

**THE KINGDOM CHARTER SCHOOL OF
LEADERSHIP
Blackwood, New Jersey**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2017

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**The Kingdom Charter School of Leadership
Board of Trustees**

Blackwood, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

The Kingdom Charter School of Leadership Board of Trustees

Finance Department

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INTRODUCTORY SECTION

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP

**121 WEST CHURCH STREET
BLACKWOOD, NJ 08012**

Ms. Wandria Hampton
School Lead
Telephone: (856) 232-0100

Ms. Riscee Langhorne
Business Administrator/
Board Secretary

November 6, 2017

Members of the Board of Trustees of
The Kingdom Charter School of Leadership
County of Camden
121 West Church Street
Blackwood, NJ 08012

Dear Board Members,

The initial comprehensive annual financial report of The Kingdom Charter School of Leadership for the fiscal year ended June 30, 2017, 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 Kingdom Charter School of Leadership. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

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

1. REPORTING ENTITY AND ITS SERVICES:

The Kingdom Charter School of Leadership is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No.14. All funds of the Charter school are included in this report The Kingdom Charter School of Leadership's Board of Trustees and it's school constitute the Charter School's reporting entity.

The Kingdom Charter School of Leadership is responsible for providing a thorough and efficient educational system for students in grades taught at the one school maintained. The Charter School completed the 2016 - 2017 fiscal year with an enrollment of 199 elementary school students.

2. ECONOMIC CONDITION AND OUTLOOK:

The Gloucester Township area is a rural community in Camden County and is presently considered to possess a stable economy.

Initiatives

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

In addition, the financial condition of the District has improved during the 2016-17 school year.

3. INTERNAL ACCOUNTING CONTROLS:

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

4. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

5. ACCOUNTING SYSTEM AND REPORTS:

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

6. RISK MANAGEMENT:

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

7. OTHER INFORMATION:

Management Company

The District hired a management company, Renaissance School Services, to support the curriculum and other operational goals of the school for the 2016-17 School Year.

