

**DR. LENA EDWARDS**  
**ACADEMIC CHARTER SCHOOL**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2015**

**DR. LENA EDWARDS**  
**ACADEMIC CHARTER SCHOOL**

**Dr. Lena Edwards Academic Charter School**  
**Board of Trustees**  
**Jersey City, New Jersey**

**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2015**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL  
JERSEY CITY, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Prepared by*

*Dr. Lena Edwards Academic Charter School  
Finance Department*

**STATE BOARD OF EDUCATION**

**MARK W. BIEDRON**.....**Hunterdon**  
**President**

**JOSEPH FISICARO**.....**Burlington**  
**Vice President**

**ARCELIO APONTE**.....**Middlesex**

**RONALD K. BUTCHER**.....**Gloucester**

**CLAIRE CHAMBERLAIN**.....**Somerset**

**JACK FORNARO**.....**Warren**

**EDITHE FULTON**.....**Ocean**

**ERNEST P. LEPORE**.....**Hudson**

**ANDREW J. MUVIHILL**.....**Sussex**

**J. PETER SIMON**.....**Morris**

**DOROTHY S. STRICKLAND**.....**Essex**

**David C. Hesse, Commissioner of Education**  
**Secretary, State Board of Education**

# **DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

## CONTENTS

	<b><u>Page</u></b>
Introductory Section .....	1
Letter of Transmittal .....	2-5
Organizational Chart .....	6
Roster of Officials .....	7
Consultants and Advisors .....	8
Financial Section .....	9
Independent Auditors' Report .....	10-12
Required Supplementary Information Part I .....	13
Management Discussion and Analysis .....	14-22
Financial Statements .....	23
Section A – Charter School-wide Financial Statements .....	24
A-1 Statement of Net Position .....	25
A-2 Statement of Activities .....	26
Section B – Fund Financial Statements .....	27
Governmental Funds .....	28
B-1 Combining Balance Sheet .....	29-30
B-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	31
B-3 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	32
Proprietary Funds .....	33
B-4 Combining Statement of Net Position .....	34
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position .....	35
B-6 Combining Statement of Cash Flows .....	36

# **DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

## **CONTENTS**

### Financial Section (Continued)

	<b><u>Page</u></b>
Fiduciary Funds .....	37
B-7 Statement of Fiduciary Net Position .....	38
B-8 Statement of Changes in Fiduciary Net Position .....	N/A
Notes to Basic Financial Statements .....	39-65
Required Supplementary Information Part II .....	66
Section C – Budgetary Comparison Schedule .....	67
C-1 Budgetary Comparison Schedule - General Fund .....	68-69
C-2 Budgetary Comparison Schedule - Special Revenue Fund .....	70
Notes to Required Supplementary Schedule .....	71
C-3 Budget to U.S. GAAP Reconciliation .....	72
Required Supplementary Information Part III .....	73
Section L – Schedules Related to Accounting and Reporting for Pensions .....	74
L-1 Schedule of the Charter School’s Proportionate Share of the Net Pension Liability – PERS .....	75
L-2 Schedule of Charter School Contributions – PERS .....	76
L-3 Schedule of the Charter School’s Proportionate Share of the Net Pension Liability – TPAF .....	77
Other Supplementary Information .....	78
Section D – School-level Schedule .....	N/A
D-1 Combining Balance Sheet .....	N/A
D-2 Combining Statement of Revenues, Expenses, and Changes in Net Position .....	N/A
D-3 Combining Statement of Cash Flows .....	N/A

# DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

## CONTENTS

### Financial Section (Continued)

	<u>Page</u>
Section E – Special Revenue Fund .....	79
E-1 Combining Schedule of Revenues and Expenditures - Budgetary Basis .....	80
Section F – Capital Projects Fund .....	81
F-1 Summary Schedule of Project Expenditures .....	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis .....	N/A
Section G – Proprietary Fund .....	82
Enterprise Fund .....	N/A
G-1 Combining Statement of Net Position .....	N/A
G-2 Combining Statement of Revenues, Expense, and Changes in Fund Net Position .....	N/A
G-3 Combining Statement of Cash Flows .....	N/A
Internal Service Fund .....	N/A
G-4 Combining Statement of Net Position .....	N/A
G-5 Combining Statement of Revenues, Expense, and Changes in Fund Net Position .....	N/A
G-6 Combining Statement of Cash Flows .....	N/A
Section H – Fiduciary Fund .....	83
H-1 Combining Statement of Fiduciary Net Position .....	84
H-2 Statement of Changes in Fiduciary Net Position .....	N/A
H-3 Student Activities Agency Fund - Schedule of Receipts and Disbursements .....	85
H-4 Payroll Agency Fund - Schedule of Receipts and Disbursements .....	86
Section I – Long-term Debt Schedules .....	N/A
I-1 Schedule of Notes Payable .....	N/A

