governmental activities that increased \$16,213.70.

At June 30, 2020, net position was \$373,854.39 comprised of net investment in capital assets of \$196,965.17 and unrestricted net position of \$176,889.22. At June 30, 2019, net position was \$436,002.21 comprised of net investment in capital assets of \$201,211.85 and unrestricted net position of \$234,790.36.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-2 reflects changes in net position for fiscal years 2020 and 2019.

<b>Table A-2</b>						
<b>Changes in Net Position</b>						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>						
Program Revenues:						
Charges for Services			\$ 275,041.45	\$ 346,881.42	\$ 275,041.45	\$ 346,881.42
Operating Grants and Contributions	\$ 5,898,615.12	\$ 6,490,944.72	743,550.02	1,147,708.51	6,642,165.14	7,638,653.23
Capital Grants and Contributions	61,136.22	14,189.25			61,136.22	14,189.25
General revenues:						
Charter School Aid	20,425,934.00	19,715,084.00			20,425,934.00	19,715,084.00
State and Federal Aid - Not Restricted	310,972.27	749,369.20			310,972.27	749,369.20
Investment Earnings	49,533.10	66,871.78	1,246.87	1,923.22	50,779.97	68,795.00
Miscellaneous Income	572,443.38	701,045.96			572,443.38	701,045.96
Loss on Disposal of Capital Assets		(2,440.00)				(2,440.00)
Special Item: Forgiveness of Debt		1,965,218.00				1,965,218.00
<b>Total Revenues</b>	<b>27,318,634.09</b>	<b>29,700,282.91</b>	<b>1,019,838.34</b>	<b>1,496,513.15</b>	<b>28,338,472.43</b>	<b>31,196,796.06</b>
<b>Expenses</b>						
Regular Instruction	8,609,789.72	8,342,376.11			8,609,789.72	8,342,376.11
Special Education Instruction	583,395.47	679,767.03			583,395.47	679,767.03
Bilingual Education Instruction	120,221.27	138,248.83			120,221.27	138,248.83
School Sponsored Extra Curricular Activities Instruction	3,200.00	9,569.40			3,200.00	9,569.40
School Sponsored Athletics Instruction	80,870.16	111,199.92			80,870.16	111,199.92
Summer School	90,196.00	71,907.54			90,196.00	71,907.54
Community Service Programs	559,795.24	531,565.96			559,795.24	531,565.96
Support Services and Undistributed Costs:						
Student and Instruction Related Services	2,323,990.93	2,545,192.06			2,323,990.93	2,545,192.06
School Administrative Services	1,196,541.34	1,160,370.67			1,196,541.34	1,160,370.67
Other Administrative Services	2,707,841.94	2,268,643.20			2,707,841.94	2,268,643.20
Plant Operations and Maintenance	2,143,560.05	2,347,684.88			2,143,560.05	2,347,684.88
Pupil Transportation	293,296.24	320,861.64			293,296.24	320,861.64
Unallocated Benefits	8,778,410.73	8,991,062.37			8,778,410.73	8,991,062.37
Interest on Long Term Debt	1,150,794.90	1,231,662.84			1,150,794.90	1,231,662.84
Food Services			1,081,986.16	1,447,335.09	1,081,986.16	1,447,335.09
<b>Total Expenses</b>	<b>28,641,903.99</b>	<b>28,750,112.45</b>	<b>1,081,986.16</b>	<b>1,447,335.09</b>	<b>29,723,890.15</b>	<b>30,197,447.54</b>
<b>Net Increase/(Decrease) in Net Position</b>	<b>(1,323,269.90)</b>	<b>950,170.46</b>	<b>(62,147.82)</b>	<b>49,178.06</b>	<b>(1,385,417.72)</b>	<b>999,348.52</b>
<b>Net Position -- July 1</b>	<b>3,946,151.77</b>	<b>2,995,981.31</b>	<b>436,002.21</b>	<b>386,824.15</b>	<b>4,382,153.98</b>	<b>3,382,805.46</b>
<b>Net Position -- June 30</b>	<b>\$ 2,622,881.87</b>	<b>\$ 3,946,151.77</b>	<b>\$ 373,854.39</b>	<b>\$ 436,002.21</b>	<b>\$ 2,996,736.26</b>	<b>\$ 4,382,153.98</b>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

**Governmental Activities**

During fiscal year 2020, the Charter School's total revenues decreased by (\$2,381,648.82) decreasing from \$29,700,282.91 in fiscal year 2019 to \$27,318,634.09 in fiscal year 2020. The net increase in total revenues is largely attributable to the following:

- In fiscal year 2019, the Charter School received forgiveness of debt for \$1,965,218.00, which contributed to higher revenue in the prior fiscal year.
- Operating Grants and Contributions decreased (\$590,585.38). This revenue includes restricted grants from federal and local sources and TPAF Social Security, Pensions and the implementation of GASB 75, which are funded by the State of New Jersey.
- Capital grants increased \$45,202.75. This revenue is realized when grants are used for the purchase of capital assets.
- State and Federal Aid, which is not restricted, decreased (\$438,396.93). This revenue includes Adjustment Aid and Nonpublic Aid received direct from the State of New Jersey and federal SEMI Medicaid.
- Investment earnings decreased (\$17,338.68).
- Miscellaneous revenues decreased (\$128,602.58).
- The Charter School had an increase in Charter School Aid of \$710,850.00. This increase was the Local Levy Equalization Aid State and Local Share, which increased \$622,492.00, Security Aid that increased \$44,709.00 and Special Education Aid, which increased \$43,649.00.

During fiscal year 2020, the Charter School's total expenses decreased by (\$108,208.46), decreasing from \$28,750,112.45 in fiscal year 2019 to \$28,641,903.99 in fiscal year 2020.

- Instruction increased \$134,603.79.
- Community Service Programs comprised of the clinic increased \$28,229.28.
- Support services and undistributed costs, which included student and instruction related services, administrative services, plant operations and maintenance and pupil transportation experienced a net increase of \$22,478.05.
- Employee benefits that includes TPAF Social Security, Pensions and the implementation of GASB 75 decreased (\$212,651.64).
- Interest on long-term debt decreased by (\$80,867.94).

**Business-Type Activities**

For 2020, business-type revenues were \$1,019,838.34, a 32% decrease over the 2019 revenues, which were \$1,496,513.15. This is primarily due to the school being closed beginning in March 2020 due to the COVID-19 pandemic.

The largest sources of business-type revenues (73%) were for operating grants \$74,550.02. These were \$1,147,708.51 in 2019. Charges for services were \$275,041.45 27% in 2020. Charges for services in 2019 were \$346,881.42.

Expenditures for business-type activities were \$1,081,986.16 in 2020, a decrease of (\$365,348.93) over expenditures of \$1,447,335.09 in 2019.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-3 reflects the total cost of services in the governmental activities and the net cost offset with program revenues for fiscal years 2020 and 2019.

**Table A-3**  
**Net Cost of Governmental Activities**

	<u>Source</u>	<u>2020</u>		<u>2019</u>	
		<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<b>Governmental Activities:</b>					
Regular Instruction	A-2	\$ 8,609,789.72	\$ 7,944,874.76	8,342,376.11	7,645,452.34
Special Education Instruction	A-2	583,395.47	583,395.47	679,767.03	679,767.03
Bilingual Education Instruction	A-2	120,221.27	120,221.27	138,248.83	138,248.83
School Sponsored Extra Curricular Activities Instruction	A-2	3,200.00	3,200.00	9,569.40	9,569.40
School Sponsored Athletics Instruction	A-2	80,870.16	80,870.16	111,199.92	111,199.92
Summer School	A-2	90,196.00	90,196.00	71,907.54	71,907.54
Community Service Programs	A-2	559,795.24	559,795.24	531,565.96	531,565.96
Support Services and Undistributed Costs:					
Student and Instruction Related Services	A-2	2,323,990.93	1,596,110.06	2,545,192.06	1,758,333.48
School Administrative Services	A-2	1,196,541.34	1,196,541.34	1,160,370.67	1,160,370.67
Other Administrative Services	A-2	2,707,841.94	2,707,841.94	2,268,643.20	2,268,643.20
Plant Operations and Maintenance	A-2	2,143,560.05	2,143,560.05	2,347,684.88	2,347,684.88
Pupil Transportation	A-2	293,296.24	293,296.24	320,861.64	320,861.64
Unallocated Benefits	A-2	8,778,410.73	4,211,455.22	8,991,062.37	3,969,710.75
Interest on Long Term Debt	A-2	1,150,794.90	1,150,794.90	1,231,662.84	1,231,662.84
<b>Total Governmental Activities</b>		<b>\$28,641,903.99</b>	<b>\$22,682,152.65</b>	<b>\$28,750,112.45</b>	<b>\$22,244,978.48</b>

THE CHARTER SCHOOL'S FUNDS

Governmental Funds

As the Charter School completed the fiscal year, its governmental funds reported a *combined* fund balance of \$5,009,959.19, an increase of \$2,980,463.67 over the balance of \$2,029,495.52 at June 30, 2019. Of the aforementioned combined ending fund balances, the general fund had an unassigned fund balance of \$779,652.63. The remainder of fund balances are restricted or assigned to indicate that it is not available for new spending because it has already been earmarked. These are (1) restricted for debt service reserve \$57,126.66; (2) restricted for a state mandated charter school escrow reserve \$75,000.00; (3) restricted by the Charter School's agreements with its financial institution \$3,000,000.00; (4) restricted for local grants in the special revenue fund \$21,863.04; (5) restricted for a future capital project \$1,000,000.00; or (5) assigned for fiscal year-end encumbrances \$76,016.86. As mentioned previously, the financial activity of LEAP Cramer Hill, LLC and LEAP STEM, LLC, of which LEAP Academy University Charter School, Inc. is the sole member is not included in the fund financial statements.

*General Fund* - The general fund is the general operating fund of the Charter School and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, the Charter School has an unassigned fund balance in the general fund of \$779,952.63.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

**THE CHARTER SCHOOL'S FUNDS (CONT'D)**

*General Fund (Cont'd)* - During the current fiscal year, the fund balance of the Charter School's general fund increased \$1,972,759.17. The primary factors affecting the fund balance of the general fund are as follows:

- Revenues increased \$253,765.31 from \$23,638,653.12 in 2019 to \$23,892,418.43 in 2020. This was primarily from an increase of \$421,949.11 from state sources, which revenues passing through the students' district of residence, direct state aid and TPAF Social Security and Pension that are state funded offset by decreases of (\$147,750.87) from local sources, primarily the clinic and (\$20,432.93) from federal sources which is SEMI Medicaid.
- Expenditures decreased (\$83,854.28) from \$24,018,291.39 in fiscal year 2019 to \$23,934,437.11 in the current fiscal year. Expenditure for instruction increased \$170,851.02. Expenditures for community service programs increased \$24,177.68. Combined expenditures for Support Services and Undistributed Costs which includes Student and Instruction Related Services, Administrative Services, Plant Operations, Pupil Transportation and Employee Benefits (including TPAF Social Security and Pensions) increased by \$370,570.47. Payments for debt service decreased (\$261,015.43). Capital Outlay decreased (\$388,438.02).
- Net Other Financing Sources and (Uses) changed from a net (uses) in 2019 of (\$683,579.31) to a net sources in 2020 of \$2,014,777.85. The following table presents the changes in Other Financing Sources (Uses):

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Other Financing Sources and (Uses)			
Leases Acquired		\$ 80,730.00	\$ (80,730.00)
Sinking Fund Deposits		75,444.62	(75,444.62)
Loan Proceeds	\$ 4,385,890.00	7,500,000.00	(3,114,110.00)
Repayment of Debt	(2,300,684.77)	(8,228,093.81)	5,927,409.04
Closing Costs	(69,843.91)	(71,747.63)	1,903.72
Interest on Debt		(39,912.49)	39,912.49
Prepaid Interest	(583.47)		(583.47)
	<u>2,014,777.85</u>	<u>(683,579.31)</u>	<u>2,698,357.16</u>

*Special Revenue Fund* - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Fiscal year 2020 activity resulted from the Charter School administering and operating programs funded by the following federal awards: Title I, Part A; Title II, Part A, Title III; Title III Immigrant; Title IV; and I.D.E.A. Part B and some local awards. Total revenues were \$1,624,892.72 and total expenditures were \$1,617,188.22 from these programs, which exceeded the revenues and expenditures of the previous fiscal year of \$1,748,278.46 and \$1,744,530.98 respectively.

*Capital Projects Fund* - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from loans obtained for the specific capital purposes. At June 30, 2020, fund balance in the capital projects fund was \$1,000,000.00. At June 30, 2019, there was no fund balance in the capital projects fund.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL'S FUNDS (CONT'D)

Proprietary Funds

*Food Service Fund* - as the Charter School completed the fiscal year, the Charter School's total net position of the food service fund was \$373,854.39, which was comprised of \$196,965.17 of net investment in capital assets and \$176,889.22 unrestricted net position. During the fiscal year, the net position of the food service fund decreased by (\$62,147.82) over the net position at June 30, 2019 of \$436,002.21.

General Fund Budgetary Highlights

During the fiscal year, the Charter School had a budget modification due to changes in various revenue sources. The final revenue anticipated was \$20,370,721.29, a decrease of (\$1,599,560.71) over the original anticipated revenue of \$21,970,282.00. Total budgeted revenues realized equaled \$23,892,418.43, which was \$3,521,697.14 in excess of the budget estimate. This excess was attributable to the Charter School's on-behalf T.P.A.F. pension contributions and T.P.A.F. Social Security Reimbursed that totaled \$2,718,035.62; nonpublic state aid \$225,506.00, Charter School Aid \$129,700.00; local sources \$428,509.25 and federal sources \$19,946.27. These excess were either amount that were not budgeted or revenue sources in excess of the amounts budgeted.

The final budgetary basis expenditure appropriation estimate was \$22,824,012.21. This is an increase of \$62,150.00 over the original budgeted estimate. Actual expenditures were \$23,934,437.11 and in excess of the final budget estimate by (\$1,110,424.90). Since expenditures include the amounts recorded for T.P.A.F. social security contributions and T.P.A.F. pension contributions mentioned under revenue above which is not budgeted, this excess is not an overexpenditure of any appropriations.

Special Revenue Fund Budgetary Highlights

Differences between the original budget and the final modified budget totaled \$329,390.87 (increase in budgeted revenues and appropriations). The modifications resulted from approved increases in federal awards, which were not known at the time the annual budget was adopted and the appropriation of local grant awards.

Capital Projects Fund Budgetary Highlights

For the fiscal year ended June 30, 2020, there was no budget or activity in the capital projects fund. Loan proceeds received at fiscal yearend for \$1,000,000.00 will be utilized in a future budget for a capital project.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

The Charter School's capital asset balance for its governmental and business-type activities as of June 30, 2020 amounted to a historical cost of \$50,637,175.09, or \$32,077,918.09 net of accumulated depreciation (see Table A-4). This balance of capital assets includes land, buildings and improvements, equipment and vehicles. Net capital assets decreased by (\$1,345,294.68) in fiscal year 2020 from fiscal year 2019. The key factors in this net increase are as follows:

- From improvements to real property, buildings and improvements increased \$131,754.00.
- Through acquisition, equipment increased \$78,919.00.
- From the depreciation on existing and newly acquired capital assets, accumulated depreciation increase \$1,551,721.00.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets (Cont'd)

**Table A-4**  
**Capital Assets (Net of Accumulated Depreciation)**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Land	\$ 2,183,511.00	\$ 2,183,511.00			\$ 2,183,511.00	\$ 2,183,511.00
Buildings & Bldg Improvements	41,802,802.37	41,671,048.37			41,802,802.37	41,671,048.37
Equipment	6,282,746.72	6,203,827.72	\$ 536,343.63	\$ 514,668.00	6,819,090.35	6,718,495.72
Vehicles	368,115.00	368,115.00			368,115.00	368,115.00
<b>Total Capital Assets</b>	<b>50,637,175.09</b>	<b>50,426,502.09</b>	<b>536,343.63</b>	<b>514,668.00</b>	<b>51,173,518.72</b>	<b>50,941,170.09</b>
Less: Accumulated Depreciation	(18,559,257.00)	(17,007,536.00)	(339,378.46)	(313,456.15)	(18,898,635.46)	(17,320,992.15)
<b>Net Capital Assets</b>	<b>\$ 32,077,918.09</b>	<b>\$ 33,418,966.09</b>	<b>\$ 196,965.17</b>	<b>\$ 201,211.85</b>	<b>\$ 32,274,883.26</b>	<b>\$ 33,620,177.94</b>

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

Long-term Debt

*General Obligation Bonds.* At the end of the current fiscal year, the Charter School and its component units LEAP Cramer Hill, LLC and LEAP STEM, LLC had \$21,228,474.25 of bonded debt outstanding that included general obligation bonds \$3,988,951.86 and charter school revenue bonds \$17,239,522.39 (including an unamortized premium on issuance of \$6,851.00) outstanding, a decrease of (\$1,511,396.79) from the last fiscal year.

*Loans Payable.* At the end of the current fiscal year, the Charter School had a balance \$5,385,890.00 in loans payable, an increase of \$3,864,795.56 from the last fiscal year.

*Capital Leases.* At the end of the current fiscal year, the Charter School and its component unit, LEAP Cramer Hill, LLC had capital leases totaling \$404,552.45 outstanding, a decrease of (\$262,925.65) from the last fiscal year.

*Compensated Absences.* At the end of the current fiscal year, the Charter School had a \$172,468.82 liability for compensated absences, a net increase of \$23,042.02 from the last fiscal year.

*Net Pension Liability.* At the end of the current fiscal year, the Charter School had a \$9,834,495.00 liability for its proportionate share of the net pension liability in the Public Employees' Retirement System; a net increase of \$1,121,010.00.



**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

**FUTURE OUTLOOK**

The Charter School maintained its general fund budget through the revenue received from students' districts of residence for their equalization aid/local levy state and local share categorical aid specific for their students and from federal and state aid and miscellaneous revenue sources. Approximately 81% of total revenue in the general fund is from the local and state levy, 5% is from categorical aid, 13% from other state aid, 2% from other local sources and less than 1% is from federal sources.

**CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Statement of Net Position  
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,040,977.66	\$ 41,271.88	\$ 1,082,249.54
Receivables, net (Note 3)	1,078,161.21	102,116.52	1,180,277.73
Restricted Cash and Cash Equivalents:			
For Grants	381,933.17		381,933.17
Deposits Held for Restricted Reserves	3,000,000.00		3,000,000.00
Deposits Held for Debt Service	1,083,898.41		1,083,898.41
Deposits Held for Capital Projects	1,000,000.00		1,000,000.00
Deposits Held for Long-Term Reserves	297,901.17		297,901.17
Inventories		12,461.98	12,461.98
Capital Assets, net (Note 5)	<u>32,077,918.09</u>	<u>196,965.17</u>	<u>32,274,883.26</u>
<b>Total Assets</b>	<u>39,960,789.71</u>	<u>352,815.55</u>	<u>40,313,605.26</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 9)	<u>5,538,285.00</u>		<u>5,538,285.00</u>
<b>LIABILITIES:</b>			
Accounts Payable:			
Other	639,168.22	47,475.36	686,643.58
Related to Pensions	582,045.00		582,045.00
Loans Payable	350,000.00		350,000.00
Internal Balances	68,514.20	(68,514.20)	
Payable to Local Government	390,432.07		390,432.07
Unearned Revenue	3,500.00		3,500.00
Accrued Interest Payable	191,036.83		191,036.83
Noncurrent Liabilities (Note 7):			
Due within One Year	1,159,658.09		1,159,658.09
Due beyond One Year	<u>35,866,222.43</u>		<u>35,866,222.43</u>
<b>Total Liabilities</b>	<u>39,250,576.84</u>	<u>(21,038.84)</u>	<u>39,229,538.00</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 9)	<u>3,625,616.00</u>		<u>3,625,616.00</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	8,059,001.39	196,965.17	8,255,966.56
Restricted for:			
Debt Service	894,286.10		894,286.10
Local Grants	21,863.04		21,863.04
Other Purposes	1,297,901.17		1,297,901.17
Unrestricted (Deficit)	<u>(7,650,169.83)</u>	<u>176,889.22</u>	<u>(7,473,280.61)</u>
<b>Total Net Position</b>	<u>\$ 2,622,881.87</u>	<u>\$ 373,854.39</u>	<u>\$ 2,996,736.26</u>

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Regular Instruction	\$ 8,609,789.72		\$ 664,914.96		\$ (7,944,874.76)		\$ (7,944,874.76)
Special Education Instruction	583,395.47				(583,395.47)		(583,395.47)
Bilingual Education Instruction	120,221.27				(120,221.27)		(120,221.27)
School Sponsored Extra Curricular Activities Instruction	3,200.00				(3,200.00)		(3,200.00)
School Sponsored Athletics Instruction	80,870.16				(80,870.16)		(80,870.16)
Summer School	90,196.00				(90,196.00)		(90,196.00)
Community Service Programs	559,795.24				(559,795.24)		(559,795.24)
<b>Support Services and Undistributed Costs:</b>							
Student and Instruction Related Services	2,323,990.93		666,744.65	\$ 61,136.22	(1,596,110.06)		(1,596,110.06)
School Administrative Services	1,196,541.34				(1,196,541.34)		(1,196,541.34)
Other Administrative Services	2,707,841.94				(2,707,841.94)		(2,707,841.94)
Plant Operations and Maintenance	2,143,560.05				(2,143,560.05)		(2,143,560.05)
Pupil Transportation	293,296.24				(293,296.24)		(293,296.24)
Unallocated Benefits	8,778,410.73		4,566,955.51		(4,211,455.22)		(4,211,455.22)
Interest on Long-Term Debt	1,150,794.90				(1,150,794.90)		(1,150,794.90)
<b>Total Governmental Activities</b>	<b>28,641,903.99</b>		<b>5,898,615.12</b>	<b>61,136.22</b>	<b>(22,682,152.65)</b>		<b>(22,682,152.65)</b>
<b>Business-Type Activities:</b>							
Food Service	1,081,986.16	\$ 275,041.45	743,550.02			\$ (63,394.69)	(63,394.69)
<b>Total Business-Type Activities</b>	<b>1,081,986.16</b>	<b>275,041.45</b>	<b>743,550.02</b>			<b>(63,394.69)</b>	<b>(63,394.69)</b>
<b>Total Government</b>	<b>\$ 29,723,890.15</b>	<b>\$ 275,041.45</b>	<b>\$ 6,642,165.14</b>	<b>\$ 61,136.22</b>	<b>(22,682,152.65)</b>	<b>(63,394.69)</b>	<b>(22,745,547.34)</b>
<b>General Revenues:</b>							
Charter School Aid					20,425,934.00		20,425,934.00
State and Federal Aid - Not Restricted					310,972.27		310,972.27
Investment Earnings					36,189.81	1,246.87	37,436.68
Restricted Investment Earnings					13,343.29		13,343.29
Miscellaneous Income					572,443.38		572,443.38
<b>Total General Revenues</b>					<b>21,358,882.75</b>	<b>1,246.87</b>	<b>21,360,129.62</b>
<b>Change in Net Position</b>					<b>(1,323,269.90)</b>	<b>(62,147.82)</b>	<b>(1,385,417.72)</b>
<b>Net Position -- July 1</b>					<b>3,946,151.77</b>	<b>436,002.21</b>	<b>4,382,153.98</b>
<b>Net Position -- June 30</b>					<b>\$ 2,622,881.87</b>	<b>\$ 373,854.39</b>	<b>\$ 2,996,736.26</b>

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

**FUND FINANCIAL STATEMENTS**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 794,981.86	\$ 381,933.17		\$ 1,176,915.03
Deposits Held for Restricted Reserves	3,000,000.00			3,000,000.00
Deposits Held for Capital Projects			\$ 1,000,000.00	1,000,000.00
Deposits Held for Debt Service	57,126.66			57,126.66
Deposits Held for Long-Term Reserves	75,000.00			75,000.00
Due from Other Funds:				
Special Revenue Fund	593,168.72			593,168.72
Intergovernmental Accounts Receivable:				
Federal		520,968.28		520,968.28
State	28,582.90			28,582.90
Other LEAs - State Aid	446,480.46			446,480.46
Accounts Receivable - Other	140,364.97	16,135.38		156,500.35
<b>Total Assets</b>	<u><u>\$ 5,135,705.57</u></u>	<u><u>\$ 919,036.83</u></u>	<u><u>\$ 1,000,000.00</u></u>	<u><u>\$ 7,054,742.40</u></u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 344,530.07	\$ 272,891.57		\$ 617,421.64
Line of Credit	350,000.00			350,000.00
Payable to Other Funds:				
General Fund		593,168.72		593,168.72
Food Service Enterprise Fund	40,900.70	27,613.50		68,514.20
Fiduciary Fund	21,746.58			21,746.58
Intergovernmental Accounts Payable:				
Other LEAs - State Aid	390,432.07			390,432.07
Unearned Revenue		3,500.00		3,500.00
<b>Total Liabilities</b>	<u><u>1,147,609.42</u></u>	<u><u>897,173.79</u></u>		<u><u>2,044,783.21</u></u>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Debt Service Reserve	57,126.66			57,126.66
Charter School Escrow Reserve	75,000.00			75,000.00
Other Restricted Reserves	3,000,000.00			3,000,000.00
Special Revenue Fund		21,863.04		21,863.04
Capital Projects			\$ 1,000,000.00	1,000,000.00
<b>Assigned:</b>				
Other Purposes	76,016.86			76,016.86
<b>Unassigned:</b>				
General Fund	779,952.63			779,952.63
<b>Total Fund Balances</b>	<u><u>3,988,096.15</u></u>	<u><u>21,863.04</u></u>	<u><u>1,000,000.00</u></u>	<u><u>5,009,959.19</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 5,135,705.57</u></u>	<u><u>\$ 919,036.83</u></u>	<u><u>\$ 1,000,000.00</u></u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$50,637,175.09, and the accumulated depreciation is \$18,559,257.00. 32,077,918.09

Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds. (191,036.83)

Long-term liabilities, including bonds payable, loans payable, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (27,191,385.52)

In accordance with GASB 61, which requires the blended reporting of the Charter School's component units, LEAP Cramer Hill, LLC and LEAP STEM, LLC, balances maintained by the component unit would be reported on the statement of net position:

Cash Balances	1,495,668.72
Accounts Receivable	7,425.10
Accounts Payable	(81,795.88)

(Continued)

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.  
 Governmental Funds  
 Balance Sheet  
 June 30, 2020

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	Total Governmental <u>Funds</u>
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because (Cont'd):</p>	
Net Pension Liability	\$ (9,834,495.00)
Accounts Payable related to the April 1, 2021 Required PERS pension contribution that is not to be liquidated with current financial resources.	(582,045.00)
Deferred Outflows of Resources - Related to Pensions	5,538,285.00
Deferred Inflows of Resources - Related to Pensions	<u>(3,625,616.00)</u>
Net position of governmental activities	<u>\$ 2,622,881.87</u>

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



**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>				
Local Sources	\$ 437,476.54	\$ 211,239.61		\$ 648,716.15
State Sources	23,434,995.62			23,434,995.62
Federal Sources	19,946.27	1,413,653.11		1,433,599.38
<b>Total Revenues</b>	<b>23,892,418.43</b>	<b>1,624,892.72</b>		<b>25,517,311.15</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Regular Instruction	6,840,291.88	657,210.46		7,497,502.34
Special Education Instruction	583,395.47			583,395.47
Bilingual Education Instruction	120,221.27			120,221.27
School Sponsored Extra Curricular Activities Instruction	3,200.00			3,200.00
School Sponsored Athletics Instruction	80,870.16			80,870.16
Summer School	90,196.00			90,196.00
Community Service Programs	553,202.76			553,202.76
<b>Support Services and Undistributed Costs:</b>				
Student and Instruction Related Services	1,646,883.54	666,744.65		2,313,628.19
School Administrative Services	1,163,221.92			1,163,221.92
Other Administrative Services	2,383,614.22			2,383,614.22
Plant Operations and Maintenance	3,213,144.90			3,213,144.90
Pupil Transportation	265,536.24			265,536.24
Employee Benefits	3,231,899.77	232,096.89		3,463,996.66
TPAF Pension and Social Security	2,718,035.62			2,718,035.62
<b>Debt Service:</b>				
Capital Lease Principal	189,998.57			189,998.57
Bonds and Loan Principal	511,481.61			511,481.61
Interest on Current Loans	10,578.95			10,578.95
Interest on Lease Purchase Agreements	16,570.54			16,570.54
Bond and Loan Interest	162,556.69			162,556.69
Capital Outlay	149,537.00	61,136.22		210,673.22
<b>Total Expenditures</b>	<b>23,934,437.11</b>	<b>1,617,188.22</b>		<b>25,551,625.33</b>
Excess (Deficiency) of Revenues over Expenditures	(42,018.68)	7,704.50		(34,314.18)
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan Proceeds	4,385,890.00		\$ 1,000,000.00	5,385,890.00
Repayment of Debt	(2,300,684.77)			(2,300,684.77)
Closing Costs	(69,843.91)			(69,843.91)
Prepaid Interest	(583.47)			(583.47)
<b>Total Other Financing Sources and Uses</b>	<b>2,014,777.85</b>		<b>1,000,000.00</b>	<b>3,014,777.85</b>
<b>Net Change in Fund Balances</b>	<b>1,972,759.17</b>	<b>7,704.50</b>	<b>1,000,000.00</b>	<b>2,980,463.67</b>
Fund Balance -- July 1	2,015,336.98	14,158.54		2,029,495.52
Fund Balance -- June 30	<u>\$ 3,988,096.15</u>	<u>\$ 21,863.04</u>	<u>\$ 1,000,000.00</u>	<u>\$ 5,009,959.19</u>

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2020

Total Net Change in Fund Balances - Governmental Funds		\$ 2,980,463.67
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense		\$ (1,551,721.22)
Capital Outlays (B-2)		<u>210,673.22</u>
		(1,341,048.00)
<p>Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		3,002,164.95
<p>Proceeds from the issuance of debt is an increase to fund balance in the government funds, but the receipt increases long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		(5,385,890.00)
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an decrease in the reconciliation. (-)</p>		
		(960,505.25)
<p>The adoption of GASBS 61 requires the reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, as a blended component unit on the statement of activities. Revenue and expenditure activity is not reported in the governmental funds.</p>		
		(8,685.24)
<p>In accordance with GASB 61, which requires the blended reporting of the Charter School's component unit, LEAP Cramer Hill, LLC, all revenue and expenditure transactions between the charter school and the component unit would be eliminated.</p>		
		1,391,189.99
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-);when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(23,042.02)
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		<u>(977,918.00)</u>
Change in Net Position of Governmental Activities		<u>\$ (1,323,269.90)</u>

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Proprietary Fund  
 Statement of Net Position  
 June 30, 2020

	Business-Type Activities <u>Enterprise Fund</u>
	<u>Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash	\$ 41,271.88
Interfund Accounts Receivable:	
General Fund	40,900.70
Special Revenue Fund	27,613.50
Accounts Receivable	102,116.52
Inventories	<u>12,461.98</u>
Total Current Assets	<u>224,364.58</u>
Noncurrent Assets:	
Equipment	536,343.63
Less Accumulated Depreciation	<u>(339,378.46)</u>
Total Noncurrent Assets	<u>196,965.17</u>
Total Assets	<u>421,329.75</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	<u>47,475.36</u>
Total Current Liabilities	<u>47,475.36</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	196,965.17
Unrestricted	<u>176,889.22</u>
Total Net Position	<u>\$ 373,854.39</u>

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Proprietary Fund  
 Statement of Revenues, Expenses, and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2020

	Business-Type Activities Enterprise Fund
	Food Service
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 25,160.75
Daily Sales - Non-Reimbursable Programs	28,830.25
Special Functions	59,035.45
Rutgers - ELRA Contract	162,015.00
Total Operating Revenues	275,041.45
<b>OPERATING EXPENSES:</b>	
Salaries	434,803.44
Employee Benefits	60,895.93
Other Purchased Services	50,858.92
Cleaning, Repair and Maintenance Services	8,675.88
General Supplies	39,654.28
Depreciation	25,922.31
Cost of Sales - Reimbursable Programs	297,787.92
Cost of Sales - Nonreimbursable Programs	163,387.48
Total Operating Expenses	1,081,986.16
Operating Income (Loss)	(806,944.71)
<b>NONOPERATING REVENUES (EXPENSES):</b>	
State Sources:	
State School Lunch Program	8,075.58
Federal Sources:	
National School Lunch Program	449,732.47
National School Breakfast Program	237,100.67
Food Distribution Program	48,641.30
Interest and Investment Revenue	1,246.87
Total Nonoperating Revenues (Expenses)	744,796.89
Change in Net Position	(62,147.82)
Net Position -- July 1	436,002.21
Net Position -- June 30	\$ 373,854.39

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Proprietary Fund  
 Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2020

	Business-Type Activities <u>Enterprise Fund</u>
	<u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Customers	\$ 309,604.18
Payments to Employees	(434,803.44)
Payments for Employee Benefits	(60,895.93)
Payments to Suppliers	<u>(712,955.10)</u>
Net Cash Provided by (used for) Operating Activities	<u>(899,050.29)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State Sources	9,099.41
Federal Sources	<u>772,820.87</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>781,920.28</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases of Capital Assets	<u>(21,675.63)</u>
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(21,675.63)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and Dividends	<u>1,246.87</u>
Net Cash Provided by (used for) Investing Activities	<u>1,246.87</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(137,558.77)
Balance -- July 1	<u>178,830.65</u>
Balance -- June 30	<u><u>\$ 41,271.88</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>	
by Operating Activities:	
Operating Income (Loss)	\$ (806,944.71)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	25,922.31
Food Distribution Program	48,641.30
(Increase) Decrease in Accounts Receivable, net	34,562.73
(Increase) Decrease in Inventories	(8,254.87)
Increase (Decrease) in Accounts Payable	(192,803.29)
Increase (Decrease) in Unearned Revenue	<u>(173.76)</u>
Total Adjustments	<u>(92,105.58)</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (899,050.29)</u></u>

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2020

	Private Purpose Trust Fund	Agency Funds	
	Scholarship Fund	Student Activity	Payroll
<b>ASSETS:</b>			
Cash and Cash Equivalents Due from General Fund	\$ 225.96	\$ 65,938.33 20,669.65	\$ 72,981.40 1,076.93
Total Assets	<u>225.96</u>	<u>\$ 86,607.98</u>	<u>\$ 74,058.33</u>
<b>LIABILITIES:</b>			
Payroll Deductions and Withholdings			\$ 74,058.33
Accounts Payable Payable to Student Groups		\$ 16,108.20 70,499.78	
Total Liabilities		<u>\$ 86,607.98</u>	<u>\$ 74,058.33</u>
<b>NET POSITION:</b>			
Held for Scholarships	<u>225.96</u>		
Total Net Position	<u>\$ 225.96</u>		

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2020

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		<u>Private Purpose Trust Fund</u>
		<u>Scholarship Fund</u>
ADDITIONS:		
Investment Earnings:		
Interest	\$	1.89
Net Investment Earnings		1.89
Total Additions		1.89
Change in Net Position		1.89
Net Position -- July 1		224.07
Net Position -- June 30	\$	225.96

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Description of the Financial Reporting Entity**

The Charter School is a K-12 charter school located in the County of Camden, State of New Jersey. It was created on October 15, 1996 through the approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a charter school, the LEAP Academy University Charter School, Inc. functions independently through a Board of Trustees (the "Board"). In accordance with the bylaws of the Charter School, the Board is to consist of no less than twelve and no more than twenty-five individuals. At least three trustees shall be public members representative of the corporate or philanthropic sectors and the broader elected and qualified. The Board's responsibility is to supervise and control the operations of the Charter School. The purpose of the Charter School is to educate students in grades K-12 at its four schools located in Camden, NJ. The Charter School has an approximate enrollment at June 30, 2020 of 1,540.

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

**Component Units**

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

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

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



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

Based upon the application of these criteria, the Charter School has determined that the following organizations are considered component units, and a brief description of each, relationship to the Charter School, rationale for inclusion in the basic financial statements, and how each component unit is reported (discrete or blended presentation), or included in the fiduciary fund financial statements) is as follows:

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

LEAP STEM, LLC  
130 N. Broadway  
Camden, New Jersey 08102

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

**Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

The Charter School reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

The Charter School reports the following major proprietary fund:

**Enterprise Funds**

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

Additionally, the Charter School reports the following fund types.

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

The Charter School maintains the following fiduciary funds:

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

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

The Charter School maintains the following fiduciary funds (Cont'd):

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

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

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

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

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general and special revenue and are submitted to the New Jersey Department of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

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

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

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

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

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

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

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

**Cash, Cash Equivalents and Investments**

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

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

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

**Inventories**

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Tuition Receivable**

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

**Revenues from District of Residence, Region of Residence and Non-Resident Districts**

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

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

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

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2020. The Charter School had no prepaid expenses for the fiscal year ended June 30, 2020.

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

**Short-Term Interfund Receivables / Payables**

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

**Capital Assets**

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

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

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

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

The Charter School does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

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

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

**Unearned Revenue**

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

**Compensated Absences**

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

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

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

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

**Bond Discounts / Premiums**

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

**Net Position**

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

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

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

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

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

**Fund Balance**

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

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

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



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

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

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

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

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

**Interfund Activity**

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

**Accounting Estimates**

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles****Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements that will become effective for the Charter School for fiscal years ending after June 30, 2020:

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments.