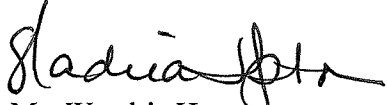
Independent Audit

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

8. ACKNOWLEDGMENTS:

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

Respectfully submitted,

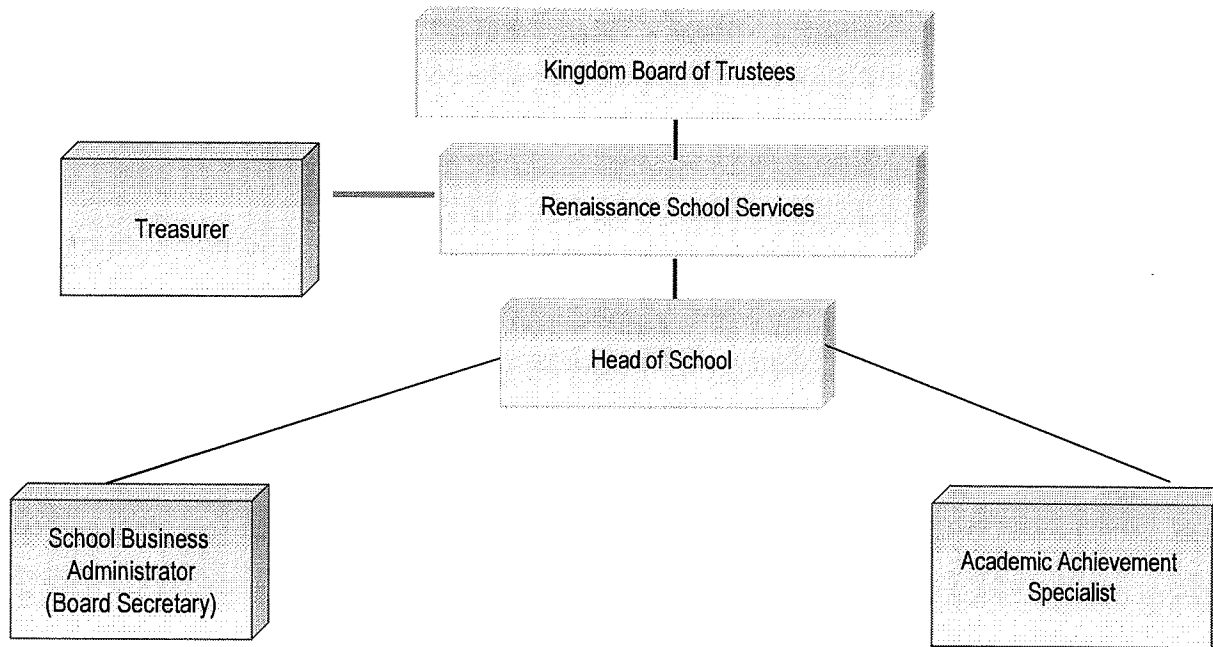


Ms. Wandria Hampton
School Lead



Ms. Risce Langhorne
Business Administrator/Board Secretary

Kingdom Charter School of Leadership Organizational Chart



The Kingdom Charter School of Leadership a
Renaissance Partnership School

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
BLACKWOOD, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2017

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Maravi Melendez-Davis, President	2018
Bob Fensterer, Interim Vice President	2018
Peter Shoemaker	2018
LaShond Ellis	2018
Andrea Willis	2018
<u>OTHER OFFICIALS</u>	
Wandria McCall-Hampton, Head of School	
Riscee Langhorne, Business Administrator	\$150,000
Mr. David A. Wollman, Solicitor	

**THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
CONSULTANTS AND ADVISORS**

AUDIT FIRM

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

ATTORNEY

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Gibbsboro, New Jersey 08026

Paul Barger
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OFFICIAL DEPOSITORY

TD Bank
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Stratford, New Jersey 08084

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
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November 6, 2017

INDEPENDENT AUDITOR'S REPORT

To The Members of
The Board of Trustees
Kingdom Charter School of Leadership
County Of Camden, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the Kingdom Charter School of Leadership in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Kingdom Charter School of Leadership Board of Trustees, in the County of Camden, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

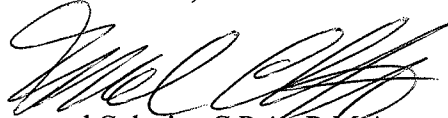
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017 on our consideration of the Kingdom Charter School of Leadership's Board of Trustees internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



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

REQUIRED SUPPLEMENTARY INFORMATION – PART I

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED

The discussion and analysis of The Kingdom Charter School of Leadership's financial performance provides an overall review of the School's financial activities for the initial fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ❖ The 2017 school year was the sixth year of operations and educated students from Kindergarten through Fifth Grade.
- ❖ Total revenues of the school were \$3,345,383, of which general revenues accounted for \$2,659,780 or 79.5% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions, and capital grants accounted for \$685,603 or 20.5% percent of all Revenues.
- ❖ Total net position of governmental activities at the year was \$1,164,902.
- ❖ The School had \$3,266,026 in total expenses, of which \$685,603 were offset by program specific charges for services, grants or contributions. General revenues (primarily state and federal aid) were adequate to provide for these programs.
- ❖ The General Fund had \$2,841,674 in revenues and \$2,768,140 in expenditures. The General Fund's balance, as of June 30, 2017 was \$346,716.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School to provide programs and activities, the view of the School as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School as a Whole

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

Table 1 provides a summary of the School's net position for the years ended 2017 and 2016 in accordance with GASB Statement 34. The following net position comparisons are for the years ended in 2017 and 2016.

Table 1
Net Position

	<u>2017</u>	<u>2016</u>
Assets		
Cash and Cash Equivalents	\$ 318,136	\$ 44,165
Receivables, Net	330,323	326,285
Interfund Receivable		7,876
Capital Assets, Net	945,957	926,368
Total Assets	<u>1,594,416</u>	<u>1,304,694</u>
Deferred Outflows of Resources	<u>261,337</u>	<u>351,067</u>
Liabilities		
Accounts Payable	33,922	11,491
Unearned Revenue		5,869
Due to Other Governments	224,900	62,900
Net Pension Liability	154,989	439,961
Total Liabilities	<u>413,811</u>	<u>520,221</u>
Deferred Inflows of Resources	<u>234,119</u>	<u>7,074</u>
Net Position		
Invested in capital assets, net of debt	945,957	926,368
Restricted - Escrow Fund	60,000	45,000
Unrestricted	201,866	157,098
Total Net Position	<u>\$ 1,207,823</u>	<u>\$ 1,128,466</u>