# **DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

## **CONTENTS**

	<b><u>Page</u></b>
Statistical Section (Unaudited) .....	87
Introduction to Statistical Section .....	88
Financial Trends .....	89
J-1 Net Position by Component .....	90
J-2 Changes in Net Position .....	91
J-3 Fund Balances - Governmental Funds .....	92
J-4 Changes in Fund Balances - Governmental Funds .....	93
J-5 General Fund Other Local Revenue by Source .....	N/A
Revenue Capacity .....	N/A
J-6 Assessed Value and Estimated Actual Value of Taxable Property .....	N/A
J-7 Direct and Overlapping Property Tax Rates .....	N/A
J-8 Principal Property Taxpayers .....	N/A
J-9 Property Tax Levies and Collections .....	N/A
Debt Capacity Information .....	N/A
J-10 Ratios of Outstanding Debt by Type .....	N/A
J-11 Ratios of General Bonded Debt Outstanding .....	N/A
J-12 Direct and Overlapping Governmental Activities Debt .....	N/A
J-13 Legal Debt Margin Information .....	N/A
Demographic and Economic Statistics .....	N/A
J-14 Ratios of Outstanding Debt by Type .....	N/A
J-15 Ratios of General Bonded Debt Outstanding .....	N/A

# **DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

## CONTENTS

### Statistical Section (Continued)

	<b><u>Page</u></b>
Operating Information .....	94
J-16 Full-time Equivalent Charter School Employees by Function .....	95
J-17 Operating Statistics .....	96
J-18 School Building Information .....	97
J-19 Schedule of Allowable Maintenance Expenditures by School Facility .....	N/A
J-20 Insurance Schedule .....	98-100
J-21 Financial Performance .....	101
Single Audit Section .....	102
K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	103-104
K-2 Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04 .....	105-107
K-3 Schedule of Expenditures of Federal Awards - Schedule A .....	108
K-4 Schedule of State Financial Assistance - Schedule B .....	109
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance .....	110-111
K-6 Schedule of Findings and Questioned Costs .....	112-113
K-7 Summary Schedule of Prior-year Audit Findings and Questioned Costs as Prepared by Management .....	114

## *Introductory Section*

December 17, 2015

Honorable President and  
Members of the Board of Trustees  
Dr. Lena Edwards Academic Charter School  
Jersey City, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (“CAFR”) of the Dr. Lena Edwards Academic Charter School (“Charter School”) for the fiscal year ended June 30, 2015. As you know, the responsibility for both the accuracy of this data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Dr. Lena Edwards Academic 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 auditors’ report thereon. The Statistical Section includes selected financial and demographic information generally presented on a multiyear basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and Budget (“OMB”) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditors’ report on the internal control instruction 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 Dr. Lena Edwards Academic Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (“GASB”) as established by GASB Statement 14 – *The Financial Reporting Entity*. All funds and account groups of the Charter School are included in this report. Dr. Lena Edwards Academic Charter School and its Board of Trustees, constitute the Charter School’s reporting entity.

The focus of education at the Charter School has always been what is best for the success of the children. With this in mind, the Charter School provides a full range of educational services appropriate to meeting the needs of all students in grades kindergarten through eighth during the 2014-2015 school year. Such instructional services include regular education, special education and basic skills programs.

The Charter School ended the 2014-2015 school year with an enrollment of 375 students. The following details that student enrollment:

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Average Daily Enrollment</u>
2014-2015	375	371.8

**2. ECONOMIC CONDITION AND OUTLOOK:** During the year ended June 30, 2015, the Charter School's charter was renewed for five years. The Charter School enrolled 375 students in kindergarten through eighth grade for the 2014-2015 school year. The Charter School offers a safe learning environment for students, causing them to look forward to coming to school each day to learn. Staff continue to build relationships with students and parents consistent with the Charter School's ongoing theme of community. In turn, parents believe in the Charter School and trust that the staff are committed to developing their children to be productive citizens in the 21<sup>st</sup> century.