The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the Charter School in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the Charter School in the fiscal year ending June 30, 2022. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of June 30, 2020, the Charter School's bank balances of \$5,984,884.56 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 4,934,623.04
Uninsured and Uncollateralized	<u>1,050,261.52</u>
Total	<u><u>\$ 5,984,884.56</u></u>

**Note 3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2020 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

	<b>Governmental Funds</b>			<b>Total Governmental Activities</b>
	<b>Blended Component Units</b>	<b>General Fund</b>	<b>Special Revenue Fund</b>	
Federal Awards			\$ 520,968.28	\$ 520,968.28
State Awards		\$ 28,582.90		28,582.90
Local - LEA		446,480.46		446,480.46
Other	\$ 7,425.10	58,569.09	16,135.38	82,129.57
	<u>\$ 7,425.10</u>	<u>\$ 533,632.45</u>	<u>\$ 537,103.66</u>	<u>\$ 1,078,161.21</u>
	<b>Proprietary Fund</b>			
	<b>Food Service Fund</b>	<b>Total Business- Type Activities</b>	<b>Total</b>	
Federal Awards			\$ 520,968.28	
State Awards			28,582.90	
Local - LEA			446,480.46	
Other	\$ 102,116.52	\$ 102,116.52	184,246.09	
	<u>\$ 102,116.52</u>	<u>\$ 102,116.52</u>	<u>\$ 1,180,277.73</u>	

**Note 4: INVENTORY**

Inventory recorded at June 30, 2020 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Supplies	\$ 2,950.64
Food	<u>9,511.34</u>
	<u>\$12,461.98</u>

**Note 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Retirements/ Transfers	Balance June 30, 2020
<b>Government Activities:</b>				
Capital Assets that are not being Depreciated:				
Land	\$ 2,183,511.00			\$ 2,183,511.00
Total Capital Assets not being Depreciated	2,183,511.00			2,183,511.00
Capital Assets being Depreciated:				
Building and Improvements	41,671,048.37	\$ 131,754.00		41,802,802.37
Equipment	6,203,827.72	78,919.00		6,282,746.72
Vehicles	368,115.00			368,115.00
Total Capital Assets being Depreciated	48,242,991.09	210,673.00		48,453,664.09
Less Accumulated Depreciation for:				
Building and Improvements	(12,421,948.00)	(1,173,268.00)		(13,595,216.00)
Equipment	(4,368,425.00)	(353,921.00)		(4,722,346.00)
Vehicles	(217,163.00)	(24,532.00)		(241,695.00)
Total Accumulated Depreciation	(17,007,536.00)	(1,551,721.00)		(18,559,257.00)
Total Capital Assets being Depreciated, net of Accumulated Depreciation	31,235,455.09	(1,341,048.00)		29,894,407.09
Government Activities Capital Assets, net	\$ 33,418,966.09	\$ (1,341,048.00)	\$ -	\$ 32,077,918.09
	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
<b>Business-Type Activities:</b>				
Equipment	\$ 514,668.00	\$ 21,675.63		\$ 536,343.63
Less Accumulated Depreciation for:				
Equipment	(313,456.15)	(25,922.31)		(339,378.46)
Business-Type Activities Capital Assets, net	\$ 201,211.85	\$ (4,246.68)	\$ -	\$ 196,965.17

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

**Governmental Activities:**

Instruction	\$ 1,111,441.00
Community Service Programs	1,407.00
Student and Instruction Related Services	350.00
School Administrative Services	23,461.00
Other Administrative Services	75,527.00
Plant Operations and Maintenance	311,775.00
Transportation	27,760.00
Total Depreciation Expense	<u>\$ 1,551,721.00</u>

**Business-Type Activities:**

Food Service Operations	<u>\$ 25,922.31</u>
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**Note 7: LONG-TERM LIABILITIES (CONT'D)**

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
<b>Governmental Activities (Cont'd):</b>					
<b>LEAP STEM, LLC (Component Unit):</b>					
Bonds Payable:					
Series 2018 Tax Exempt	\$ 7,411,894.69		\$ (179,223.30)	\$ 7,232,671.39	\$ 189,409.80
Total Bonds Payable	7,411,894.69		(179,223.30)	7,232,671.39	189,409.80
Total LEAP STEM, LLC.	7,411,894.69		(179,223.30)	7,232,671.39	189,409.80
Governmental Activities					
Long-term Liabilities	\$ 33,791,355.38	\$ 14,874,939.84	\$ (11,640,414.70)	\$ 37,025,880.52	\$ 1,159,658.09

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

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

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

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

On May 23, 2016, LEAP Cramer Hill, LLC, of which LEAP Academy University Charter School, Inc. is the sole member, issued \$1,000,000.00 in New Jersey Economic Development Authority Charter School Revenue Bonds at an interest rate of 3.98%. The proceeds were used for (i) additional costs to retrofit a 12-story, approximately 73,000 square foot building to be used as a Pre K-12 school facility, (ii) funding the costs of issuing the bonds. Payments of principal and interest began on July 1, 2016. These bonds were paid off on June 30, 2020 through a loan agreement established by LEAP Academy University Charter School, Inc. with Republic Bank. (See loans payable disclosures)

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

On December 1, 2018, LEAP STEM, LLC, of which LEAP Academy University Charter School, Inc. is the sole member, issued \$7,500,000.00 in New Jersey Economic Development Authority Charter School Revenue Bonds at an interest rate fixed at 3.99% for seven (7) years at which time there will be a rate reset for each subsequent five (5) year period. The rate will be set at 225 basis points above the five (5) year treasury rate to arrive at the Bank's tax equivalent rate and then adjusted to the tax-free rate. No interest rate reset will exceed the previous interest rate by more than 200 basis points and no interest rate reset over the life of the debt will exceed the initial interest rate by more than 500 basis points. The proceeds satisfied a bridge loan of LEAP Academy University Charter School, Inc. that satisfied its outstanding loans with TRF NMTC Fund XV, LP c/o The Reinvestment Fund, Inc. This bond financing is for the school facility located at 528-544 Cooper Street in Camden. Monthly payments of principal and interest began on January 1, 2019. The final maturity of the bonds is December 1, 2043.

Principal and interest due on bonds outstanding are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>LEAP Academy University Charter School, Inc.</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 445,225.66	\$ 84,803.07	\$ 530,028.73
2022	455,301.75	74,726.97	530,028.72
2023	465,605.90	64,422.84	530,028.74
2024	476,143.20	53,885.52	530,028.72
2025	486,919.00	43,109.74	530,028.74
2026-2029	1,659,756.35	62,649.31	1,722,405.66
	<u>3,988,951.86</u>	<u>383,597.45</u>	<u>4,372,549.31</u>
	<b>LEAP Cramer Hill, LLC (Component Unit)</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 120,000.00	\$ 620,730.00	\$ 740,730.00
2022	125,000.00	610,930.00	735,930.00
2023	140,000.00	600,330.00	740,330.00
2024	150,000.00	589,233.13	739,233.13
2025	165,000.00	579,508.13	744,508.13
2026-2030	950,000.00	2,739,900.00	3,689,900.00
2031-2035	1,260,000.00	2,410,500.00	3,670,500.00
2036-2040	1,700,000.00	1,962,300.00	3,662,300.00
2041-2045	2,290,000.00	1,348,500.00	3,638,500.00
2046-2050	3,100,000.00	511,245.00	3,611,245.00
	<u>10,000,000.00</u>	<u>11,973,176.26</u>	<u>21,973,176.26</u>

(Continued)

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

Principal and interest due on bonds outstanding is as follows (Cont'd):

	<b>LEAP STEM, LLC (Component Unit)</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 188,200.40	\$ 289,112.56	\$ 477,312.96
2022	195,956.64	281,356.32	477,312.96
2023	204,032.55	273,280.41	477,312.96
2024	211,713.01	265,599.95	477,312.96
2025	221,166.52	256,146.44	477,312.96
2026-2030	1,249,627.86	1,136,936.94	2,386,564.80
2031-2035	1,529,357.99	857,206.81	2,386,564.80
2036-2040	1,871,526.75	515,038.05	2,386,564.80
2041-2044	1,561,089.67	115,253.51	1,676,343.18
	<u>7,232,671.39</u>	<u>3,989,930.99</u>	<u>11,222,602.38</u>
Totals	<u>\$ 21,221,623.25</u>	<u>\$ 16,346,704.70</u>	<u>\$ 37,568,327.95</u>

**Bonds Authorized but not Issued** - As of June 30, 2020, the Charter School had no authorizations to issue additional bonded debt.

**Obligations under Capital Lease** - The Charter School is leasing computer equipment totaling \$513,819.91, furniture totaling \$365,708.00 and two school buses totaling \$176,999.34 under capital leases. In addition, LEAP Cramer Hill, LLC is leasing computer equipment totaling \$369,696.00. All capital leases are for terms of five to seven years. Capital leases are depreciated in a manner consistent with the Charter School's depreciation policy for owned assets.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2020.

<b>Fiscal Year Ending June 30,</b>	<b>LEAP Academy University Charter School, Inc.</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 130,420.34	\$ 8,679.24	\$ 139,099.58
2022	76,303.79	3,054.81	79,358.60
2023	20,802.37	217.61	21,019.98
	<u>227,526.50</u>	<u>11,951.66</u>	<u>239,478.16</u>
	<b>LEAP Cramer Hill, LLC (Component Unit)</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	76,396.95	6,306.57	82,703.52
2022	80,031.93	2,671.59	82,703.52
2023	20,597.07	79.81	20,676.88
	<u>177,025.95</u>	<u>9,057.97</u>	<u>186,083.92</u>
Totals	<u>\$ 404,552.45</u>	<u>\$ 21,009.63</u>	<u>\$ 425,562.08</u>



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

**Loans Payable** - On December 22, 2015, the Charter School entered into a loan agreement with TD Bank for \$1,380,000.00. The proceeds were used to (i) refinance the mortgage on the elementary school held by the Delaware River Port Authority, (ii) permanently fund the Charter School's capital projects for replacement of flooring in the elementary school and installation of a wireless network throughout the Charter School's facilities. The loan requires monthly payments of principal and interest at a rate of 4.120% of \$8,503.44 for twenty years. On June 30, 2020, the balance of this loan, \$1,162,619.79 was refinanced through a loan with Republic Bank.

On June 30, 2020, the Charter School entered into a loan agreement with Republic First Bank d/b/a Republic Bank for \$5,385,890.00 to refinance existing debt for \$2,385,890.00 of the Charter School and of LEAP Cramer Hill, LLC, provide cash for liquidity reserves for \$2,000,000.00 and to fund improvements to the existing school facility at 527 Cooper Street, Camden, New Jersey. The loan requires monthly payments of principal and interest at a rate of 3.9% of \$32,516.26 beginning on August 1, 2020 and for fifty-nine months through June 1, 2025 and a balloon payment of \$4,441,073.84 on July 1, 2025. The Charter School expects to refinance this loan prior to the balloon payment.

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

<b>Fiscal Year</b>			
<b>Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 164,897.24	\$ 192,781.62	\$ 357,678.86
2022	187,103.02	203,092.10	390,195.12
2023	194,636.96	195,558.16	390,195.12
2024	201,959.32	188,235.80	390,195.12
2025	210,606.35	179,588.77	390,195.12
2026	4,426,687.11	14,386.73	4,441,073.84
	<u>\$ 5,385,890.00</u>	<u>\$ 973,643.18</u>	<u>\$ 6,359,533.18</u>

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

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

**Note 8: OPERATING LEASES**

At June 30, 2020, the Charter School had operating lease agreements in effect for copy machines, a mail machine, school busses, a garage and lot and a timeclock system. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<b>Year Ending</b>	
<b>June 30,</b>	<b>Amount</b>
2021	\$ 160,441.62
2022	114,996.00
2023	114,996.00
2024	82,036.00
2025	23,964.00
	<u>\$ 496,433.62</u>

Rental payments under operating leases for the fiscal year ended June 30, 2020 were \$140,061.04.

**Note 9: PENSION PLANS**

A substantial number of the Charter School's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, certain Charter School employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. The DCRP is administered by Prudential Financial for the Division.

Each of the aforementioned plans have a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the PERS and TPAF plans' fiduciary net position that can be obtained by writing to or at the following website:

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

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

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

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

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

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

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

The following represents the membership tiers for TPAF:

**Tier Definition**

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

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

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

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

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

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

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

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Charter School and all other related non-contributing employers. No normal or accrued liability contribution by the Charter School has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2020 was 20.06% of the Charter School's covered payroll, of which 0.00% of payroll was required from the Charter School and 100.00% of payroll was required from the State of New Jersey. The Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2020 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2020 was \$1,407,024.00, and was paid by April 1, 2020. Charter School employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$570,452.14.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2020 was 17.02% of the Charter School's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

**Public Employees' Retirement System (Cont'd)** – Based on the most recent PERS measurement date of June 30, 2019, the Charter School's contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was \$530,903.00, and was paid by April 1, 2020. Charter School employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$268,656.43.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with P.L. 2007, C. 92, and P.L. 2007, C. 103, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School contributes 3% of the employees' base salary, for each pay period, to Prudential Financial no later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2020, the Charter School had no employees participating in this program.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Teachers' Pension and Annuity Fund**

**Pension Liability** - At June 30, 2020, the Charter School was not required to report a liability for its proportionate share of the net pension liability for TPAF because of the 100% special funding situation by the State of New Jersey.

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

Charter School's Proportionate Share of Net Pension Liability

State of New Jersey's Proportionate Share of Net Pension  
Liability Associated with the Charter School

\$ 42,946,680.00

\$ 42,946,680.00

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. For the June 30, 2019 measurement date, the Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

At the June 30, 2019 measurement date, the Charter School proportion was 0.00% due to the 100% special funding situation with the State of New Jersey; however, the State's proportionate share of the TPAF net pension liability associated with the Charter School was 0.0699788494%, which was a decrease of (0.0031627403%) from its proportion measured as of June 30, 2018.

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

**Pension Expense** - For the fiscal year ended June 30, 2020, the Charter School recognized \$2,533,110.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plan's June 30, 2019 measurement date.

**Public Employees' Retirement System**

**Pension Liability** - At June 30, 2020, the Charter School reported a liability of \$9,834,495.00 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2019 measurement date, the Charter School's proportion was 0.0545800383%, which was an increase of 0.0103255682% from its proportion measured as of June 30, 2018.

**Pension Expense** - For the fiscal year ended June 30, 2020, the Charter School recognized pension expense of \$1,508,823.00, in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2019 measurement date.

**Deferred Outflows and Inflows of Resources** - At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 176,516.00	\$ 43,444.00
Changes of Assumptions	982,010.00	3,413,522.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments		155,241.00
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	3,797,714.00	13,409.00
Charter School Contributions Subsequent to the Measurement Date	582,045.00	
	<u>\$ 5,538,285.00</u>	<u>\$ 3,625,616.00</u>

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

**Deferred Outflows and Inflows of Resources (Cont'd)** - Deferred outflows of resources in the amount of \$582,045.00 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year</b>	
<b><u>Ending June 30,</u></b>	
2021	\$ 763,938.00
2022	65,195.00
2023	103,992.00
2024	(1,901,724.00)
2025	2,299,223.00
	<hr/>
	<b>\$ 1,330,624.00</b>
	<hr/>

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

## Public Employees' Retirement System (Cont'd)

**Deferred Outflows and Inflows of Resources (Cont'd)** - The other deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	5.00	-
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21



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

The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2018. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Thereafter	2.75% - 5.65%	3.00% - 7.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2015 - June 30, 2018	July 1, 2014 - June 30, 2018

For TPAF, pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at the June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of the June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	100.00%	

**Discount Rate -**

**Teachers' Pension and Annuity Fund** - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of the June 30, 2019 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers would be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Public Employees' Retirement System** - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of the June 30, 2019 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers would be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

**Teachers' Pension and Annuity Fund (TPAF)** - As previously mentioned, TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2019, the Plan's measurement date, attributable to the Charter School is \$0.00. The following, however, presents the net pension liability of the State as of June 30, 2019 (Plan's measurement date), attributable to the Charter School, calculated using the discount rate of 5.60% as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<b>TPAF</b>		
	<b>1% Decrease (4.60%)</b>	<b>Current Discount Rate (5.60%)</b>	<b>1% Increase (6.60%)</b>
Charter School's Proportionate Share of the Net Pension Liability			
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Charter School	\$ 50,643,641.00	\$ 42,946,680.00	\$ 36,560,633.00
	<u>\$ 50,643,641.00</u>	<u>\$ 42,946,680.00</u>	<u>\$ 36,560,633.00</u>

**Public Employees' Retirement System (PERS)** - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (5.28%)</b>	<b>Current Discount Rate (6.28%)</b>	<b>1% Increase (7.28%)</b>
Charter School's Proportionate Share of the Net Pension Liability	\$ 12,508,985.00	\$ 9,834,495.00	\$ 7,706,923.00

**Pension Plan Fiduciary Net Position**

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

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

**Plan Description and Benefits Provided** - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information, which can be obtained by writing to or at the following website:

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

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

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

**Employees Covered by Benefit Terms** - At June 30, 2019, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>364,943</u>

**Total Non-Employer OPEB Liability**

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The Charter School's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the statement of net position.

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

The State's proportionate share of the net OPEB liability associated with the Charter School as of June 30, 2020 was \$11,104,268.00. Since the OPEB liability associated with the Charter School is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. For the June 30, 2019 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the Charter School was 0.0266103823%, which was an increase of 0.0013112753% from its proportion measured as of June 30, 2018.

**Actuarial Assumptions and Other Inputs** - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

**Salary Increases -**

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Through 2026	1.55 - 3.05%	2.00 - 6.00%	3.25 - 15.25%
Thereafter	1.55 - 3.05%	3.00 - 7.00%	3.25 - 15.25%

Based on years of service

**Inflation Rate** - 2.50%.

**Mortality Rates** - Current and future retiree healthy mortality rates were based on the PUB-2010 Healthy classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Disabled mortality was based on the PUB-2010 headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

**Experience Studies** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS, and PFRS, respectively.

**Health Care Trend Assumptions** - For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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

**Discount Rate** - The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Changes in the Total Non-Employer OPEB Liability**

The below table summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the Charter School:

Balance at June 30, 2019		\$ 11,665,629.00
Changes for the Year:		
Service Cost	\$ 1,503,466.00	
Interest Cost	503,304.00	
Difference Between Expected and Actual Experience	(2,402,933.00)	
Changes in Assumptions	165,566.00	
Gross Benefit Payments	(340,868.00)	
Member Contributions	<u>10,104.00</u>	
Net Changes		<u>(561,361.00)</u>
Balance at June 30, 2020		<u>\$ 11,104,268.00</u>

There were no changes in benefit terms between the June 30, 2018 measurement date and the June 30, 2019 measurement date.

Differences between expected and actual experience reflect a decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims, and premiums experience.

Changes of assumptions reflect a decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale, and mortality assumptions.

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate** - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the Charter School, using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	<u>\$ 13,118,529.00</u>	<u>\$ 11,104,268.00</u>	<u>\$ 9,504,250.00</u>

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

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the Charter School, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	\$ 9,149,422.00	\$ 11,104,268.00	\$ 13,692,083.00

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability**

**OPEB Expense** - For the fiscal year ended June 30, 2020, the Charter School recognized \$1,218,013.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2019 measurement date.

**Deferred Outflows and Inflows of Resources** - In accordance with GASBS No. 75, the Charter School's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the Charter School. However, at June 30, 2020, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with Charter School, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	\$ 1,243,707.00	\$ 1,962,761.00
Difference Between Expected and Actual Experience		2,790,089.00
Changes of Assumptions		2,256,967.00
	<u>\$ 1,243,707.00</u>	<u>\$ 7,009,817.00</u>

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability (Cont'd)**

**Deferred Outflows and Inflows of Resources (Cont'd)** - Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total non-employer OPEB liability, associated with the Charter School, will be recognized in OPEB expense as follows:

<b>Fiscal Year Ending June 30.</b>	
2021	\$ (771,835.00)
2022	(771,835.00)
2023	(771,835.00)
2024	(771,835.00)
2025	(771,835.00)
Thereafter	<u>(1,906,935.00)</u>
	<u>\$ (5,766,110.00)</u>

**Note 11: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2020, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$1,529,356.00, \$27,412.00, \$577,532.00, and \$3,854.00, respectively.

**Note 12: RISK MANAGEMENT**

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

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

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

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



**Note 12: RISK MANAGEMENT (CONT'D)**

**Joint Insurance Fund (Cont'd)** - Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are The Group publishes its own financial report for the fiscal year ended June 30, 2020, which can be obtained from:

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

**Note 13: DEFERRED COMPENSATION**

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

AXA Advisors  
 Lincoln  
 Prime America

**Note 14: COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2020, the liability for compensated absences reported on the government-wide statement of net position was \$172,468.82.

**Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Interfunds** - The composition of interfund balances as of June 30, 2020 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General Fund	\$ 593,168.72	\$ 62,647.28
Special Revenue Fund		620,782.22
Proprietary Fund	68,514.20	
Fiduciary Funds	21,746.58	
	<u>\$ 683,429.50</u>	<u>\$ 683,429.50</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2021, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 16: CONTINGENCIES**

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

**Note 17: CONCENTRATIONS**

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

**Note 18: FUND BALANCES****RESTRICTED**

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

**General Fund**

**For Charter School Escrow Reserve** – In accordance with the New Jersey Charter School agreement, the Charter School has established an escrow that is restricted for the possible costs associated with the dissolution of the charter school. Within five years of the signing of the agreement, the reserve must reach a balance of \$75,000.00. As of June 30, 2020, the balance of the escrow is \$75,000.00.

**For Debt Service** - In accordance with the Charter School's debt service agreements, amounts have been restricted for future debt service of \$57,126.66.

**Other Restricted Reserves** - In accordance with a debt service agreement, the Charter School must maintain a minimum cash balance of \$3,000,000.00. At June 30, 2020, the Other Restricted Reserves for this purpose are \$3,000,000.00.

**Special Revenue Fund** – As a result of the receipt of grants from local sources, which have not been expended, there is a restricted fund balance in the Special Revenue Fund at June 30, 2020 in the amount of \$21,863.04.

**Capital Projects Fund** - On June 30, 2020, the Charter School received loan proceeds that included \$1,000,000.00 for improvements to the school facility located 527 Cooper Street, Camden, New Jersey. As of June 30, 2020 the restricted fund balance amount was \$1,000,000.00.

**Note 18: FUND BALANCES (CONT'D)****ASSIGNED**

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

**General Fund**

**Other Purposes** - As of June 30, 2020, the Charter School had \$76,016.86 of encumbrances outstanding for purchase orders and contracts signed by the Charter School, but not completed, as of the close of the fiscal year.