In fiscal performance, school funding is somewhat constrained as the Charter School is: expanding educational programs; and extracurricular activities for students, providing various professional development training for staff; and making improvements to the school building. The Charter School has also taken measures to ensure the profitability of the before and care programs.

It is the goal of the Board and staff to move the Charter School to an even higher level, understanding that this move will be a continuing process. They are confident that the Charter School will soon be recognized by the state as a star school.

**3. MAJOR 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 as measured by standardized tests and teacher assessment instruments; formal professional development for the certified and noncertified staff; and the implementation of a technology plan in all classrooms.

The Charter School has developed and is engaged in the implementation of a Performance Improvement Action Plan; the Plan is designed to strengthen and measure the Charter School's performance in the following six areas:

- (1) curriculum and instruction;
- (2) professional development programs;
- (3) special services cluster;
- (4) effectiveness of school leaders;
- (5) board leadership; and
- (6) fiscal viability.

**4. INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles of the United States of America. Internal controls are 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 is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are also subject to periodic evaluation by the Charter School's management.

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

**5. 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 approved by the voters of the municipality. 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 cancelled or included as reappropriations of the fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

**6. CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statutes as detailed in "Notes to the Basic Financial Statements" Note 3. The Charter School has adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA" or "Act"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

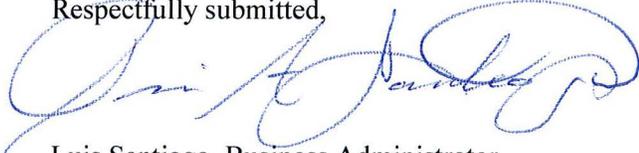
**7. RISK MANAGEMENT:** The Board carries various forms of insurance, including, but not limited to, general liability, directors' and officers' insurance and workers' compensation.

**8. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent, certified public accountants or registered municipal accountants. The accounting firm of Sobel & Co., LLC, Certified Public Accountants, 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 the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996, and the related OMB Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations* and New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' report, related specifically to the single audit, is included in the single audit section of this report.

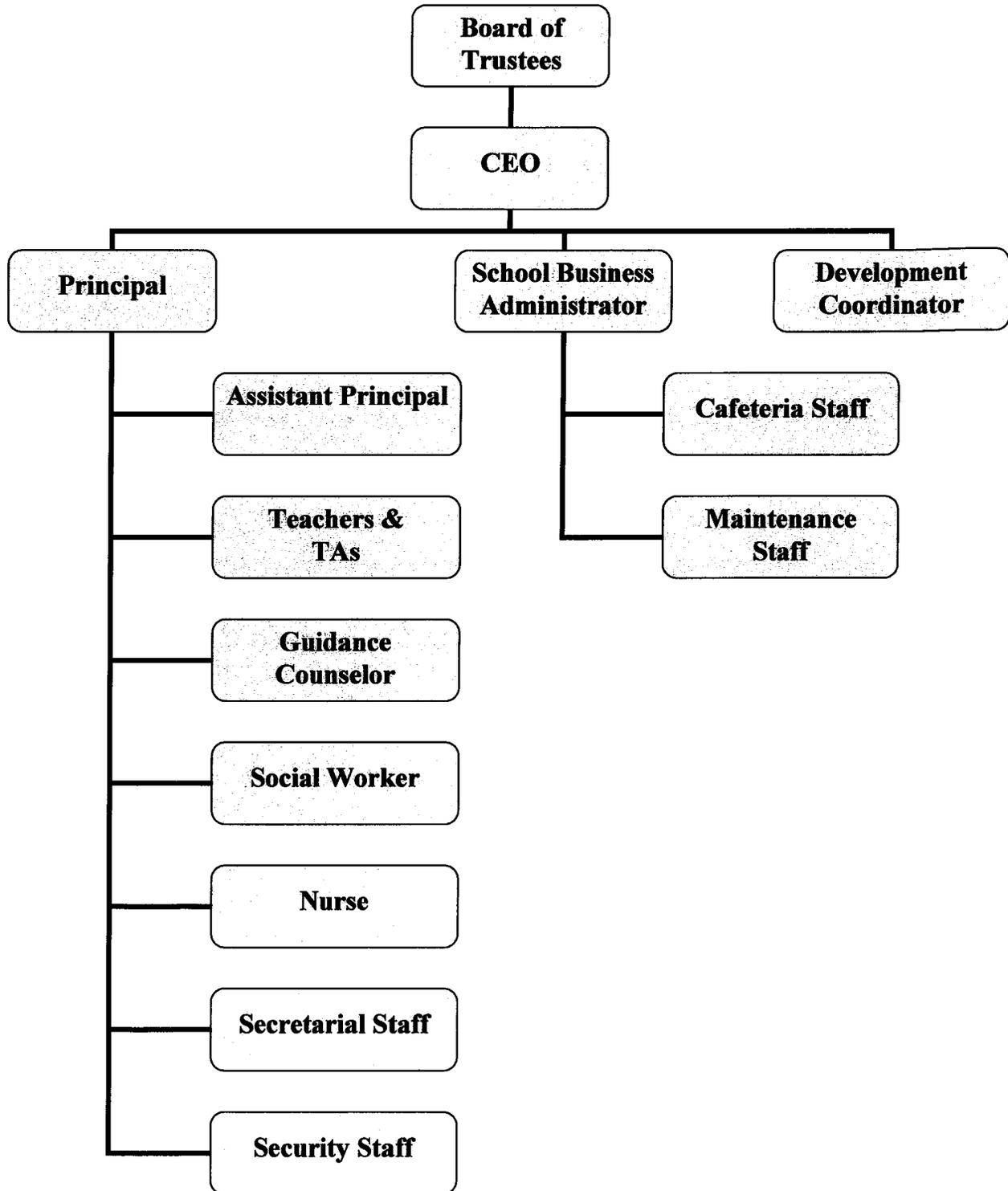
**9. ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Dr. Lena Edwards Academic Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and, thereby, contributing their full support to 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 staff.