**UNASSIGNED**

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

**General Fund** - As of June 30, 2020, \$779,952.63 of general fund balance was unassigned.

**Note 19: SUBSEQUENT EVENTS**

**Formation of Limited Liability Corporation and Related Capital Lease** - On March 29, 2020, the LEAP Academy University Charter School Inc. formed a limited liability corporation, LEAP Student Transportation LLC. The purpose of the LLC is to own and operate buses for student transportation. In July 2020, the Charter School signed a promissory note and security agreement with Santander Bank to finance the purchase of seven (7) 2021 IC Corp CE 54 Passenger Buses for \$804,623.68 under a capital lease. The lease requires monthly payments of \$10,580.00 at an interest rate of 2.80% for 48 months and a balloon payment of \$364,000.00 at the end. Payments begin on September 15, 2020.

**COVID-19** - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II  
BUDGETARY COMPARISON SCHEDULES**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 GENERAL FUND  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b><u>REVENUES</u></b>					
Local Sources:					
Rutgers Preschool Contract	\$ 161,900.00	\$ (161,900.00)		\$ 187,850.54	\$ 187,850.54
Revenue from Clinic	200,000.00	(200,000.00)		189,215.31	189,215.31
Miscellaneous Revenue		8,967.29	\$ 8,967.29	26,473.69	17,506.40
Restricted Interest Income				611.18	611.18
Interest and Other Revenue				33,325.82	33,325.82
	361,900.00	(352,932.71)	8,967.29	437,476.54	428,509.25
State Sources:					
Charter School Aid:					
Local Levy/Equalization Aid:					
State and Local Share	20,316,618.00	(1,122,611.00)	19,194,007.00	19,323,707.00	129,700.00
Total - Local Levy/Equalization Aid	20,316,618.00	(1,122,611.00)	19,194,007.00	19,323,707.00	129,700.00
Categorical Aid:					
Special Education Aid	458,478.00	(37,425.00)	421,053.00	421,053.00	
Security Aid	741,970.00	(60,796.00)	681,174.00	681,174.00	
Total Categorical Aid	1,200,448.00	(98,221.00)	1,102,227.00	1,102,227.00	
Total Charter School Aid	21,517,066.00	(1,220,832.00)	20,296,234.00	20,425,934.00	129,700.00
Other State Sources:					
Non-Public State Aid				225,506.00	225,506.00
Adjustment Aid	65,520.00		65,520.00	65,520.00	
On-behalf Contributions:					
T.P.A.F. Post-Retirement Medical				577,532.00	577,532.00
Teacher's Pension and Annuity Fund				1,529,356.00	1,529,356.00
T.P.A.F. Non-contributory Insurance				27,412.00	27,412.00
T.P.A.F. Long-Term Disability Insurance				3,854.00	3,854.00
Reimbursed TPAF Social Security Contributions				579,881.62	579,881.62

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b><u>REVENUES (Cont'd)</u></b>					
Total Other State Sources	\$ 65,520.00		\$ 65,520.00	\$ 3,009,061.62	\$ 2,943,541.62
Total - State Sources	21,582,586.00	\$ (1,220,832.00)	20,361,754.00	23,434,995.62	3,073,241.62
Federal Sources:					
SEMI Medicaid	25,796.00	(25,796.00)		19,946.27	19,946.27
Total - Federal Sources	25,796.00	(25,796.00)		19,946.27	19,946.27
<b>Total Revenues</b>	<b>21,970,282.00</b>	<b>(1,599,560.71)</b>	<b>20,370,721.29</b>	<b>23,892,418.43</b>	<b>3,521,697.14</b>
<b><u>EXPENDITURES</u></b>					
<b>General Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	380,324.29	71,761.79	452,086.08	452,086.08	
Grades 1-5	2,397,832.18	(59,538.66)	2,338,293.52	2,338,293.52	
Grades 6-8	985,950.71	(85,330.36)	900,620.35	900,620.35	
Grades 9-12	1,608,244.04	122,189.60	1,730,433.64	1,718,982.61	11,451.03
Regular Programs - Home Instruction:					
Purchased Professional Educational Services	24,250.00		24,250.00	17,040.00	7,210.00
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	508,118.03	4,325.41	512,443.44	435,831.19	76,612.25
Purchased Professional - Educational Services	652,179.00	168,968.00	821,147.00	670,627.66	150,519.34
General Supplies	396,129.88	(53,824.24)	342,305.64	141,004.04	201,301.60
Textbooks	350,505.35	(123,767.61)	226,737.74	163,763.43	62,974.31
Other Objects	45,032.00	109.07	45,141.07	2,043.00	43,098.07
Total Regular Programs - Instruction	7,348,565.48	44,893.00	7,393,458.48	6,840,291.88	553,166.60

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 GENERAL FUND  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>General Current Expense (Cont'd):</b>					
Special Education Instruction:					
Resource Room / Resource Center:					
Salaries of Teachers	\$ 679,809.70	\$ (99,330.34)	\$ 580,479.36	\$ 580,479.36	
General Supplies	3,940.00		3,940.00	1,536.11	\$ 2,403.89
Total Resource Room / Resource Center	683,749.70	(99,330.34)	584,419.36	582,015.47	2,403.89
Homebound Instruction:					
Purchased Professional - Educational Services	17,500.00	(1,000.00)	16,500.00	1,380.00	15,120.00
Total Homebound Instruction	17,500.00	(1,000.00)	16,500.00	1,380.00	15,120.00
Total Special Education - Instruction	701,249.70	(100,330.34)	600,919.36	583,395.47	17,523.89
Bilingual Education - Instruction:					
Salaries of Teachers	231,134.37	(110,501.40)	120,632.97	120,221.27	411.70
General Supplies	970.00		970.00		970.00
Other Objects	969.00	(969.00)			
Total Bilingual Education - Instruction	233,073.37	(111,470.40)	121,602.97	120,221.27	1,381.70
School - Sponsored Cocurricular Activities - Instruction:					
Supplies and Materials	36,500.00	(22,800.00)	13,700.00	3,200.00	10,500.00
Total School - Sponsored Cocurricular Activities - Instruction	36,500.00	(22,800.00)	13,700.00	3,200.00	10,500.00
School - Sponsored Athletics - Instruction:					
Salaries	81,000.00	(11,000.00)	70,000.00	70,000.00	
Purchased Services (300-500 Series)	7,000.00		7,000.00	5,371.84	1,628.16
Supplies and Materials	45,282.01		45,282.01	2,348.32	42,933.69
Other Objects	16,640.00		16,640.00	3,150.00	13,490.00
Total School - Sponsored Athletics - Instruction	149,922.01	(11,000.00)	138,922.01	80,870.16	58,051.85

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 GENERAL FUND  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>General Current Expense (Cont'd):</b>					
Summer School - Instruction:					
Salaries of Teachers	\$ 75,506.00	\$ (3,132.50)	\$ 72,373.50	\$ 72,373.50	
Purchased Professional and Technical Services	16,000.00		16,000.00	16,000.00	
General Supplies	200.00		200.00	75.00	\$ 125.00
Total Summer School Instruction	91,706.00	(3,132.50)	88,573.50	88,448.50	125.00
Summer School - Support Services:					
Salaries of Teachers	3,888.00		3,888.00	1,747.50	2,140.50
Total Summer School Support Services	3,888.00		3,888.00	1,747.50	2,140.50
Total Summer School	95,594.00	(3,132.50)	92,461.50	90,196.00	2,265.50
Community Service Programs					
Salaries	515,667.20	(10,031.62)	505,635.58	505,453.60	181.98
Other Purchased Services (300-500 series)	47,443.10	(14,106.00)	33,337.10	26,961.14	6,375.96
Supplies and Materials	17,382.50	14,174.93	31,557.43	18,326.69	13,230.74
Other Objects	6,220.00	(127.95)	6,092.05	2,461.33	3,630.72
Total Community Service Programs	586,712.80	(10,090.64)	576,622.16	553,202.76	23,419.40
Total Instruction	9,151,617.36	(213,930.88)	8,937,686.48	8,271,377.54	666,308.94
Undistributed Expenditures - Attendance and Social Work:					
Salaries	301,027.60	(60,343.20)	240,684.40	240,684.40	
Salaries of Family Liaisons/Community Parent Involvement Specialists	163,033.89	(67,101.33)	95,932.56	95,932.56	
Supplies and Materials		1,000.00	1,000.00	989.19	10.81
Total Undistributed Expenditures - Attendance and Social Work	464,061.49	(126,444.53)	337,616.96	337,606.15	10.81

(Continued)



**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 GENERAL FUND  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>General Current Expense (Cont'd):</b>					
Undistributed Expenditures - Health Services:					
Salaries	\$ 203,292.28	\$ (17,071.28)	\$ 186,221.00	\$ 186,221.00	
Purchased Professional and Technical Services	21,390.00		21,390.00	565.50	\$ 20,824.50
Supplies and Materials	7,000.00		7,000.00	6,361.53	638.47
Other Objects	255.00		255.00	255.00	
<b>Total Undistributed Expenditures - Health Services</b>	<b>231,937.28</b>	<b>(17,071.28)</b>	<b>214,866.00</b>	<b>193,403.03</b>	<b>21,462.97</b>
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	68,544.00	13,096.00	81,640.00	63,792.49	17,847.51
<b>Total Undistributed Expenditures -Speech, OT, PT and Related Services</b>	<b>68,544.00</b>	<b>13,096.00</b>	<b>81,640.00</b>	<b>63,792.49</b>	<b>17,847.51</b>
Undistributed Expenditures - Other Support Services Students - Extraordinary Services					
Salaries	81,115.20		81,115.20	80,691.00	424.20
<b>Total Undistributed Expenditures - Other Support Services Students - Extraordinary Services</b>	<b>81,115.20</b>		<b>81,115.20</b>	<b>80,691.00</b>	<b>424.20</b>
Undistributed Expenditures - Guidance Services:					
Salaries of Other Professional Staff	83,000.00	(48,416.70)	34,583.30	34,583.30	
Other Salaries	136,308.55	59,460.41	195,768.96	195,768.96	
Purchased Professional - Educational Services	308,741.00	157.00	308,898.00	308,742.00	156.00
Supplies and Materials	6,840.00		6,840.00	1,030.81	5,809.19
<b>Total Undistributed Expenditures - Guidance Services</b>	<b>534,889.55</b>	<b>11,200.71</b>	<b>546,090.26</b>	<b>540,125.07</b>	<b>5,965.19</b>
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	112,200.00	(64,200.00)	48,000.00	48,000.00	
Purchased Professional - Educational Services	238,370.00		238,370.00	189,889.60	48,480.40
Supplies and Materials	3,270.00		3,270.00	2,750.88	519.12
<b>Total Undistributed Expenditures - Child Study Teams</b>	<b>353,840.00</b>	<b>(64,200.00)</b>	<b>289,640.00</b>	<b>240,640.48</b>	<b>48,999.52</b>

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 GENERAL FUND  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>General Current Expense (Cont'd):</b>					
Undistributed Expenditures - Improvement of Instructional Services:					
Salary of Supervisor of Instruction	\$ 256,061.35	\$ (70,021.03)	\$ 186,040.32	\$ 186,040.32	
Other Salaries		3,360.00	3,360.00	3,360.00	
Total Undistributed Expenditures - Improvement of Instructional Services	256,061.35	(66,661.03)	189,400.32	189,400.32	
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	34,670.00	(425.00)	34,245.00	1,225.00	\$ 33,020.00
Total Undistributed Expenditures - Instructional Staff Training Services	34,670.00	(425.00)	34,245.00	1,225.00	33,020.00
Undistributed Expenditures - Support Services - General Administration:					
Salaries	193,250.39	5,000.00	198,250.39	198,250.39	
Legal Services	100,000.00	77,206.00	177,206.00	177,205.24	0.76
Audit Fees	60,000.00		60,000.00	59,200.00	800.00
Other Purchased Professional Services	619,130.50	26,000.00	645,130.50	634,588.57	10,541.93
Purchased Technical Services	8,200.00		8,200.00	977.74	7,222.26
Communications / Telephone	102,500.00		102,500.00	89,356.24	13,143.76
Miscellaneous Purchased Services (400-500 series)	49,700.00	4,115.00	53,815.00	53,815.00	
Judgements Against Charter School	50,000.00	(25,770.00)	24,230.00		24,230.00
Miscellaneous Expenditures	36,500.00	(1,162.95)	35,337.05	4,345.00	30,992.05
Board of Trustees Membership Dues and Fees	26,250.00		26,250.00	21,320.00	4,930.00
Total Undistributed Expenditures - Support Services - General Administration	1,245,530.89	85,388.05	1,330,918.94	1,239,058.18	91,860.76
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals/ Program Directors	481,746.18	127,242.50	608,988.68	608,988.68	
Salaries of Secretarial and Clerical Assistants	162,029.81		162,029.81	158,852.64	3,177.17
Other Salaries	417,738.63	(146,160.41)	271,578.22	271,578.22	
Supplies and Materials	132,813.99	4,588.21	137,402.20	123,552.38	13,849.82
Other Objects	1,559.00	450.00	2,009.00	250.00	1,759.00
Total Undistributed Expenditures - Support Services - School Administration	1,195,887.61	(13,879.70)	1,182,007.91	1,163,221.92	18,785.99

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 GENERAL FUND  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>General Current Expense (Cont'd):</b>					
Undistributed Expenditures - Central Services:					
Salaries	\$ 629,224.48	\$ 9,154.38	\$ 638,378.86	\$ 632,769.74	\$ 5,609.12
Purchased Professional Services	66,900.00	59,600.00	126,500.00	55,486.52	71,013.48
Miscellaneous Purchased Services	66,193.38	4,775.00	70,968.38	55,548.43	15,419.95
Supplies and Materials	4,622.10	(499.28)	4,122.82	1,672.12	2,450.70
Interest on Current Loans	6,500.00	4,078.95	10,578.95	10,578.95	
Interest on Lease Purchase Agreements	36,048.20	(17,500.00)	18,548.20	16,570.54	1,977.66
Mortgage and Loan Interest	157,317.21	5,239.48	162,556.69	162,556.69	
Miscellaneous Expenditures	59,819.54	38,917.57	98,737.11	52,784.51	45,952.60
<b>Total Undistributed Expenditures - Central Services</b>	<b>1,110,624.91</b>	<b>103,766.10</b>	<b>1,214,391.01</b>	<b>1,055,177.73</b>	<b>159,213.28</b>
Undistributed Expenditures - Administration of Information Technology:					
Salaries	266,257.16		266,257.16	266,257.16	
Purchased Professional Services	6,940.00	600.00	7,540.00	7,538.10	1.90
Supplies and Materials	69,500.00	(600.00)	68,900.00	41,372.23	27,527.77
<b>Total Undistributed Expenditures - Administration of Information Technology</b>	<b>342,697.16</b>		<b>342,697.16</b>	<b>315,167.49</b>	<b>27,529.67</b>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	153,432.00	20,000.00	173,432.00	111,320.40	62,111.60
General Supplies	53,686.69	(2,308.00)	51,378.69	38,336.72	13,041.97
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>207,118.69</b>	<b>17,692.00</b>	<b>224,810.69</b>	<b>149,657.12</b>	<b>75,153.57</b>
Undistributed Expenditures - Custodial Services:					
Salaries	994,724.69	(112,713.90)	882,010.79	846,173.10	35,837.69
Salaries of Non-Instructional Aides	6,500.00		6,500.00	2,882.00	3,618.00
Rental of Land and Buildings Other Than Lease Purchase Agreement	1,413,209.72	6,055.27	1,419,264.99	1,419,264.99	
Other Purchased Property Services	67,800.00	430.63	68,230.63	64,473.93	3,756.70
Insurance	116,500.00	7,751.00	124,251.00	116,894.00	7,357.00
General Supplies	75,000.00	14,000.00	89,000.00	44,906.92	44,093.08
Energy - Electricity	324,000.00		324,000.00	289,856.56	34,143.44

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 GENERAL FUND  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>General Current Expense (Cont'd):</b>					
Total Undistributed Expenditures - Custodial Services	\$ 2,997,734.41	\$ (84,477.00)	\$ 2,913,257.41	\$ 2,784,451.50	\$ 128,805.91
Undistributed Expenditures - Security:					
Salaries	339,615.56	1,519.32	341,134.88	322,184.28	18,950.60
General Supplies	3,526.54		3,526.54		3,526.54
Total Undistributed Expenditures - Security	343,142.10	1,519.32	344,661.42	322,184.28	22,477.14
Total Undistributed Expenditures - Operation and Maintenance of Plant	3,547,995.20	(65,265.68)	3,482,729.52	3,256,292.90	226,436.62
Undistributed Expenditures - Student Transportation Services:					
Salaries	133,219.74	7,170.24	140,389.98	140,389.98	
Cleaning, Repair, & Maintenance Services	2,500.00	(2,020.00)	480.00	389.10	90.90
Contracted Services (Regular Education Students) - Vendors	142,754.52	(67,574.37)	75,180.15	73,442.49	1,737.66
Contracted Services (Other than Between Home and School) - Vendors	24,800.00	(15,500.00)	9,300.00	4,260.00	5,040.00
Insurance	8,800.00	4,000.00	12,800.00	8,800.00	4,000.00
General Supplies	2,000.00	1,000.00	3,000.00	2,882.71	117.29
Transportation Supplies	20,150.00	9,860.00	30,010.00	29,333.66	676.34
Other Objects	35,650.00	4,260.30	39,910.30	34,966.30	4,944.00
Total Undistributed Expenditures - Student Transportation Services	369,874.26	(58,803.83)	311,070.43	294,464.24	16,606.19
Allocated Benefits - Community Service Programs:					
Workmen's Compensation	3,000.00	106.00	3,106.00	3,106.00	
Total Allocated Benefits - Community Service Programs	3,000.00	106.00	3,106.00	3,106.00	
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	339,380.00		339,380.00	315,799.72	23,580.28
Other Retirement Contributions - PERS	470,000.00	68,250.00	538,250.00	538,250.00	
Unemployment Compensation	45,526.00	8,933.00	54,459.00	54,458.88	0.12

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
GENERAL FUND  
Required Supplementary Information  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>General Current Expense (Cont'd):</b>					
Unallocated Benefits - Employee Benefits (Cont'd):					
Workmen's Compensation	\$ 217,504.00	\$ (772.09)	\$ 216,731.91	\$ 216,731.91	
Health Benefits	2,233,710.00	47,673.72	2,281,383.72	2,103,553.26	\$ 177,830.46
Tuition Reimbursement	10,000.00	(3,200.00)	6,800.00		6,800.00
Total Unallocated Benefits - Employee Benefits	<u>3,316,120.00</u>	<u>120,884.63</u>	<u>3,437,004.63</u>	<u>3,228,793.77</u>	<u>208,210.86</u>
Total Personal Services Employee Benefits	<u>3,319,120.00</u>	<u>120,990.63</u>	<u>3,440,110.63</u>	<u>3,231,899.77</u>	<u>208,210.86</u>
On-behalf Contributions (Non-Budgeted):					
T.P.A.F. Post-Retirement Medical				577,532.00	(577,532.00)
Teacher's Pension and Annuity Fund				1,529,356.00	(1,529,356.00)
T.P.A.F. Non-contributory Insurance				27,412.00	(27,412.00)
T.P.A.F. Long-Term Disability Insurance				3,854.00	(3,854.00)
Reimbursed TPAF Social Security Contributions				579,881.62	(579,881.62)
Total On-behalf Contributions				<u>2,718,035.62</u>	<u>(2,718,035.62)</u>
Total Undistributed Expenditures	<u>13,156,848.90</u>	<u>(78,309.56)</u>	<u>13,078,539.34</u>	<u>14,920,201.39</u>	<u>(1,841,662.05)</u>
<b>Total General Current Expense</b>	<u>22,308,466.26</u>	<u>(292,240.44)</u>	<u>22,016,225.82</u>	<u>23,191,578.93</u>	<u>(1,175,353.11)</u>
<b>Capital Outlay:</b>					
Equipment:					
Undistributed Expenditures - Non-Instructional Equipment	77,378.00	13,674.00	91,052.00	41,378.00	49,674.00
Total Equipment	<u>77,378.00</u>	<u>13,674.00</u>	<u>91,052.00</u>	<u>41,378.00</u>	<u>49,674.00</u>
Facilities Acquisition and Construction Services:					
Capital Lease Principal	209,520.88	(4,268.10)	205,252.78	189,998.57	15,254.21
Mortgage, Bonds and Loan Principal	166,497.07	344,984.54	511,481.61	511,481.61	
Total Facilities Acquisition and Construction Services	<u>376,017.95</u>	<u>340,716.44</u>	<u>716,734.39</u>	<u>701,480.18</u>	<u>15,254.21</u>