Respectfully submitted,



Luis Santiago, Business Administrator

# Dr. Lena Edwards Academic Charter School Organization Chart



**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**

**JERSEY CITY, NEW JERSEY**

**Roster of Officials  
June 30, 2015**

**MEMBERS OF THE BOARD OF TRUSTEES**

<b>Andrew Nyaboga</b>	<b>Board President</b>
<b>Joseph DiFeo</b>	<b>Vice President</b>
<b>Phyllis Fasone</b>	<b>Treasurer</b>
<b>W. Nevins McCann</b>	<b>Member</b>
<b>Ellen Zadroga</b>	<b>Member</b>
<b>John Seazholtz</b>	<b>Member</b>
<b>Richard Irving</b>	<b>Member</b>
<b>Patricia Madison</b>	<b>Member</b>
<b>Delfin Sumcad</b>	<b>Member</b>
<b>Eugene Squeo</b>	<b>Member</b>

**SCHOOL OFFICIALS**

<b>Christopher Garlin</b>	<b>Chief School Administrator</b>
<b>Luis Santiago</b>	<b>School Business Administrator</b>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**

**JERSEY CITY, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

*Audit Firm*

**Sobel & Co., LLC**  
**Certified Public Accountants and Consultants**  
**293 Eisenhower Parkway, Suite 290**  
**Livingston, NJ 07039**

*Attorney*

**Connell Foley**  
**Harborside Financial Center**  
**Jersey City, NJ 07311-4029**

*Official Depository*

**Provident Financial Services, Inc.**  
**239 Washington Street**  
**Jersey City, NJ 07302**

## *Financial Section*



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Dr. Lena Edwards Academic Charter School  
Jersey City, New Jersey

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

We have audited the accompanying financial statements of the governmental activities and business-type activities; the aggregate, discretely presented component units; each major fund; and the aggregate, remaining fund information of Dr. Lena Edwards Academic Charter School ("Charter School"), in the county of Hudson, state of New Jersey, as of June 30, 2015, 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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Charter School'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 Charter School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, the aggregate, discretely presented, component units, each major fund, and the aggregate, remaining fund information of Dr. Lena Edwards Academic Charter School, in the county of Hudson, state of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying introductory section, other supplementary information, such as the combining and individual fund financial statements, and statistical tables are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole. The introductory section, financial schedules and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The Management's Discussion and Analysis (pages 13-21) and Budgetary Comparison Information (pages 57-60) are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget ("OMB") Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*, respectively, and are not required parts of the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Requirements by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 17, 2015, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Charter School's internal control over financial reporting and compliance.

*Bridget Hartnett*

Bridget Hartnett  
Public School Accountant  
License No. 20CS00243300

*Sobel & Co., LLC*

SOBEL & CO., LLC  
Certified Public Accountants

Livingston, New Jersey  
December 17, 2015

***Required Supplementary Information Part I***

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**

**JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL  
JERSEY CITY, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

The discussion and analysis of Dr. Lena Edwards Academic Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2015. 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 basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis section is an element of required supplementary information specified in GASB Statement 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

**Financial Highlights**

*Key financial highlights for 2014-2015 are as follows:*

- General revenues accounted for \$4,615,099 or 89% of all revenues. Program-specific revenues, in the form of charges for services, operating grants and contributions, accounted for \$582,814 or 11% of total revenues of \$5,197,913.
- The Charter School had \$5,429,750 in expenses; \$582,814 of these expenses were offset by program-specific charges for services, grants or contributions. General revenues of \$4,615,099 were not adequate to provide for these programs.
- Among governmental funds, the General Fund had \$4,615,099 in revenues and \$5,087,870 in expenditures. The General Fund's balance totaled \$214,302.

*Key financial highlights for 2013-2014 are as follows:*

- General revenues accounted for \$4,710,172 or 83% of all revenues. Program-specific revenues, in the form of charges for services, operating grants, and contributions, accounted for \$946,838 or 17% of total revenues of \$5,657,010, of which \$295,123 was a carryover of Title IA funding.
- The Charter School had \$5,715,770 in expenses; \$946,838 of these expenses were offset by program-specific charges for services, grants or contributions. General revenues of \$4,710,172 were not adequate to provide for these programs.
- Among governmental funds, the General Fund had \$4,710,172 in revenues and \$4,649,782 in expenditures. The General Fund's balance totaled \$834,467.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL  
JERSEY CITY, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**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 Dr. Lena Edwards Academic Charter School 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 the statement of activities provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter 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. The fund financial statements also look at the Charter School's most significant funds with all other nonmajor funds presented in total in one column. In the case of Dr. Lena Edwards Academic Charter School, the General Fund is by far the most significant fund.

**Reporting the Charter School as a Whole**

**Statement of Net Position and Statement of Activities**

While this document contains a large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, “How did we do financially during 2014-2015?”

Both the statement of net position and the statement of activities 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 businesses. 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 Charter School's net position and changes in those assets. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Nonfinancial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL  
JERSEY CITY, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**Statement of Net Position and Statement of Activities (Continued)**

In the statement of net position and the statement of activities, the Charter School is divided into two kinds of activities:

- Governmental activities - All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- Business-type activities - This service is provided on a charge-for-goods-or-services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise Fund and the Aftercare Program are reported as business activities.

**Reporting the Charter School's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and the Special Revenue Fund.

**Governmental Funds**

The Charter School's activities are reported in governmental funds, which focus on how money flows in to and out of those funds and the balances left at year-end available for spending in 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 funds statements provide a detailed, short-term view of the Charter School's general governmental operations and the basic services it provides. Governmental funds information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL  
JERSEY CITY, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**Food Service Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 37 of this report.

**The Charter School as a Whole**

Recall that the statement of net position provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of the governmental financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined net deficit was \$17,907 on June 30, 2015.

The Charter School's combined net position was \$577,624 on June 30, 2014.

There was a prior period adjustment to the June 30, 2014 net position due to the GASB No. 68 implementation noted in Schedule A-2.

**Governmental Activities**

The Charter School's total revenues generated from governmental activities were \$4,986,701 and \$5,423,525 for the year ended June 30, 2015 and June 30, 2014, respectively.

The total cost of all programs and services was \$5,459,473 and \$5,363,145 for 2015 and 2014, respectively. Instruction costs comprised 44% of the Charter School's expenses in 2015 while the instruction costs comprised 51% of the Charter School's expenses in 2014.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL  
JERSEY CITY, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**Business-type Activities**

Revenues for the Charter School's business-type activities, Food Service and Aftercare program, were comprised of charges for services and federal and state reimbursements.

- Food service expenses exceeded revenue by \$87,741 for 2015.
- Charges for food services represent \$4,191 of revenue for 2015. This represents amounts paid by patrons for daily food.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfasts, were \$196,436 for 2015.
- Aftercare expenses exceeded revenue by \$64,536 for 2015.