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 GENERAL FUND  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>Total Capital Outlay</b>	\$ 453,395.95	\$ 354,390.44	\$ 807,786.39	\$ 742,858.18	\$ 64,928.21
<b>Total Expenditures</b>	22,761,862.21	62,150.00	22,824,012.21	23,934,437.11	(1,110,424.90)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(791,580.21)	(1,661,710.71)	(2,453,290.92)	(42,018.68)	2,411,272.24
Other Financing Sources (Uses):					
Loan Proceeds				4,385,890.00	4,385,890.00
Repayment of Debt				(2,300,684.77)	(2,300,684.77)
Closing Costs				(69,843.91)	(69,843.91)
Prepaid Interest				(583.47)	(583.47)
<b>Total Other Financing Sources (Uses)</b>				2,014,777.85	2,014,777.85
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(791,580.21)	(1,661,710.71)	(2,453,290.92)	1,972,759.17	4,426,050.09
Fund Balances, July 1	2,015,336.98		2,015,336.98	2,015,336.98	
Fund Balances, June 30	\$ 1,223,756.77	\$ (1,661,710.71)	\$ (437,953.94)	\$ 3,988,096.15	\$ 4,426,050.09
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Debt Service Escrow				\$ 57,126.66	
Charter School Escrow Reserve				75,000.00	
Other Restricted Reserves				3,000,000.00	
Assigned Fund Balance:					
Year-End Encumbrances				76,016.86	
Unassigned Fund Balance				779,952.63	
				<u>\$ 3,988,096.15</u>	

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Special Revenue Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Arter Charter Grant		\$ 1,842.64	\$ 1,842.64	\$ 1,842.64	
Lockheed Martin Grant		11,837.22	11,837.22	1,820.97	\$ (10,016.25)
NJSIG Safety Grant		14,115.87	14,115.87	14,115.87	
College Access Grant		465.01	465.01	465.01	
FAB Lab Grant	\$ 5,000.00	590.00	5,590.00	5,150.00	(440.00)
Rutgers Weed Out Hunger		2,691.76	2,691.76		(2,691.76)
Library Grant		3,293.36	3,293.36		(3,293.36)
Board of Trustees Member Donations		1,000.00	1,000.00		(1,000.00)
LEAP Cramer Hill, LLC Donations		178,802.83	178,802.83	179,802.83	1,000.00
	<u>5,000.00</u>	<u>214,638.69</u>	<u>219,638.69</u>	<u>203,197.32</u>	<u>(16,441.37)</u>
Federal Sources:					
Title I, Part A	1,002,813.00	83,252.41	1,086,065.41	874,163.59	(211,901.82)
Title I, Reallocated	30,665.00	4,072.27	34,737.27	30,000.00	(4,737.27)
Title II, Part A	102,871.00	299.00	103,170.00	33,082.37	(70,087.63)
Title III	13,186.00	5,133.14	18,319.14	6,519.36	(11,799.78)
Title III, Immigrant		2,552.00	2,552.00		(2,552.00)
Title IV	62,155.00	20,269.00	82,424.00	64,138.07	(18,285.93)
I.D.E.A., Part B, Basic	328,235.64	(0.64)	328,235.00	316,902.42	(11,332.58)
CARES Emergency Relief Grant	825.00	(825.00)			
Total - Federal Sources	<u>1,540,750.64</u>	<u>114,752.18</u>	<u>1,655,502.82</u>	<u>1,324,805.81</u>	<u>(330,697.01)</u>
Total Revenue	<u>1,545,750.64</u>	<u>329,390.87</u>	<u>1,875,141.51</u>	<u>1,528,003.13</u>	<u>(347,138.38)</u>

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Special Revenue Fund  
Required Supplementary Information  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES:</b>					
Instruction:					
Personal Services - Salaries	\$ 252,183.00	\$ 82,586.14	\$ 334,769.14	\$ 287,725.50	\$ 47,043.64
Purchased Services	296,689.00	91,693.86	388,382.86	285,094.85	103,288.01
Instructional Supplies	13,600.00	24,075.93	37,675.93	15,194.25	22,481.68
<b>Total Instruction</b>	<b>562,472.00</b>	<b>198,355.93</b>	<b>760,827.93</b>	<b>588,014.60</b>	<b>172,813.33</b>
Support Services:					
Personal Services - Salaries	401,948.64	(91,003.30)	310,945.34	300,496.44	10,448.90
Personal Services - Employee Benefits	326,218.00	(40,675.51)	285,542.49	232,096.89	53,445.60
Purchased Professional and Technical Services	144,862.00	59,911.22	204,773.22	143,485.00	61,288.22
Other Purchased Services (400-500 series)	2,400.00	1,292.28	3,692.28	356.00	3,336.28
Supplies and Materials	107,850.00	16,062.29	123,912.29	81,601.37	42,310.92
Other Objects	-	185,447.96	185,447.96	181,952.83	3,495.13
<b>Total Support Services</b>	<b>983,278.64</b>	<b>131,034.94</b>	<b>1,114,313.58</b>	<b>939,988.53</b>	<b>174,325.05</b>
<b>Total Expenditures</b>	<b>1,545,750.64</b>	<b>329,390.87</b>	<b>1,875,141.51</b>	<b>1,528,003.13</b>	<b>347,138.38</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-



## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2020

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

	General	Special Revenue
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 23,892,418.43	\$ 1,528,003.13
Difference between the local grant award amounts and the amounts realized as revenue on a budgetary basis		7,704.50
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:		
Federal Awards		88,847.30
Local Grant Awards		337.79
	<hr/>	<hr/>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 23,892,418.43</u>	<u>\$ 1,624,892.72</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 23,934,437.11	\$ 1,528,003.13
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Federal Awards		88,847.30
Local Grant Awards		337.79
	<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 23,934,437.11</u>	<u>\$ 1,617,188.22</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**SCHEDULES RELATED TO ACCOUNTING  
AND REPORTING FOR PENSIONS**

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

	<b>Measurement Date Ending June 30,</b>						
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Charter School's Proportion of the Net Pension Liability	0.0545800383%	0.0442544701%	0.0331521215%	0.0314301541%	0.0302395467%	0.0279011432%	0.0289281896%
Charter School's Proportionate Share of the Net Pension Liability	\$ 9,834,495.00	\$ 8,713,485.00	\$ 7,717,284.00	\$ 9,308,710.00	\$ 6,788,172.00	\$ 5,223,857.00	\$ 5,528,752.00
Charter School's Covered Payroll (Plan Measurement Period)	\$ 4,028,308.00	\$ 3,328,800.00	\$ 2,304,080.00	\$ 2,165,344.00	\$ 2,078,156.00	\$ 1,871,476.00	\$ 2,061,568.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	244.13%	261.76%	334.94%	429.90%	326.64%	279.13%	268.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	<b>Fiscal Year Ended June 30,</b>						
	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
Contractually Required Contribution	\$ 582,045.00	\$ 530,905.00	\$ 440,189.00	\$ 307,119.00	\$ 279,221.00	\$ 259,979.00	\$ 230,013.00
Contributions in Relation to the Contractually Required Contribution	<u>(582,045.00)</u>	<u>(530,905.00)</u>	<u>(440,189.00)</u>	<u>(307,119.00)</u>	<u>(279,221.00)</u>	<u>(259,979.00)</u>	<u>(230,013.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's Covered Payroll (Fiscal Year)	\$ 3,420,555.00	\$ 3,372,631.00	\$ 3,474,059.00	\$ 2,746,473.00	\$ 1,989,781.00	\$ 1,977,716.00	\$ 1,776,453.00
Contributions as a Percentage of Charter School's Covered Payroll	17.02%	15.74%	12.67%	11.18%	14.03%	13.15%	12.95%

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

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

	<b>Measurement Date Ending June 30,</b>						
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Charter School's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the Charter School	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>
Charter School's Proportionate Share of the Net Pension Liability	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>\$ 42,946,680.00</u>	<u>\$ 46,531,108.00</u>	<u>\$ 46,548,663.00</u>	<u>\$ 50,253,464.00</u>	<u>\$ 34,435,578.00</u>	<u>\$ 24,526,395.00</u>	<u>\$ 20,511,366.00</u>
	<u><u>\$ 42,946,680.00</u></u>	<u><u>\$ 46,531,108.00</u></u>	<u><u>\$ 46,548,663.00</u></u>	<u><u>\$ 50,253,464.00</u></u>	<u><u>\$ 34,435,578.00</u></u>	<u><u>\$ 24,526,395.00</u></u>	<u><u>\$ 20,511,366.00</u></u>
Charter School's Covered Payroll (Measurement Period)	<u>\$ 8,566,204.00</u>	<u>\$ 8,502,768.00</u>	<u>\$ 8,640,720.00</u>	<u>\$ 8,117,496.00</u>	<u>\$ 7,472,100.00</u>	<u>\$ 6,417,648.00</u>	<u>\$ 5,239,808.00</u>
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	501.35%	547.25%	538.71%	619.08%	460.86%	382.17%	391.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Required Supplementary Information  
Schedule of Charter School Contributions  
Teachers' Pension and Annuity Fund (TPAF)  
Last Ten Fiscal Years

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This schedule is not applicable.

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

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2020

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**Teachers' Pension and Annuity Fund (TPAF)**

*Changes in Benefit Terms*

None

*Changes in Assumptions*

The Discount Rate changed at June 30th over the following years, 4.68% 2014, 4.13% 2015, 3.22% 2016, 4.25% 2017, 4.86% 2018 and 5.60% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2015 - June 30, 2018 experience study. For pre-retirement mortality, the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males, and a 100.3% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2012- June 30, 2015 experience study.

**Public Employees' Retirement System (PERS)**

*Changes in Benefit Terms*

None

*Changes in Assumptions*

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018, and 6.28% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 experience study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with a 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART IV**

**SCHEDULE RELATED TO ACCOUNTING AND  
REPORTING FOR OTHER POSTEMPLOYMENT BENEFITS**



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

	<b>Measurement Date Ending June 30,</b>		
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the Charter School</b>			
Changes for the Year:			
Service Cost	\$ 1,503,466.00	\$ 1,641,266.00	\$ 1,985,807.00
Interest Cost	503,304.00	618,804.00	511,885.00
Difference Between Expected and Actual Experience	(2,402,933.00)	(4,747,607.00)	
Changes in Assumptions	165,566.00	(1,338,689.00)	(2,502,354.00)
Gross Benefit Payments	(340,868.00)	(311,935.00)	(365,800.00)
Member Contributions	10,104.00	10,781.00	13,470.00
Net Change in Total Non-Employer OPEB Liability	(561,361.00)	(4,127,380.00)	(356,992.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	11,665,629.00	15,793,009.00	16,150,001.00
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 11,104,268.00</u>	<u>\$ 11,665,629.00</u>	<u>\$ 15,793,009.00</u>
Charter School's Covered Payroll (Plan Measurement Period)	<u>\$ 10,427,214.00</u>	<u>\$ 10,526,612.00</u>	<u>\$ 9,731,715.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School as a Percentage of Covered Payroll	106.49%	110.82%	162.28%

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**

Notes to Required Supplementary Information - Part IV

For the Fiscal Year Ended June 30, 2020

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Changes of Benefit Terms - None

Differences Between Expected and Actual Experience - The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes of Assumptions - The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2020

		E.S.S.A.				I.D.E.A. Part B	
	Title I Grants to Local Educational Agencies	Title I Grants to Local Educational Agencies Reallocated	Supporting Effective Instruction State Grants (Title II)	English Language Acquisition Grants (Title III)	Student Support & Academic Enrichment (Title IV)	Special Education Grants to States (Basic)	Total Carried Forward
<b>REVENUES:</b>							
Federal Sources	\$ 874,163.59	\$ 30,000.00	\$ 33,082.37	\$ 6,519.36	\$ 64,138.07	\$316,902.42	\$ 1,324,805.81
Local Sources							
<b>Total Revenues</b>	<b>874,163.59</b>	<b>30,000.00</b>	<b>33,082.37</b>	<b>6,519.36</b>	<b>64,138.07</b>	<b>316,902.42</b>	<b>1,324,805.81</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Personal Services - Salaries	173,512.30					114,213.20	287,725.50
Purchased Services	229,613.85				55,481.00		285,094.85
Instructional Supplies	9,091.42			4,281.86			13,373.28
<b>Total Instruction</b>	<b>412,217.57</b>			<b>4,281.86</b>	<b>55,481.00</b>	<b>114,213.20</b>	<b>586,193.63</b>
<b>Support Services:</b>							
Personal Services - Salaries	180,738.30			937.50		118,820.64	300,496.44
Personal Services - Employee Benefits	148,228.31					83,868.58	232,096.89
Purchased Professional and Technical Services	94,819.13	2,450.00	30,800.00	1,300.00			129,369.13
Other Purchased Services (400-500 series)	356.00						356.00
Supplies and Materials	37,804.28	27,550.00	2,282.37		8,657.07		76,293.72
Other Objects							
<b>Total Support Services</b>	<b>461,946.02</b>	<b>30,000.00</b>	<b>33,082.37</b>	<b>2,237.50</b>	<b>8,657.07</b>	<b>202,689.22</b>	<b>738,612.18</b>
<b>Total Expenditures</b>	<b>874,163.59</b>	<b>30,000.00</b>	<b>33,082.37</b>	<b>6,519.36</b>	<b>64,138.07</b>	<b>316,902.42</b>	<b>1,324,805.81</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2020

	<u>Total Brought Forward</u>	<u>Arter Charter Grant</u>	<u>Lockheed Martin Grant</u>	<u>NJSIG Safety Grant</u>	<u>College Access Grant</u>	<u>FAB LAB Grant</u>	<u>Total</u>
<b>REVENUES:</b>							
Federal Sources	\$ 1,324,805.81						\$ 1,324,805.81
Local Sources		\$ 1,842.64	\$ 1,820.97	\$ 14,115.87	\$ 465.01	\$ 5,150.00	203,197.32
<b>Total Revenues</b>	<u>1,324,805.81</u>	<u>1,842.64</u>	<u>1,820.97</u>	<u>14,115.87</u>	<u>465.01</u>	<u>5,150.00</u>	<u>1,528,003.13</u>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Personal Services - Salaries	287,725.50						287,725.50
Purchased Services	285,094.85						285,094.85
Instructional Supplies	13,373.28		1,820.97				15,194.25
	<u>586,193.63</u>		<u>1,820.97</u>				<u>588,014.60</u>
<b>Support Services:</b>							
Personal Services - Salaries	300,496.44						300,496.44
Personal Services - Employee Benefits	232,096.89						232,096.89
Purchased Professional and Technical Services	129,369.13			14,115.87			143,485.00
Other Purchased Services (400-500 series)	356.00						356.00
Supplies and Materials	76,293.72	1,842.64			465.01	3,000.00	81,601.37
Other Objects						2,150.00	181,952.83
<b>Total Support Services</b>	<u>738,612.18</u>	<u>1,842.64</u>		<u>14,115.87</u>	<u>465.01</u>	<u>5,150.00</u>	<u>939,988.53</u>
<b>Total Expenditures</b>	<u>1,324,805.81</u>	<u>1,842.64</u>	<u>1,820.97</u>	<u>14,115.87</u>	<u>465.01</u>	<u>5,150.00</u>	<u>1,528,003.13</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**PROPRIETARY FUNDS**

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Proprietary Fund  
Statement of Net Position  
June 30, 2020

	Business-Type Activities <u>Enterprise Fund</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash	\$ 41,271.88
Interfund Accounts Receivable:	
General Fund	40,900.70
Special Revenue Fund	27,613.50
Accounts Receivable	102,116.52
Inventories	<u>12,461.98</u>
Total Current Assets	<u>224,364.58</u>
Noncurrent Assets:	
Equipment	536,343.63
Less Accumulated Depreciation	<u>(339,378.46)</u>
Total Noncurrent Assets	<u>196,965.17</u>
Total Assets	<u>421,329.75</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>47,475.36</u>
Total Current Liabilities	<u>47,475.36</u>
NET POSITION:	
Net Investment in Capital Assets	196,965.17
Unrestricted	<u>176,889.22</u>
Total Net Position	<u><u>\$ 373,854.39</u></u>



**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Proprietary Fund  
 Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2020

	Business-Type Activities Enterprise Fund
	<u>Food Service</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 25,160.75
Daily Sales - Non-Reimbursable Programs	28,830.25
Special Functions	59,035.45
Rutgers - ELRA Contract	162,015.00
	275,041.45
<b>Total Operating Revenues</b>	<b>275,041.45</b>
<b>OPERATING EXPENSES:</b>	
Salaries	434,803.44
Employee Benefits	60,895.93
Other Purchased Services	50,858.92
Cleaning, Repair and Maintenance Services	8,675.88
General Supplies	39,654.28
Depreciation	25,922.31
Cost of Sales - Reimbursable Programs	297,787.92
Cost of Sales - Nonreimbursable Programs	163,387.48
	1,081,986.16
<b>Total Operating Expenses</b>	<b>1,081,986.16</b>
Operating Income / (Loss)	<b>(806,944.71)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
State Sources:	
State School Lunch Program	8,075.58
Federal Sources:	
National School Lunch Program	449,732.47
National School Breakfast Program	237,100.67
Food Distribution Program	48,641.30
Interest and Investment Revenue	1,246.87
	744,796.89
<b>Total Nonoperating Revenues (Expenses)</b>	<b>744,796.89</b>
Change in Net Position	(62,147.82)
Net Position -- July 1	436,002.21
Net Position -- June 30	<b>\$ 373,854.39</b>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Proprietary Fund  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities Enterprise Fund
	Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Customers	\$ 309,604.18
Payments to Employees	(434,803.44)
Payments for Employee Benefits	(60,895.93)
Payments to Suppliers	(712,955.10)
	(899,050.29)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
State Sources	9,099.41
Federal Sources	772,820.87
	781,920.28
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases of Capital Assets	(21,675.63)
	(21,675.63)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and Dividends	1,246.87
	1,246.87
Net Increase (Decrease) in Cash and Cash Equivalents	(137,558.77)
Balance -- July 1	178,830.65
Balance -- June 30	\$ 41,271.88
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	\$ (806,944.71)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation	25,922.31
Food Distribution Program	48,641.30
(Increase) Decrease in Accounts Receivable, net	34,562.73
(Increase) Decrease in Inventories	(8,254.87)
Increase (Decrease) in Accounts Payable	(192,803.29)
Increase (Decrease) in Unearned Revenue	(173.76)
	(92,105.58)
Total Adjustments	(92,105.58)
Net Cash Provided by (used for) Operating Activities	\$ (899,050.29)

**FIDUCIARY FUNDS**

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2020

	Private Purpose Trust Fund	Agency Funds		Total
	Scholarship Fund	Student Activity	Payroll	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 225.96	\$ 65,938.33	\$ 72,981.40	\$ 139,145.69
Interfund Accounts Receivable:				
Due from General Fund		20,669.65	1,076.93	21,746.58
<b>Total Assets</b>	<u>225.96</u>	<u>\$ 86,607.98</u>	<u>\$ 74,058.33</u>	<u>160,892.27</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings			\$ 74,058.33	74,058.33
Accounts Payable		\$ 16,108.20		16,108.20
Payable to Student Groups		70,499.78		70,499.78
<b>Total Liabilities</b>		<u>\$ 86,607.98</u>	<u>\$ 74,058.33</u>	<u>160,666.31</u>
<b>NET POSITION:</b>				
Held for Scholarships	<u>225.96</u>			<u>225.96</u>
<b>Total Net Position</b>	<u>\$ 225.96</u>			<u>\$ 225.96</u>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2020