**Prior Year:**

- Food service expenses exceeded revenue by \$64,313 for 2014.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfasts, were \$220,461 for 2014.
- Aftercare expenses exceeded revenue by \$41,490 for 2014.

**Governmental Activities**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL  
 JERSEY CITY, NEW JERSEY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR FISCAL YEAR ENDED JUNE 30, 2015  
 UNAUDITED  
 (CONTINUED)**

**Governmental Activities (Continued)**

Capital outlay represents instructional and noninstructional equipment purchases, net of depreciation expense.

All governmental funds (i.e., general fund and special revenue fund, presented in the fund-based statements) are accounted for using the modified-accrual basis of accounting. Total revenues amounted to \$4,986,701 and expenditures were \$5,459,473 for 2015.

**The Charter School's Funds**

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management.

The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015.

<u>REVENUE</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>
Local sources	\$ 1,174,944	23.6%
State sources	3,440,155	69.0%
Federal sources	<u>371,602</u>	<u>7.4%</u>
Total	<u>\$ 4,986,701</u>	<u>100.0%</u>

The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2014.

<u>REVENUE</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>
Local sources	\$ 1,244,648	22.9%
State sources	3,465,524	63.9%
Federal sources	<u>713,363</u>	<u>13.2%</u>
Total	<u>\$ 5,423,535</u>	<u>100.0%</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL  
 JERSEY CITY, NEW JERSEY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR FISCAL YEAR ENDED JUNE 30, 2015  
 UNAUDITED  
 (CONTINUED)**

**The Charter School's Funds (Continued)**

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2015.

<u>EXPENDITURES</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>
Instruction	\$ 2,424,837	44.4%
Administration	1,461,557	26.8%
Support services	1,480,916	27.1%
Capital outlay	92,163	1.7%
Total	<u>\$ 5,459,473</u>	<u>100.0%</u>

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2014.

<u>EXPENDITURES</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>
Instruction	\$ 2,729,811	50.9%
Administration	1,227,872	22.9%
Support services	1,308,304	24.4%
Capital outlay	97,158	1.8%
Total	<u>\$ 5,363,145</u>	<u>100.0%</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL  
JERSEY CITY, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**General Fund Budgeting Highlights**

The Charter School's budget is prepared according to New Jersey state law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line-item accounts.

**For the Future**

The Dr. Lena Edwards Academic Charter School is in stable financial condition.

As we work to strengthen our community ties, the Charter School will continue its mission of assuring educational excellence and character development for all students in grades kindergarten through eight, cultivating both learning and empathy by providing them with a stable, rigorous, unbroken continuum of classical academic instruction and formal character education, resulting in the highest levels of student achievement, ethical behavior, and cultural literacy, delivered within a productive, consistent, and supportive school environment.

In conclusion, Dr. Lena Edwards Academic Charter School has committed itself to continued financial stability and educational excellence.

**Contacting the Charter School's Financial Management**

This comprehensive annual financial report is designed to provide our citizens, taxpayers, 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 questions about this report or need additional information, contact Luis Santiago, School Business Administrator, at Dr. Lena Edwards Academic Charter School, 509 Bramhall Avenue, Jersey City, New Jersey 07304.

## *Financial Statements*

## **Section A – *Charter School-wide Financial Statements***

Both the statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**A-1**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents:			
Unrestricted	\$ 314,354	\$ -	\$ 314,354
Interfund receivables	18,085	-	18,085
Receivables, net	29,299	41,762	71,061
Capital assets, net	53,265	-	53,265
Total Assets	<u>415,003</u>	<u>41,762</u>	<u>456,765</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Change in pension assumptions	54,082	-	54,082
Change in pension proportion	1,483,013	-	1,483,013
Pension payment subsequent to measurement date	94,371	-	94,371
	<u>1,631,466</u>	<u>-</u>	<u>1,631,466</u>
<b>LIABILITIES</b>			
Accounts payable	181,014	39,896	220,910
Interfund payable	15,232	1,866	17,098
Deferred revenue	13,177	-	13,177
Payable to state government	32,384	-	32,384
Net pension liability	1,719,869	-	1,719,869
Total Liabilities	<u>1,961,676</u>	<u>41,762</u>	<u>2,003,438</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Difference in pension earnings	<u>102,495</u>	<u>-</u>	<u>102,495</u>
<b>NET DEFICIT:</b>			
Net Investment in Capital Assets	53,265	-	53,265
Unrestricted	(70,967)	-	(70,967)
Total Net Position	<u>\$ (17,702)</u>	<u>\$ -</u>	<u>\$ (17,702)</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