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	Private Purpose Trust Fund	
	Scholarship Fund	
ADDITIONS:		
Investment Earnings:		
Interest	\$ 1.89	
Total Additions	1.89	
Change in Net Position	1.89	
Net Position -- July 1	224.07	
Net Position -- June 30	\$ 225.96	

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2020

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	<u>Balance</u> <u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
LEAP Academy University Charter School:				
Student Groups	54,690.76	\$ 34,658.76	\$ 25,276.07	\$ 64,073.45
Parent Unit	<u>328.85</u>	<u>17,690.23</u>	<u>11,592.75</u>	<u>6,426.33</u>
	<u>\$ 55,019.61</u>	<u>\$ 52,348.99</u>	<u>\$ 36,868.82</u>	<u>\$ 70,499.78</u>

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2020

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	66,020.54	\$ 14,294,948.37	\$ 14,287,987.51	\$ 72,981.40
Interfund Accounts Receivable:				
Due General Fund	<u>1,305.63</u>		<u>228.70</u>	<u>1,076.93</u>
Total Assets	<u>\$ 67,326.17</u>	<u>\$ 14,294,948.37</u>	<u>\$ 14,288,216.21</u>	<u>\$ 74,058.33</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	67,326.17	\$ 5,678,844.32	\$ 5,672,112.16	\$ 74,058.33
Net Payroll		<u>8,616,104.05</u>	<u>8,616,104.05</u>	
Total Liabilities	<u>\$ 67,326.17</u>	<u>\$ 14,294,948.37</u>	<u>\$ 14,288,216.21</u>	<u>\$ 74,058.33</u>

**LONG-TERM DEBT**



## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

## Schedule of Serial Bonds

For the Fiscal Year Ended June 30, 2020

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>					
LEAP Academy University Charter School, Inc.:									
Serial Bonds:									
Charter School Refunding Bonds	10/2/2015	\$ 5,940,000.00	2021	\$ 445,225.66	2.24%				
			2022	455,301.75	2.24%				
			2023	465,605.90	2.24%				
			2024	476,143.20	2.24%				
			2025	486,919.00	2.24%				
			2026	497,938.68	2.24%				
			2027	509,207.71	2.24%				
			2028	520,731.79	2.24%				
			2029	132,014.02	2.24%	\$ 4,424,307.41		\$ 435,355.55	\$ 3,988,951.86
						<u>4,424,307.41</u>		<u>435,355.55</u>	<u>3,988,951.86</u>
LEAP Cramer Hill, LLC. (Component Unit):									
Serial Bonds:									
Charter School Revenue Bonds:									
Series 2014A (Tax Exempt)	9/29/2014	9,500,000.00	10/1/2020	120,000.00	8.00%				
Series 2014B (Taxable)	9/29/2014	500,000.00	10/1/2021	125,000.00	8.00%				
			10/1/2022	140,000.00	8.00%				
			10/1/2023	150,000.00	8.00%				
			10/1/2024	165,000.00	5.125%				
			10/1/2025	170,000.00	6.00%				
			10/1/2026	180,000.00	6.00%				
			10/1/2027	190,000.00	6.00%				
			10/1/2028	200,000.00	6.00%				
			10/1/2029	210,000.00	6.00%				
			10/1/2030	225,000.00	6.00%				
			10/1/2031	240,000.00	6.00%				
			10/1/2032	250,000.00	6.00%				
			10/1/2033	265,000.00	6.00%				
			10/1/2034	280,000.00	6.00%				
			10/1/2035	300,000.00	6.20%				
			10/1/2036	320,000.00	6.20%				
			10/1/2037	340,000.00	6.20%				
			10/1/2038	360,000.00	6.20%				
			10/1/2039	380,000.00	6.20%				
			10/1/2040	405,000.00	6.20%				
			10/1/2041	430,000.00	6.20%				
			10/1/2042	455,000.00	6.20%				
			10/1/2043	485,000.00	6.20%				

(Continued)

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

## Schedule of Serial Bonds

For the Fiscal Year Ended June 30, 2020

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>					
LEAP Cramer Hill, LLC. (Component Unit) (Cont'd):									
Serial Bonds (Cont'd):									
Charter School Revenue Bonds (Cont'd):									
Series 2014A (Tax Exempt) (Cont'd)	9/29/2014	\$ 9,500,000.00	10/1/2044	\$ 515,000.00	6.20%				
Series 2014B (Taxable) (Cont'd)	9/29/2014	500,000.00	10/1/2045	550,000.00	6.30%				
			10/1/2045	550,000.00	6.30%				
			10/1/2046	580,000.00	6.30%				
			10/1/2047	620,000.00	6.30%				
			10/1/2048	655,000.00	6.30%				
			10/1/2049	695,000.00	6.30%	\$ 10,000,000.00			\$ 10,000,000.00
Charter School Revenue Bonds:									
Series 2016 Note	5/23/2016	1,000,000.00				896,589.57		\$ 896,589.57	
Total LEAP Cramer Hill, LLC						10,896,589.57		896,589.57	10,000,000.00
LEAP STEM, LLC (Component Unit):									
Charter School Revenue Bonds:									
Series 2018 Note	12/1/2018	7,500,000.00	2021	188,200.40	3.99%				
			2022	195,956.64	3.99%				
			2023	204,032.55	3.99%				
			2024	211,713.01	3.99%				
			2025	221,166.52	3.99%				
			2026	230,281.41	TBD				
			2027	239,771.93	TBD				
			2028	249,029.20	TBD				
			2029	259,916.73	TBD				
			2030	270,628.59	TBD				
			2031	281,781.93	TBD				
			2032	292,892.62	TBD				
			2033	305,465.81	TBD				
			2034	318,054.86	TBD				
			2035	331,162.77	TBD				
			2036	344,452.13	TBD				
			2037	359,006.67	TBD				
			2038	373,802.30	TBD				
			2039	389,207.69	TBD				
			2040	405,057.96	TBD				
			2041	421,941.49	TBD				
			2042	439,330.86	TBD				
			2043	457,436.86	TBD				

(Continued)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2020

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
LEAP STEM, LLC (Component Unit) (Cont'd): Charter School Revenue Bonds (Cont'd): Series 2018 Note (Cont'd)	12/1/2018	\$ 7,500,000.00	2044	\$ 241,636.90	TBD	\$ 7,411,894.69		\$ 179,223.30	\$ 7,232,671.39
Total LEAP STEM, LLC						7,411,894.69		179,223.30	7,232,671.39
Total Schedule of Serial Bonds						<u>\$ 22,732,791.67</u>	<u>\$ -</u>	<u>\$ 1,511,168.42</u>	<u>\$ 21,221,623.25</u>

TBD: The interest rate on these bonds is fixed for seven years and then will have a rate reset formula for each subsequent five year period (See Notes to the Financial Statements)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Schedule of Obligations Under Capital Leases  
For the Fiscal Year Ended June 30, 2020

SERIES	Date of Lease	Term of Lease	Interest Rate Payable	Amount of Original Issue		Amount Outstanding July 1, 2019	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2020
				Principal	Interest				
LEAP Academy University Charter School Inc.:									
Laptop Computers	December 1, 2014	January 1, 2015 to December 31, 2019	5.00%	\$ 268,433.51	\$ 35,504.14	\$ 29,935.83		\$ 29,935.83	
Furniture	November 1, 2015	November 1, 2015 to October 1, 2022	5.50%	365,708.00	75,712.00	191,677.63		53,862.05	\$ 137,815.58
Laptop Computers	September 16, 2016	September 16, 2016 to August 16, 2020	4.00%	164,656.40	13,302.20	50,630.13		43,251.42	7,378.71
School Buses	September 13, 2016	September 13, 2016 to August 13, 2021	4.50%	176,999.34	20,371.46	81,345.44		36,561.20	44,784.24
Laptop Computers	October 30, 2018	November 5, 2018 to October 5, 2021	5.39%	164,656.40	13,302.20	<u>63,936.05</u>		<u>26,388.07</u>	<u>37,547.98</u>
						<u>417,525.08</u>		<u>189,998.57</u>	<u>227,526.51</u>
LEAP Cramer Hill, LLC.:									
Laptop Computers	October 5, 2017	October 5, 2017 to October 5, 2022	4.50%	369,696.00	43,822.60	<u>249,953.03</u>		<u>72,927.08</u>	<u>177,025.95</u>
Total Obligations Under Capital Leases						<u>\$ 667,478.11</u>	<u>\$ -</u>	<u>\$ 262,925.65</u>	<u>\$ 404,552.46</u>

**STATISTICAL SECTION**

## **Financial Trends Information**

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

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

	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>Fiscal Year Ending June 30,</u>		<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>		
									<u>2016</u>	<u>2015 (1)</u>									
Governmental Activities																			
Net Investment in Capital Assets	\$ 8,059,001.39	\$ 8,490,522.50	\$ 5,985,678.67	\$ 6,514,363.40	\$ 6,433,380.86	\$ 3,977,322.16	\$ 5,564,897.49	\$ 5,540,432.23	\$ (512,995.84)	\$ 4,847,133.82									
Restricted	2,214,050.31	1,075,482.27	3,023,294.06	2,699,540.78	2,410,225.66	2,895,846.10	1,130,605.96	806,270.22	6,955,011.41	370,916.10									
Unrestricted (Deficit)	(7,650,169.83)	(5,619,853.00)	(6,012,991.42)	(5,724,677.82)	(5,321,607.45)	(3,272,117.93)	(4,458,784.63)	726,198.06	575,314.99	1,709,409.29									
Total Governmental Activities Net Position	<u>\$ 2,622,881.87</u>	<u>\$ 3,946,151.77</u>	<u>\$ 2,995,981.31</u>	<u>\$ 3,489,226.36</u>	<u>\$ 3,521,999.07</u>	<u>\$ 3,601,050.33</u>	<u>\$ 2,236,718.82</u>	<u>\$ 7,072,900.51</u>	<u>\$ 7,017,330.56</u>	<u>\$ 6,927,459.21</u>									
Business-type Activities																			
Net Investment in Capital Assets	\$ 196,965.17	\$ 201,211.85	\$ 228,559.95	\$ 258,921.18	\$ 281,456.00	\$ 311,075.00	\$ 156,306.00	\$ 179,344.57	\$ 71,483.00	\$ 87,857.62									
Unrestricted (Deficit)	176,889.22	234,790.36	158,264.20	107,316.44			(156,306.00)	(266,916.20)	(343,724.66)										
Total Business-type Activities Net Position	<u>\$ 373,854.39</u>	<u>\$ 436,002.21</u>	<u>\$ 386,824.15</u>	<u>\$ 366,237.62</u>	<u>\$ 281,456.00</u>	<u>\$ 311,075.00</u>	<u>\$ -</u>	<u>\$ (87,571.63)</u>	<u>\$ (272,241.66)</u>	<u>\$ 87,857.62</u>									
Government-wide																			
Net Investment in Capital Assets	\$ 8,255,966.56	\$ 8,691,734.35	\$ 6,214,238.62	\$ 6,773,284.58	\$ 6,714,836.86	\$ 4,288,397.16	\$ 5,721,203.49	\$ 5,719,776.80	\$ (441,512.84)	\$ 4,934,991.44									
Restricted	2,214,050.31	1,075,482.27	3,023,294.06	2,699,540.78	2,410,225.66	2,895,846.10	1,130,605.96	806,270.22	6,955,011.41	370,916.10									
Unrestricted (Deficit)	(7,473,280.61)	(5,385,062.64)	(5,854,727.22)	(5,617,361.38)	(5,321,607.45)	(3,272,117.93)	(4,615,090.63)	459,281.86	231,590.33	1,709,409.29									
Total Government-wide Net Position	<u>\$ 2,996,736.26</u>	<u>\$ 4,382,153.98</u>	<u>\$ 3,382,805.46</u>	<u>\$ 3,855,463.98</u>	<u>\$ 3,803,455.07</u>	<u>\$ 3,912,125.33</u>	<u>\$ 2,236,718.82</u>	<u>\$ 6,985,328.88</u>	<u>\$ 6,745,088.90</u>	<u>\$ 7,015,316.83</u>									

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

Source: Comprehensive Annual Financial Report Exhibit A-1

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

	Fiscal Year Ending June 30.									
	2020	2019	2018 (3)	2017	2016 (1)	2015 (2)	2014	2013	2012	2010
<b>Expenses</b>										
Governmental Activities										
Instruction						\$ 8,092,058.48	\$ 8,377,052.13	\$ 8,123,628.90	\$ 6,162,700.29	\$ 5,218,477.56
Administration						7,950,283.88	6,804,647.11	5,543,619.01	3,275,635.42	2,969,821.70
Support Services						5,261,626.38	4,593,787.61	4,437,863.61	4,478,028.68	3,652,161.40
Regular Instruction	\$ 8,609,789.72	\$ 8,342,376.11	\$ 9,486,721.26	\$ 8,400,920.93	\$ 7,832,801.23					
Special Education Instruction	583,395.47	679,767.03	565,991.39	392,329.70	303,695.15					
Basic Skills Remedial Instruction					31,850.00					
Bilingual Education Instruction	120,221.27	138,248.83	147,600.79	247,530.20	144,870.62					
School Sponsored Extra Curricular Activities Instruction	3,200.00	9,569.40	4,265.40	7,918.82	3,912.26					
School Sponsored Athletics Instruction	80,870.16	111,199.92	99,245.51	124,845.30	71,448.12					
Before and After School Programs Instruction					18,188.88					
Summer School	90,196.00	71,907.54	93,212.72	86,324.69	80,160.02					
Other Supplemental At Risk Programs			61,088.45	63,690.00	59,508.00					
Community Service Programs	559,795.24	531,565.96	456,342.31	439,917.57	404,239.09					
Support Services and Undistributed Costs:										
Student and Instruction Related Services	2,323,990.93	2,545,192.06	2,102,838.08	1,914,359.81	2,105,472.08					
School Administrative Services	1,196,541.34	1,160,370.67	1,267,426.33	1,347,645.47	1,322,907.17					
Other Administrative Services	2,707,841.94	2,268,643.20	2,153,621.68	2,016,071.62	2,120,185.30					
Plant Operations and Maintenance	2,143,560.05	2,347,684.88	2,280,446.97	2,533,408.89	2,451,476.77					
Pupil Transportation	293,296.24	320,861.64	370,525.12	358,905.81	287,316.10					
Unallocated Benefits	8,778,410.73	8,991,062.37	9,378,554.26	8,705,493.31	6,290,359.70					
Interest on Long Term Debt	1,150,794.90	1,231,662.84	1,364,667.59	1,364,187.60	1,374,969.22	1,342,285.33	841,420.17	572,294.65	786,648.55	406,797.79
Unallocated Amortization and Depreciation									5,678.66	8,616.02
<b>Total Governmental Activities Expenses</b>	<b>28,641,903.99</b>	<b>28,750,112.45</b>	<b>29,832,547.86</b>	<b>28,003,549.72</b>	<b>24,903,359.71</b>	<b>22,646,254.07</b>	<b>20,616,907.02</b>	<b>18,677,406.17</b>	<b>14,708,691.60</b>	<b>12,255,874.47</b>
Business-type Activities:										
Food Service	1,081,986.16	1,447,335.09	1,505,505.32	1,419,605.26	1,377,923.54	1,244,851.63	1,145,665.68	1,091,167.24	1,027,915.73	640,235.95
<b>Total Business-type Activities Expense</b>	<b>1,081,986.16</b>	<b>1,447,335.09</b>	<b>1,505,505.32</b>	<b>1,419,605.26</b>	<b>1,377,923.54</b>	<b>1,244,851.63</b>	<b>1,145,665.68</b>	<b>1,091,167.24</b>	<b>1,027,915.73</b>	<b>640,235.95</b>
<b>Total Government-Wide Expenses</b>	<b>\$ 29,723,890.15</b>	<b>\$ 30,197,447.54</b>	<b>\$ 31,338,053.18</b>	<b>\$ 29,423,154.98</b>	<b>\$ 26,281,283.25</b>	<b>\$ 23,891,105.70</b>	<b>\$ 21,762,572.70</b>	<b>\$ 19,768,573.41</b>	<b>\$ 15,736,607.33</b>	<b>\$ 12,896,110.42</b>
<b>Program Revenues</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 5,898,615.12	\$ 6,490,944.72	\$ 7,693,228.45	\$ 6,348,097.00	\$ 4,946,929.04	\$ 3,750,804.89	\$ 2,913,464.88	\$ 1,833,393.50	\$ 2,491,184.79	\$ 1,225,257.26
Capital Grants and Contributions	61,136.22	14,189.25								
<b>Total Governmental Activities Program Revenues</b>	<b>5,959,751.34</b>	<b>6,505,133.97</b>	<b>7,693,228.45</b>	<b>6,348,097.00</b>	<b>4,946,929.04</b>	<b>3,750,804.89</b>	<b>2,913,464.88</b>	<b>1,833,393.50</b>	<b>2,491,184.79</b>	<b>1,225,257.26</b>
Business-type activities:										
Food Services:										
Charges for services	275,041.45	346,881.42	391,183.54	376,098.66	335,636.26	243,269.52	126,754.65	202,013.15	189,619.42	77,400.96
Operating Grants and Contributions	743,550.02	1,147,708.51	1,134,442.53	1,128,219.98	1,007,664.34	975,403.52	917,782.55	760,758.05	486,275.38	518,191.92
<b>Total Business-type Activities Program Revenues</b>	<b>1,018,591.47</b>	<b>1,494,589.93</b>	<b>1,525,626.07</b>	<b>1,504,318.64</b>	<b>1,343,300.60</b>	<b>1,218,673.04</b>	<b>1,044,537.20</b>	<b>962,771.20</b>	<b>675,894.80</b>	<b>595,592.88</b>
<b>Total Government-Wide Program Revenues</b>	<b>\$ 6,978,342.81</b>	<b>\$ 7,999,723.90</b>	<b>\$ 9,218,854.52</b>	<b>\$ 7,852,415.64</b>	<b>\$ 6,290,229.64</b>	<b>\$ 4,969,477.93</b>	<b>\$ 3,958,002.08</b>	<b>\$ 2,796,164.70</b>	<b>\$ 3,167,079.59</b>	<b>\$ 1,820,850.14</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (22,682,152.65)	\$ (22,244,978.48)	\$ (22,139,319.41)	\$ (21,655,452.72)	\$ (19,956,430.67)	\$ (18,895,449.18)	\$ (17,703,442.14)	\$ (16,844,012.67)	\$ (12,217,506.81)	\$ (11,030,617.21)
Business-type Activities	(63,394.69)	47,254.84	20,120.75	84,713.38	(34,622.94)	(26,178.59)	(101,128.48)	(128,396.04)	(352,020.93)	(44,643.07)
<b>Total Government-Wide Net Expense</b>	<b>\$ (22,745,547.34)</b>	<b>\$ (22,197,723.64)</b>	<b>\$ (22,119,198.66)</b>	<b>\$ (21,570,739.34)</b>	<b>\$ (19,991,053.61)</b>	<b>\$ (18,921,627.77)</b>	<b>\$ (17,804,570.62)</b>	<b>\$ (16,972,408.71)</b>	<b>\$ (12,569,527.74)</b>	<b>\$ (11,075,260.28)</b>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Charter School Aid	\$ 20,425,934.00	\$ 19,715,084.00	\$ 19,081,752.00	\$ 19,161,945.00	\$ 19,258,462.00	\$ 19,439,739.00	\$ 18,498,317.00	\$ 17,103,843.00	\$ 11,863,382.00	\$ 10,770,723.00
State and Federal Aid - Not Restricted	310,972.27	749,369.20	1,964,053.02	1,885,534.11	52,457.10	34,995.00	9,472.85	3,120.68		979,962.66
Investment Earnings	49,533.10	66,871.78	21,032.44	6,385.95	4,995.15	3,765.44	58,290.26		56,369.54	3,610.87
Miscellaneous Income	572,443.38	701,045.96	579,236.90	568,814.95	566,422.64	846,426.63	170,033.56	84,423.91	232,666.46	173,212.44
Loss on Disposal of Capital Assets		(2,440.00)								
Special Item: Forgiveness of Debt		1,965,218.00								
Transfers					(4,958.19)	(175,921.11)	(188,671.98)	(200,000.00)		(41,997.91)
<b>Total Governmental Activities</b>	<b>\$ 21,358,882.75</b>	<b>\$ 23,195,148.94</b>	<b>\$ 21,646,074.36</b>	<b>\$ 21,622,680.01</b>	<b>\$ 19,877,378.70</b>	<b>\$ 20,149,004.96</b>	<b>\$ 18,547,441.69</b>	<b>\$ 16,991,387.59</b>	<b>\$ 12,152,418.00</b>	<b>\$ 11,885,511.06</b>

(Continued)



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

	<u>2020</u>	<u>2019</u>	<u>2018 (3)</u>	<u>2017</u>	<u>Fiscal Year Ending June 30,</u>		<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2010</u>
					<u>2016 (1)</u>	<u>2015 (2)</u>				
<b>General Revenues and Other Changes in Net Assets (Cont'd)</b>										
Business-type Activities:										
Investment Earnings	\$ 1,246.87	\$ 1,923.22	\$ 465.78	\$ 68.24	\$ 45.75	\$ 30.70	\$ 28.13	\$ 11.82	\$ 57.80	\$ 193.11
Transfers					4,958.19	175,921.11	188,671.98	200,000.00		41,997.91
Total Business-type Activities	<u>1,246.87</u>	<u>1,923.22</u>	<u>465.78</u>	<u>68.24</u>	<u>5,003.94</u>	<u>175,951.81</u>	<u>188,700.11</u>	<u>200,011.82</u>	<u>57.80</u>	<u>42,191.02</u>
Total Government-Wide	<u>\$ 21,360,129.62</u>	<u>\$ 23,197,072.16</u>	<u>\$ 21,646,540.14</u>	<u>\$ 21,622,748.25</u>	<u>\$ 19,882,382.64</u>	<u>\$ 20,324,956.77</u>	<u>\$ 18,736,141.80</u>	<u>\$ 17,191,399.41</u>	<u>\$ 12,152,475.80</u>	<u>\$ 11,927,702.08</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ (1,323,269.90)	\$ 950,170.46	\$ (493,245.05)	\$ (32,772.71)	\$ (79,051.97)	\$ 1,253,555.78	\$ 843,999.55	\$ 147,374.92	\$ (65,088.81)	\$ 854,893.85
Business-type Activities	<u>(62,147.82)</u>	<u>49,178.06</u>	<u>20,586.53</u>	<u>84,781.62</u>	<u>(29,619.00)</u>	<u>149,773.22</u>	<u>87,571.63</u>	<u>71,615.78</u>	<u>(351,963.13)</u>	<u>(2,452.05)</u>
Total Government-Wide	<u>\$ (1,385,417.72)</u>	<u>\$ 999,348.52</u>	<u>\$ (472,658.52)</u>	<u>\$ 52,008.91</u>	<u>\$ (108,670.97)</u>	<u>\$ 1,403,329.00</u>	<u>\$ 931,571.18</u>	<u>\$ 218,990.70</u>	<u>\$ (417,051.94)</u>	<u>\$ 852,441.80</u>

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

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

(3) Beginning in 2018 amounts included the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

Source: Comprehensive Annual Financial Report Exhibit A-2

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>Fiscal Year Ending June 30,</u>		<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
					<u>2016</u>	<u>2015</u>				
Fund Balances										
Nonspendable					\$ 61,372.21					
Restricted:										
Debt Service Reserve	\$ 57,126.66	\$ 73,648.41	\$ 72,589.69	\$ 83,113.95	71,966.40	\$ 412,752.51	\$ 404,167.68	\$ 395,334.08	\$ 390,916.98	\$ 381,650.03
Sinking Fund Reserve			1,986,905.35	1,688,380.98	1,392,276.53	1,097,546.66	804,592.87	511,691.63	219,176.28	
State Mandated Reserve	75,000.00	75,000.00	75,000.00	75,183.74	75,589.39	75,249.14				
Other Restricted Reserves	3,000,000.00									
Committed:										
Other Purposes						857,436.99	406,541.17	390,647.47	459,863.93	47,467.41
Assigned:										
Other Purposes	76,016.86	304,344.99	244,311.23	167,757.18	15,216.39	99,229.16	268,318.44	179,153.27	45,367.09	421,098.46
Unassigned:										
General Fund	779,952.63	1,562,343.58	699,748.29	712,354.16	630,046.58	1,275,372.38	486,804.34	230,442.76	148,306.66	1,327,729.05
Total General Fund	<u>\$ 3,988,096.15</u>	<u>\$ 2,015,336.98</u>	<u>\$ 3,078,554.56</u>	<u>\$ 2,726,790.01</u>	<u>\$ 2,246,467.50</u>	<u>\$ 3,817,586.84</u>	<u>\$ 2,370,424.50</u>	<u>\$ 1,707,269.21</u>	<u>\$ 1,263,630.94</u>	<u>\$ 2,177,944.95</u>
All Other Governmental Funds										
Restricted	\$ 1,021,863.04	\$ 14,158.54	\$ 10,411.06	\$ 22,303.56	\$ 19,425.96	\$ 11,041.96	\$ 4,809.33		\$ 6,357,700.74	
Unassigned (Deficit), Reported in:										
Capital Projects Fund						(169,694.63)				
Total All Other Governmental Funds	<u>\$ 1,021,863.04</u>	<u>\$ 14,158.54</u>	<u>\$ 10,411.06</u>	<u>\$ 22,303.56</u>	<u>\$ 19,425.96</u>	<u>\$ (158,652.67)</u>	<u>\$ 4,809.33</u>	<u>\$ -</u>	<u>\$ 6,357,700.74</u>	<u>\$ -</u>

Source: Comprehensive Annual Financial Report Exhibit B-1

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016 (1)	2015	2014	2013	2012	2011
<b>Revenues</b>										
Revenue from Local Sources	\$ 648,716.15	\$ 647,749.84	\$ 489,091.78	\$ 356,017.15	\$ 402,312.88	\$ 141,235.49	\$ 169,003.26	\$ 82,752.01	\$ 182,452.54	\$ 172,010.81
Charter School Aid:										
Equalization Aid - State and Local Share	19,323,707.00	18,701,215.00	18,190,039.00	18,270,672.00	18,319,554.00	18,564,339.00	17,502,834.00	16,039,557.00	11,167,658.00	10,770,723.00
Categorical Aid	1,102,227.00	1,013,869.00	891,713.00	891,273.00	938,908.00	875,400.00	995,483.00	1,064,286.00	695,724.00	471,057.00
Other State Sources	3,009,061.62	3,297,962.51	4,294,587.77	3,839,108.13	1,695,874.29	1,292,054.03	1,012,033.52	987,035.29	647,050.28	508,905.66
Federal Sources	1,433,599.38	1,726,135.23	1,553,980.33	1,383,776.18	1,698,975.85	1,458,455.86	1,900,904.21	846,358.21	1,844,134.51	1,225,257.26
<b>Total Revenue</b>	<b>25,517,311.15</b>	<b>25,386,931.58</b>	<b>25,419,411.88</b>	<b>24,740,846.46</b>	<b>23,055,625.02</b>	<b>22,331,484.38</b>	<b>21,580,257.99</b>	<b>19,019,988.51</b>	<b>14,537,019.33</b>	<b>13,147,953.73</b>
<b>Expenditures</b>										
Instruction						7,186,530.87	7,321,896.38	6,568,589.29	5,761,428.62	4,724,651.78
Administration						6,878,154.05	6,787,372.48	5,025,145.65	3,258,950.46	3,368,388.38
Support Services						4,948,052.00	4,843,084.84	4,616,241.31	4,509,327.75	3,686,375.81
Regular Instruction	7,497,502.34	7,229,807.33	8,275,477.12	7,364,455.80	6,959,613.05					
Special Education Instruction	583,395.47	679,767.03	565,991.39	392,329.70	303,695.15					
Basic Skills Remedial Instruction					31,850.00					
Bilingual Education Instruction	120,221.27	138,248.83	147,600.79	247,530.20	144,870.62					
School Sponsored Extra Curricular Activities Instruction	3,200.00	9,569.40	4,265.40	7,918.82	3,912.26					
School Sponsored Athletics Instruction	80,870.16	111,199.92	99,245.51	124,845.30	71,448.12					
Before and After School Programs Instruction					18,188.88					
Summer School	90,196.00	71,907.54	93,212.72	86,324.69	80,160.02					
Other Supplemental At Risk Programs			61,088.45	63,690.00	59,508.00					
Community Service Programs	553,202.76	529,025.08	441,937.42	435,560.66	357,550.20					
Support Services and Undistributed Costs:										
Student and Instruction Related Services	2,313,628.19	2,543,227.64	2,098,124.69	1,906,003.93	2,111,320.79					
School Administrative Services	1,163,221.92	1,131,347.45	1,243,477.26	1,320,774.54	1,314,710.06					
Other Administrative Services	2,383,614.22	2,067,418.21	2,035,324.03	1,886,522.99	1,828,588.57					
Plant Operations and Maintenance	3,213,144.90	3,080,745.17	2,780,455.70	2,999,846.47	2,891,659.40					
Pupil Transportation	265,536.24	291,711.64	341,375.12	338,502.41	287,316.10					
Unallocated Benefits	3,463,996.66	3,585,508.56	2,853,026.13	3,019,001.86	2,783,653.13					
TPAF Pension and Social Security	2,718,035.62	2,588,972.51	2,357,972.22	1,985,828.13	1,675,874.29					
General Fund Debt Service	891,186.36	1,152,201.79	1,648,680.83	1,611,805.00	1,567,592.89	1,715,605.81	1,663,937.88	1,674,840.64	1,225,086.25	881,954.58
Capital Outlay	210,673.22	552,164.27	330,809.42	1,654,466.04	2,546,847.77	692,794.65	597,736.63	7,209,893.52	4,567,187.58	1,205,710.28
<b>Total Expenditures</b>	<b>25,551,625.33</b>	<b>25,762,822.37</b>	<b>25,378,064.20</b>	<b>25,445,406.54</b>	<b>25,038,359.30</b>	<b>21,421,137.38</b>	<b>21,214,028.21</b>	<b>25,094,710.41</b>	<b>19,321,980.66</b>	<b>13,867,080.83</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,314.18)	(375,890.79)	41,347.68	(704,560.08)	(1,982,734.28)	910,347.00	366,229.78	(6,074,721.90)	(4,784,961.33)	(719,127.10)
<b>Other Financing Sources (Uses)</b>										
Trustee Payment of Debt Service					(896,827.08)	(591,770.00)	(588,870.00)	(590,470.00)	(586,570.00)	(587,170.00)
Deposits Held with Trustee for Debt Service					556,040.97	600,354.83	597,703.60	594,887.10	595,836.95	591,982.50
Deposits Held with Trustee for Sinking Fund		75,444.62	298,524.37	296,104.45	294,729.87	292,953.79	292,901.24	292,610.52	219,081.11	
Loan Proceeds	5,385,890.00	7,500,000.00			275,000.00	105,000.00			10,000,000.00	
Repayment of Debt	(2,300,684.77)	(8,228,093.81)								
Interest on Repayment of Debt										
Closing Costs	(69,843.91)	(71,747.63)								
Prepaid Interest	(583.47)									
Assets Acquired by Capital Lease		80,730.00		891,655.74	365,708.00	268,433.51				
Recovery or Adjustments for State Aid or Federal Grants						(125,697.68)		(136,368.19)		
Transfer to Fund Deficit in Food Service Enterprise Fund					(4,958.19)	(175,921.11)				
Transfers Out			(13,422.63)						(909,139.08)	
Transfer In			13,422.63						909,139.08	
<b>Total Other Financing Sources (Uses)</b>	<b>3,014,777.85</b>	<b>(683,579.31)</b>	<b>298,524.37</b>	<b>1,187,760.19</b>	<b>589,693.57</b>	<b>373,353.34</b>	<b>301,734.84</b>	<b>160,659.43</b>	<b>10,228,348.06</b>	<b>4,812.50</b>
<b>Net Change in Fund Balances</b>	<b>\$ 2,980,463.67</b>	<b>\$ (1,059,470.10)</b>	<b>\$ 339,872.05</b>	<b>\$ 483,200.11</b>	<b>\$ (1,393,040.71)</b>	<b>\$ 1,283,700.34</b>	<b>\$ 667,964.62</b>	<b>\$ (5,914,062.47)</b>	<b>\$ 5,443,386.73</b>	<b>\$ (714,314.60)</b>
Debt Service as a Percentage of Noncapital Expenditures	3.6%	4.8%	7.0%	7.3%	7.5%	9.0%	8.8%	10.3%	9.1%	7.5%

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

Source: Comprehensive Annual Financial Report Exhibit B-2

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

	<u>Fiscal Year Ending June 30,</u>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Donations	\$ 3,628.65	\$ 577.10	\$ 121.11	\$ 170.00	\$ 75,170.00	\$ 418.96		\$ 11,772.00		
E-Rate Reimbursements	12,022.48	124,820.00	81,012.90	100,697.78			\$ 22,271.12			
Miscellaneous	9,712.56	11,255.64	17,481.00	5,544.00	95,864.52	24,806.77	3,776.77	6,519.75		
Refunds	1,110.00	7,392.91	21,511.96	6,445.04	65.09	6,852.26	21,514.73	34,741.24		
Cancellation of Prior Year Accounts Receivable or Accounts Payable			(48,999.39)			4,211.85	10,727.64	29,719.02		
	<u>\$ 26,473.69</u>	<u>\$ 144,045.65</u>	<u>\$ 71,127.58</u>	<u>\$ 112,856.82</u>	<u>\$ 171,099.61</u>	<u>\$ 36,289.84</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Source: Charter School Records.

## **Debt Capacity Information**

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

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		Total Charter School	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Mortgages Payable	Capital Leases	Loan Payable	Capital Leases				
2020	\$ 21,221,623.25		\$ 404,552.46	\$ 5,385,890.00		\$ 27,012,065.71	Unavailable	Unavailable	
2019	22,732,791.67		667,478.11	1,521,094.44		24,921,364.22	Unavailable	\$ 338.78	
2018	15,783,011.33		858,376.56	11,783,227.54		28,424,615.43	0.71%	385.55	
2017	16,234,099.53		715,334.45	11,856,553.53		28,805,987.51	0.75%	390.71	
2016	16,673,616.01		531,418.43	11,362,959.73		28,567,994.17	0.77%	387.01	
2015	16,157,992.83	\$ 1,111,304.03	244,500.24	10,095,768.80		27,609,565.90	0.75%	367.13	
2014	6,460,000.00	2,855,169.51	8,930.04	10,000,000.00		19,324,099.55	0.54%	255.36	
2013	6,755,000.00	1,582,514.38	26,268.33	10,000,000.00		18,363,782.71	0.53%	240.73	
2012	7,040,000.00	1,804,376.92	51,021.60	10,000,000.00		18,895,398.52	0.55%	246.32	
2011	7,310,000.00	2,017,554.27	66,725.42			9,394,279.69	0.28%	121.93	

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

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

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

## **Demographic and Economic Information**

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

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

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<u>Year</u>	<u>Population (2)</u>	<u>Personal Income (3)</u>	<u>Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2020	Unavailable	Unavailable	Unavailable	Unavailable
2019	73,562	Unavailable	Unavailable	7.9%
2018	73,725	\$ 3,988,743,675.00	\$ 54,103.00	8.9%
2017	73,728	3,822,944,256.00	51,852.00	9.8%
2016	73,818	3,703,006,152.00	50,164.00	10.1%
2015	75,204	3,676,798,764.00	48,891.00	11.1%
2014	75,673	3,549,442,065.00	46,905.00	12.7%
2013	76,283	3,450,737,788.00	45,236.00	16.0%
2012	76,711	3,420,696,912.00	44,592.00	18.5%
2011	77,049	3,374,360,955.00	43,795.00	19.6%

**Source:**

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



## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Principal Employers  
Current Year and Nine Years Ago  
Unaudited

<u>Employer (1)</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Cooper Health Care/Cooper Health Systems	7,000	1	29.77%	10,970	1	48.44%
Cooper Anesthesia Associates PA	4,758	2	20.23%			
Our Lady Of Lourdes Medical Center	1,468	3	6.24%	5,642	3	24.91%
Campbell Soup Co	500	4	2.13%	1,200	6	5.30%
Subaru of America Inc.	400	5	1.70%			
NFI Industries	350	6	1.49%			
Adventure Aquarium	290	7	1.23%			
Cooper University Hospital	250	8	1.06%			
Contemporary Graphics Inc	250	9	1.06%			
Catelli Brothers Inc	250	10	1.06%			
On Time Staffing LLC				8,000	2	35.33%
L-3 Communication Systems-East				1,500	4	6.62%
Diocese of Camden New Jersey				1,260	5	5.56%
MAFCO Consolidated Group Inc.				730	7	3.22%
Consolidated Rail Corporation				335	8	1.48%
Waste Management, Inc.				300	9	1.32%
	<u>15,516</u>		<u>65.97%</u>	<u>29,937</u>		<u>132.18%</u>

(1) Source: ReferenceUSA.Com (2020)

## **Operating Information**

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

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

<u>Function/Program</u>	<u>Fiscal Year Ending June 30,</u>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction	N/A	N/A	N/A	N/A	N/A	113	102	93	78	64
Administration	N/A	N/A	N/A	N/A	N/A	16	21	17	15	14
Support Services	N/A	N/A	N/A	N/A	N/A	38	40	36	30	24
Regular Instruction	101	112	131	120	118					
Special Education Instruction	9	11	11	8	11					
Basic Skills Remedial Instruction					1					
Bilingual Education Instruction	2	2	3	9	4					
Extra Curricular Activities Instruction		2	3		2					
Athletics Instruction	5	19	15	15	13					
Before and After School Programs Instruction										
Summer School	34	35	40	40	40					
Other Supplemental At Risk Programs			1	1	1					
Community Service Programs	6	6	4	7	4					
Support Services and Undistributed Costs:										
Student and Instruction Related Services	22	19	20	20	21					
School Administrative Services	13	13	21	24	20					
Other Administrative Services	10	13	13	15	24					
Plant Operations and Maintenance	35	32	25	11	9					
Pupil Transportation	3	2	2	2	3					
<b>Total</b>	<b>240</b>	<b>266</b>	<b>289</b>	<b>272</b>	<b>271</b>	<b>167</b>	<b>163</b>	<b>146</b>	<b>123</b>	<b>102</b>

**Source:** Charter School Personnel Records

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

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

Fiscal Year Ending June 30,	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary (K-5)	Middle School (6-8)	High School (9-12)				
2020	1,540	\$ 24,449,765.75	\$ 15,876.47	-0.35%	107	1:20	1:20	1:20	1,521	1,436	1.13%	94.41%
2019	1,510	24,058,456.31	15,932.75	3.84%	125	1:20	1:20	1:20	1,504	1,424	-2.21%	94.68%
2018	1,525	23,398,573.95	15,343.33	7.78%	146	1:20	1:20	1:20	1,538	1,438	-0.84%	93.50%
2017	1,558	22,179,135.50	14,235.65	-2.30%	137	1:20	1:20	1:20	1,551	1,460	8.23%	94.13%
2016	1,436	20,923,918.64	14,570.97	5.22%	100	1:20	1:20	1:20	1,433	1,355	4.22%	94.56%
2015	1,373	19,012,736.92	13,847.59	-4.07%	113	1:20	1:20	1:20	1,375	1,301	5.12%	94.62%
2014	1,313	18,952,353.70	14,434.39	6.32%	102	1:20	1:20	1:20	1,308	1,233	9.36%	94.27%
2013	1,194	16,209,976.25	13,576.19	-13.70%	93	1:20	1:20	1:20	1,196	1,137	38.86%	95.07%
2012	860	13,529,706.83	15,732.22	0.30%	78	1:20	1:20	1:20	861	815	15.30%	94.59%
2011	751	11,779,415.97	15,684.97	23.63%	64	1:20	1:20	1:20	747	707	-1.32%	94.65%

**Sources:** District records and enrollment counts.

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

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

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

	<u>Fiscal Year Ending June 30,</u>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 (1)</u>	<u>2011</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Leap Academy- Lower School (2000)										
Square Feet	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Capacity (students)	480	480	480	480	480	480	480	480	420	420
Enrollment	484	487	476	487	479	480	480	431	419	423
<b><u>High School</u></b>										
Leap Academy- Upper School (2005)										
Square Feet	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736	56,736
Capacity (students)	380	380	380	380	380	380	380	380	380	380
Enrollment	360	360	364	363	354	352	352	343		
<b><u>STEM School</u></b>										
STEM Program (2012)										
Square Feet	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	
Capacity (students)	300	300	300	300	300	480	480	480		
Enrollment	230	226	241	242	243	481	481	420		
<b><u>Dr. Gloria Bonilla-Santiago (S.T.E.A.M. Campus)</u></b>										
S.T.E.A.M. Campus (2015)										
Square Feet	73,000	73,000	73,000	73,000	73,000					
Capacity (students)	480	480	480	480	480					
Enrollment	466	437	444	478	366					

Number of Schools at June 30, 2020

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

**Source:** District records, Enrollment Counts

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

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

## LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2020

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy:		
New Jersey School Insurance Group		
Property Section		
Blanket Building & Business Personal Property	\$ 66,147,688.00	\$ 1,000.00
Commercial Inland Marine Section		
Blanket Hardware and Software Limit per Occurrence	1,000,000.00	1,000.00
Boiler and Machinery Section		
Combined Single Limit per Accident for Property Damage and Business Income. Per Accident for Property Damage, 12 hours per accident for Business interruption/ Extra Expense, interruption of service waiting period 24 hours.	100,000,000.00	1,000.00
Commercial Crime Section		
Employee Dishonesty Coverage	100,000.00	1,000.00
Forgery & Alteration Coverage	100,000.00	
Money & Securities Coverage	50,000.00	
Money Orders/ Counterfeit Coverage	50,000.00	
Computer Fraud Converge	100,000.00	
General Liability Section		
Bodily Injury and Property Damage Limit each occurrence	10,000,000.00	
Products and Completed Operations Limit annual aggregate	10,000,000.00	
Sexual Abuse Limit per occurrence	10,000,000.00	
Personal Advertising Injury Limit per occurrence/ annual aggregate	10,000,000.00	
Employee Benefits Liability Limit each claim/ annual aggregate	10,000,000.00	1,000.00
Premises Medical Payments:		
Per Accident	10,000.00	
Per Person	5,000.00	
Business Auto Section		
Combined Single Limit per accident	10,000,000.00	
Comprehensive and Collision Deductible		1,000.00
Public Official Bond		
Business Administrator	260,000.00	
Environmental Liability Section		
1st Party Cleanup & 3rd Party Liability Coverage	1,000,000.00	
Existing Pollution Events Limit each pollution event	1,000,000.00	
New Pollution Events limit each pollution event	11,000,000.00	
Shared Program Limit annual aggregate		
Privacy & Network Security Liability Section		
Aggregate Limit of Liability for all Damages, Claims Expenses, Penalties and Fines, Expenses and Costs	2,000,000.00	
Limits of Coverage for Privacy Breach Responses Services:		
Notified individual aggregate	250,000.00	
Computer Expert Services, Legal Services and Public Relations and Crisis Management expenses	1,000,000.00	
Self-Insured Retention:		
Liability each claims	10,000.00	
Notified individuals: 25		
Computer Expert Services, Legal Services and Public Relations and Crisis Management expenses	5,000.00	

## **Charter School Financial Framework - Financial Indicators**

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
**New Jersey Performance Framework Financial Ratios**  
**Audited Performance Indicators**

	2018 Audit	2019 Audit	2020 Audit	Source
Cash	\$ 5,229,812.00	\$ 3,604,451.00	\$ 6,845,982.29	Audit: Exhibit A-1
Current Assets (include cash)	4,291,406.97	4,921,069.95	7,740,820.83	Audit: Exhibit A-1
Current Liabilities	3,561,648.09	3,349,329.69	3,363,315.57	Audit: Exhibit A-1
Total Expenses	22,119,198.66	22,197,723.64	22,745,547.34	Audit: Exhibit A-2
Change in Net Position	(472,658.52)	999,348.52	(1,385,417.72)	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	1,538	1,504	1,521	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	1,560	1,560	1,560	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Non-Cash Expenses (Pension and Compensated Absences)	408,699.00	646,801.00	1,000,960.02	Audit: Exhibit B-3
Depreciation Expense	1,665,477.23	1,575,708.10	1,577,643.5	Auditor/Workpapers
Interest Expense	1,364,667.59	1,231,662.84	1,150,794.90	Auditor/Workpapers
Principal Payments	751,068.08	890,669.40	985,239.29	Auditor/Workpapers
Interest Payments	1,353,699.13	1,247,939.36	1,153,662.57	Auditor/Workpapers

Performance Indicators	2018	2019	2020	3 YR CUM	Calculation****	Target****
<b>Near Term Indicators</b>						
1a. Current Ratio (working capital ratio)	1.20	1.47	2.30		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b. Unrestricted days cash on hand	86	59	110		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c. Enrollment Variance	99%	96%	98%	98%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.** Default on loans or delinquent in debt payments	No	No	No		Auditor	not in default
<b>Sustainability Indicators</b>						
2a*** 3 Year Cumulative Cash Flow	1,169,376	(1,625,361)	3,241,531	2,785,546	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b Debt Service Coverage Ratio (1)	1.41	2.08	1.10		N/A or (Change in Net Position + Depreciation + Interest Expense+Non-Cash Expenses) / (Principal + Interest payments)	>1.10

\* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available  
 \*\* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No  
 \*\*\* 2020 =2020 Cash - 2019 Cash; 2019 =2019 Cash-2018 Cash; 2018 =2018 Cash-2017 Cash  
 \*\*\*\* Refer to NJ Performance Framework

Meets Standard	
Does Not Meet Standard	
Falls Far Below Standard	



**SINGLE AUDIT SECTION**

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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the LEAP Academy University Charter School, Inc.'s, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2020. The Charter School's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal and State Program***

In our opinion, the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

### Report on Internal Control over Compliance


Management of the LEAP Academy University Charter School, Inc., in the County of Camden, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the LEAP Academy University Charter School, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



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

Voorhees, New Jersey  
February 3, 2021

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2020

Federal Grant / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019
					From	To	
General Fund:							
U.S. Department of Health and Human Services: Passed-through State Department Education: Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	N/A	\$ 19,946.27	7/1/18	6/30/19	
Total Medical Assistance Program Cluster							
Total General Fund							
Special Revenue Fund:							
U.S. Department of Education							
Passed-through State Department of Education:							
E.S.S.A.:							
Title I Grants to Local Educational Agencies	84.010	S010A180030	ESSA710919	1,242,392.00	7/1/18	6/30/19	\$ (657,506.00)
Title I Grants to Local Educational Agencies	84.010	S010A190030	ESSA710920	1,095,876.00	7/1/19	9/30/20	
Title I Grants to Local Educational Agencies - Reallocated	84.010	S010A180030	ESSA710919	49,056.00	02/01/19	09/30/19	(43,730.00)
Title I Grants to Local Educational Agencies - Reallocated	84.010	S010A190030	ESSA710920	30,665.00	7/1/19	9/30/20	
Total Title I Grants to Local Educational Agencies							(701,236.00)
Supporting Effective Instruction State Grants (Title II)	84.367	S367A180029	ESSA710919	117,878.00	7/1/18	6/30/19	(82,579.00)
Supporting Effective Instruction State Grants (Title II)	84.367	S367A190029	ESSA710920	103,170.00	7/1/19	9/30/20	
Total Supporting Effective Instruction State Grants (Title II)							(82,579.00)
English Language Acquisition Grants (Title III)	84.365	S365A180030	ESSA710919	21,910.00	7/1/18	6/30/19	(11,301.00)
English Language Acquisition Grants (Title III)	84.365	S365A190030	ESSA710920	18,319.00	7/1/19	9/30/20	
English Language Acquisition Grants (Title III, Immigrant)	84.365	S365A190030	ESSA710920	2,552.00	7/1/19	9/30/20	
Total English Language Acquisition Grants (Title III)							(11,301.00)
Student Support & Academic Enrichment Grant (Title IV)	84.424	S424A180031	ESSA710919	58,608.00	7/1/18	6/30/19	(4,387.00)
Student Support & Academic Enrichment Grant (Title IV)	84.424	S424A190031	ESSA710920	82,424.00	7/1/19	9/30/20	
Total Student Support & Academic Enrichment Grant (Title IV)							(4,387.00)
Individuals with Disabilities Education Act (IDEA):							
Special Education Cluster (IDEA):							
Special Education Grants to states (IDEA Basic)	84.027	H027A180030	IDEA710919	324,081.00	7/1/18	6/30/19	(138,077.00)
Special Education Grants to states (IDEA Basic)	84.027	H027A190030	IDEA710920	328,235.00	7/1/19	9/30/20	
Total Special Education Cluster							(138,077.00)
Total Special Revenue Fund							(937,580.00)
Enterprise Fund:							
U.S. Department of Agriculture							
Passed-through State Department of Agriculture:							
Child Nutrition Cluster:							
School Breakfast Program (SBP)	10.553	191NJ304N1099	N/A	364,402.61	7/1/18	6/30/19	(27,975.36)
School Breakfast Program (SBP)	10.553	201NJ304N1099	N/A	237,100.67	7/1/19	6/30/20	
National School Lunch Program - Commodities (Noncash)	10.555	191NJ304N1099	N/A	48,641.30	7/1/19	6/30/20	173.76
National School Lunch Program	10.555	191NJ304N1099	N/A	707,222.61	7/1/18	6/30/19	(58,012.37)
National School Lunch Program	10.555	191NJ304N1099	N/A	449,732.47	7/1/19	6/30/20	
Total Child Nutrition Cluster							(85,813.97)
Total Enterprise Fund							(85,813.97)
Total Federal Financial Assistance							<u>\$ (1,023,393.97)</u>

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

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

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures			Passed - Through Subrecipients	Adjustments <sup>(a)</sup>	Repayment of Prior Years' Balances	Balance, June 30, 2020		Due to Grantor at June 30, 2020
		Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	
	\$ 19,946.27	\$ (19,946.27)		\$ (19,946.27)						
	19,946.27	(19,946.27)		(19,946.27)						
	19,946.27	(19,946.27)		(19,946.27)						
	657,506.00					\$ 3,500.00		\$ 3,500.00		
	500,772.00	(874,163.59)		(874,163.59)				(373,391.59)		
	43,730.00									
	30,000.00	(30,000.00)		(30,000.00)						
	1,232,008.00	(904,163.59)		(904,163.59)		3,500.00		(373,391.59)	3,500.00	
	82,579.00									
	17,600.00	(33,082.37)		(33,082.37)				(15,482.37)		
	100,179.00	(33,082.37)		(33,082.37)				(15,482.37)		
	11,301.00									
	5,084.00	(6,519.36)		(6,519.36)				(1,435.36)		
	16,385.00	(6,519.36)		(6,519.36)				(1,435.36)		
	4,387.00									
	8,657.00	(64,138.07)		(64,138.07)				(55,481.07)		
	13,044.00	(64,138.07)		(64,138.07)				(55,481.07)		
	138,077.00									
	222,372.00	(316,902.42)		(316,902.42)				(94,530.42)		
	360,449.00	(316,902.42)		(316,902.42)				(94,530.42)		
	1,722,065.00	(1,324,805.81)		(1,324,805.81)		3,500.00		(540,320.81)	3,500.00	
	27,975.36									
	237,100.67	(237,100.67)		(237,100.67)						
	48,467.54	(48,641.30)		(48,641.30)						
	58,012.37									
	449,732.47	(449,732.47)		(449,732.47)						
	821,288.41	(735,474.44)		(735,474.44)						
	821,288.41	(735,474.44)		(735,474.44)						
\$ -	\$ 2,563,299.68	\$ (2,080,226.52)	\$ -	\$ (2,080,226.52)	\$ -	\$ 3,500.00	\$ -	\$ (540,320.81)	\$ 3,500.00	\$ -

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2020

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019		Carryover / (Walkover) Amount
			From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor	
<b>General Fund:</b>							
New Jersey Department of Education:							
Pass Through Local Education Agencies:							
Current Expense:							
State Aid - Public:							
Charter School Aid:							
Local Levy-Equalization Aid (State and Local Share)	19-495-034-5120-078	\$ 18,701,215.00	7/1/18	6/30/19	\$ (325,648.11)	\$ 271,433.72	\$ (33,535.61)
Local Levy-Equalization Aid (State and Local Share)	20-495-034-5120-078	19,323,707.00	7/1/19	6/30/20			33,535.61
Categorical Special Education Aid	20-495-034-5120-089	421,053.00	7/1/19	6/30/20			
Categorical Security Aid	20-495-034-5120-084	681,174.00	7/1/19	6/30/20			
Total Passed-Through Local Education Agencies					<u>(325,648.11)</u>	<u>271,433.72</u>	
State Aid - Public:							
Adjustment Aid	20-495-034-5120-085	65,520.00	7/1/19	6/30/20			
Total Adjustment Aid							
Total State Aid - Public Cluster					<u>(325,648.11)</u>	<u>271,433.72</u>	
Non-public Charter School Aid	20-495-034-5120-071	225,506.00	7/1/19	6/30/20			
Total Non-public Charter School Aid							
T.P.A.F. Social Security Aid	19-495-034-5094-003	542,012.51	7/1/18	6/30/19	(26,546.81)		
T.P.A.F. Social Security Aid	20-495-034-5094-003	579,881.62	7/1/19	6/30/20			
Total Reimbursed TPAF Social Security Contributions					<u>(26,546.81)</u>		
On-Behalf T.P.A.F. Pension Contributions (Non-Budgeted):							
T.P.A.F. Post-Retirement Medical	20-495-034-5094-001	577,532.00	7/1/19	6/30/20			
Teacher's Pension and Annuity Fund	20-495-034-5094-002	1,529,356.00	7/1/19	6/30/20			
T.P.A.F. LTDI	20-495-034-5094-004	3,854.00	7/1/19	6/30/20			
T.P.A.F. Non-contributory Insurance	20-495-034-5094-004	27,412.00	7/1/19	6/30/20			
Total On-Behalf T.P.A.F. Pension Contributions (Non-Budgeted)							
Total General Fund					<u>(352,194.92)</u>	<u>271,433.72</u>	
<b>Enterprise Fund:</b>							
New Jersey Department of Agriculture:							
State School Lunch Program	19-100-010-3350-023	12,595.36	7/1/18	6/30/19	(1,023.83)		
State School Lunch Program	20-100-010-3350-023	8,075.58	7/1/19	6/30/20			
Total Enterprise Fund					<u>(1,023.83)</u>		
Total State Financial Assistance					<u>\$ (353,218.75)</u>	<u>\$ 271,433.72</u>	<u>\$ -</u>

Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:

General Fund (Non-Cash Assistance):

New Jersey Department Education:

On-Behalf T.P.A.F. Pension Contributions (Non-Budgeted):

T.P.A.F. Post-Retirement Medical	20-495-034-5094-001	577,532.00	7/1/19	6/30/20			
Teacher's Pension and Annuity Fund	20-495-034-5094-002	1,529,356.00	7/1/19	6/30/20			
T.P.A.F. LTDI	20-495-034-5094-004	3,854.00	7/1/19	6/30/20			
T.P.A.F. Non-contributory Insurance	20-495-034-5094-004	27,412.00	7/1/19	6/30/20			

Total State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit

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

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

Cash Received	Total Budgetary Expenditures	Passed - Through Subrecipients	Adjustments (a)	Repayment of Prior Years' Balances	Balance, June 30, 2020			Memo	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2020	Cumulative Total Expenditures
\$ 294,414.00				\$ (206,664.00)					\$ 18,701,215.00
19,234,123.00	\$ (19,323,707.00)				\$ (446,480.46)		\$ 390,432.07		19,323,707.00
421,053.00	(421,053.00)								421,053.00
681,174.00	(681,174.00)								681,174.00
<u>20,630,764.00</u>	<u>(20,425,934.00)</u>			<u>(206,664.00)</u>	<u>(446,480.46)</u>		<u>390,432.07</u>		<u>39,127,149.00</u>
65,520.00	(65,520.00)								65,520.00
65,520.00	(65,520.00)								65,520.00
20,696,284.00	(20,491,454.00)			(206,664.00)	(446,480.46)		390,432.07		39,192,669.00
225,506.00	(225,506.00)								225,506.00
225,506.00	(225,506.00)								225,506.00
26,546.81									542,012.51
551,298.72	(579,881.62)				(28,582.90)				579,881.62
577,845.53	(579,881.62)				(28,582.90)				1,121,894.13
577,532.00	(577,532.00)								577,532.00
1,529,356.00	(1,529,356.00)								1,529,356.00
3,854.00	(3,854.00)								3,854.00
27,412.00	(27,412.00)								27,412.00
2,138,154.00	(2,138,154.00)								2,138,154.00
23,637,789.53	(23,434,995.62)			(206,664.00)	(475,063.36)		390,432.07		42,678,223.13
1,023.83									12,595.36
8,075.58	(8,075.58)								8,075.58
9,099.41	(8,075.58)								20,670.94
<u>\$ 23,646,888.94</u>	<u>(23,443,071.20)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (206,664.00)</u>	<u>\$ (475,063.36)</u>	<u>\$ -</u>	<u>\$ 390,432.07</u>	<u>\$ -</u>	<u>\$ 42,698,894.07</u>

(577,532.00)  
(1,529,356.00)  
(3,854.00)  
(27,412.00)  
  
(2,138,154.00)  
\$ (21,304,917.20)

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**

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

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**Note 1: BASIS OF PRESENTATION**

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Note 3: INDIRECT COST RATE**

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

**Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is zero for the general fund and (\$96,889.59) for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.



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

Awards and financial assistance revenues reported in the Charter School's basic financial statements on a GAAP basis with a reconciliation to the budgetary basis reported on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 19,946.27	\$ 23,434,995.62	\$ 23,454,941.89
Special Revenue	1,413,653.11		1,413,653.11
Food Service	735,474.44	8,075.58	743,550.02
	<u>2,169,073.82</u>	<u>23,443,071.20</u>	<u>25,612,145.02</u>
GAAP Basis Revenues			
GAAP Adjustments:			
Encumbrances	(88,847.30)		(88,847.30)
	<u>(88,847.30)</u>		<u>(88,847.30)</u>
Total Awards and Financial Assistance Expended	<u>\$ 2,080,226.52</u>	<u>\$ 23,443,071.20</u>	<u>\$ 25,523,297.72</u>

**Note 5: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 6: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2018-19.

**Note 7: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2020, the Charter School was the recipient of federal and state assistance that represented either a reimbursement to the Charter School or payments made on-behalf of the Charter School. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the Charter School's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

**Note 8: MAJOR PROGRAMS**

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

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2020

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

    Material weakness(es) identified? \_\_\_ yes X no

    Significant deficiency(ies) identified? \_\_\_ yes X none reported

Noncompliance material to financial statements noted? \_\_\_ yes X no

**Federal Awards**

Internal control over major programs:

    Material weakness(es) identified? \_\_\_ yes X no

    Significant deficiency(ies) identified? \_\_\_ yes X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		E.S.S.A.
84.010	S010A190030	Title I Grants to Local Educational Agencies
84.010	S010A190030	Title I Grants to Local Educational Agencies - Reallocated

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? X yes \_\_\_ no

LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? \_\_\_ yes \_X\_ no

Significant deficiency(ies) identified? \_\_\_ yes \_X\_ none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? \_\_\_ yes \_X\_ no

Identification of major programs:

GMIS Number(s)

Name of State Program

Table with 2 columns: GMIS Number(s) and Name of State Program. Rows include: 495-034-5120-078 Equalization Aid, 495-034-5120-084 Security Aid, 495-034-5120-085 Adjustment Aid, 495-034-5120-089 Special Education Categorical Aid.

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? \_X\_ yes \_\_\_ no

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

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***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, requires.

None.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

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

None.

**LEAP ACADEMY UNIVERSITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

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

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

None.

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

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

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None.