A-2

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:								
Instruction	\$ 2,098,395	\$ 326,442	\$ -	\$ 323,193	\$ -	\$ (2,101,644)	\$ -	\$ (2,101,644)
Administration	1,334,946	126,611	-	-	-	(1,461,557)	-	(1,461,557)
Support services	1,392,631	88,285	-	48,409	-	(1,432,507)	-	(1,432,507)
Capital outlay	62,440	-	-	-	-	(62,440)	-	(62,440)
	<u>4,888,412</u>	<u>541,338</u>	<u>-</u>	<u>371,602</u>	<u>-</u>	<u>(5,058,148)</u>	<u>-</u>	<u>(5,058,148)</u>
Business-type Activities:								
Food service	288,368	-	4,191	196,436	-	-	(87,741)	(87,741)
Aftercare	75,121	-	10,585	-	-	-	(64,536)	(64,536)
Total Business-type Activities	<u>363,489</u>	<u>-</u>	<u>14,776</u>	<u>196,436</u>	<u>-</u>	<u>-</u>	<u>(152,277)</u>	<u>(152,277)</u>
Total Primary Governmental	<u>\$5,251,901</u>	<u>\$ 541,338</u>	<u>\$ 14,776</u>	<u>\$ 568,038</u>	<u>\$ -</u>	<u>(5,058,148)</u>	<u>(152,277)</u>	<u>(5,210,425)</u>
General Revenues:								
Federal and state aid not restricted						4,615,099	-	4,615,099
Transfers						(147,393)	147,393	-
Total General Revenues and Transfers						<u>4,467,706</u>	<u>147,393</u>	<u>4,615,099</u>
Change in Net Position						(590,442)	(4,884)	(595,326)
Net Position - beginning, as originally reported						858,009	4,884	862,893
Prior Period Adjustment - GASB No. 68 Implementation						(285,269)	-	(285,269)
Net Position - restated						<u>572,740</u>	<u>4,884</u>	<u>577,624</u>
Net Deficit - ending						<u>\$ (17,702)</u>	<u>\$ -</u>	<u>\$ (17,702)</u>

The accompanying notes are an integral part of these financial statements.

## **Section B – *Fund Financial Statements***

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by type.

## *Governmental Funds*

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**COMBINING BALANCE SHEET**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**B-1**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 314,354	\$ -	\$ 314,354
Interfund receivables	18,085	-	18,085
Intergovernmental accounts receivable:			
Federal	-	16,865	16,865
State	12,434	-	12,434
Total Assets	<u>\$ 344,873</u>	<u>\$ 16,865</u>	<u>\$ 361,738</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 86,643	\$ -	\$ 86,643
Interfund payable	11,544	3,688	15,232
Deferred revenues	-	13,177	13,177
Payable to state government	32,384	-	32,384
Total Liabilities	<u>130,571</u>	<u>16,865</u>	<u>147,436</u>
<b>FUND BALANCES:</b>			
Unassigned:			
General fund	214,302	-	214,302
Total Fund Balances	<u>214,302</u>	<u>-</u>	<u>214,302</u>
 Total Liabilities and Fund Balances	 <u>\$ 344,873</u>	 <u>\$ 16,865</u>	 <u>\$ 361,738</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**B-1**

Amounts reported for *Governmental Activities* in the *Statement of Net Position* (A-1) are different because: \$ 214,302

The net pension liability, and associated deferred inflows and outflows of resources of the Charter School relating to its participating in the PERS system are not recognized in the funds using the current financial resources measurement focus, but are recognized in the statement of net position using the economic resources measurement focus. Carrying amounts are as follows:

Deferred outflows of resources:	
Change in pension assumptions	54,082
Change in pension proportion	1,483,013
Pension payment subsequent to measurement date	94,371
Accounts payable for pension expense	(94,371)
Net pension liability	(1,719,869)
Deferred inflows of resources:	
Difference in pension earnings	(102,495)
Net assets of governmental activities	<u>\$ (70,967)</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**B-2**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Local sources:			
Local tax levy	\$ 1,115,162	\$ -	\$ 1,115,162
Miscellaneous	59,782	-	59,782
Total Local Sources	1,174,944	-	1,174,944
State sources	3,440,155	-	3,440,155
Federal sources	-	371,602	371,602
Total Revenues	4,615,099	371,602	4,986,701
<b>EXPENDITURES</b>			
Instruction	2,101,644	323,193	2,424,837
Administration	1,461,557	-	1,461,557
Support services	1,432,507	48,409	1,480,916
Capital outlay	92,163	-	92,163
Total Expenditures	5,087,871	371,602	5,459,473
<b>OTHER USES</b>			
Transfers out	(147,393)	-	(147,393)
<b>NET CHANGE IN FUND BALANCES</b>			
	(620,165)	-	(620,165)
Fund Balance - July 1	834,467	-	834,467
Fund Balance - June 30	\$ 214,302	\$ -	\$ 214,302



## *Proprietary Funds*

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**COMBINING STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**B-4**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Aftercare Program</b>	<b>Totals</b>
<b>ASSETS</b>			
CURRENT ASSETS:			
Intergovernmental accounts receivables:			
Federal	\$ 41,290	\$ -	\$ 41,290
State	472	-	472
Total Current Assets	41,762	-	41,762
Total Assets	\$ 41,762	\$ -	\$ 41,762
<b>LIABILITIES</b>			
CURRENT LIABILITIES:			
Accounts payable	\$ 39,896	\$ -	\$ 39,896
Interfund payable	1,866	-	1,866
Total Current Liabilities	41,762	-	1,866
Total Liabilities	41,762	-	41,762
<b>NET POSITION:</b>			
Unrestricted	-	-	-
Total Net Position	\$ -	\$ -	\$ -

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**B-5**

	<b>Business-type Activities - Enterprise Fund</b>		
	<b>Food Service</b>	<b>Aftercare Program</b>	<b>Total</b>
Operating revenues:			
Charges for services	\$ 4,191	\$ 10,585	\$ 14,776
Total Operating Revenues	<u>4,191</u>	<u>10,585</u>	<u>14,776</u>
Operating expenses:			
Cost of sales	215,648	-	215,648
Salaries	68,811	75,121	143,932
General supplies	3,909	-	3,909
Total Operating Expenses	<u>288,368</u>	<u>75,121</u>	<u>363,489</u>
Operating loss	<u>(284,177)</u>	<u>(64,536)</u>	<u>(348,713)</u>
Nonoperating revenues:			
State sources:			
State school breakfast/lunch program	2,192	-	2,192
Federal sources:			
National school breakfast/lunch program	174,340	-	174,340
Child and Adult Care Food Program	19,904	-	19,904
Total nonoperating revenues	<u>196,436</u>	<u>-</u>	<u>196,436</u>
Transfers in	82,857	64,536	147,393
Change in net assets	(4,884)	-	(4,884)
Total Net Position - beginning	<u>4,884</u>	<u>-</u>	<u>4,884</u>
Total Net Position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**B-6**

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Food Service</b>	<b>Aftercare Program</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to employees	\$ (68,811)	\$ (75,121)	\$ (143,932)
Receipts from customers	4,191	10,585	14,776
Payments to interfund	2,211	(45,844)	(43,633)
Payments to suppliers	(207,893)	-	(207,893)
Net Cash Used for Operating Activities	<u>(270,302)</u>	<u>(110,380)</u>	<u>(380,682)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State sources	6,972	-	6,972
Federal sources	171,158	-	171,158
Transfers from other funds	82,857	64,536	147,393
Net Cash Provided by Noncapital Financing Activities	<u>260,987</u>	<u>64,536</u>	<u>325,523</u>
Net Decrease in Cash and Cash Equivalents	(9,315)	(45,844)	(55,159)
Balances - beginning of year	9,315	45,844	55,159
Balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>			
Operating loss	\$ (284,177)	\$ (64,536)	\$ (348,713)
Adjustment to reconcile operating (loss) to net cash (used for) operating activities:			
Interfund receivable	345	-	345
Accounts payable	11,664	-	11,664
Interfund payable	1,866	(45,844)	(43,978)
Net Cash Used for Operating Activities	<u>\$ (270,302)</u>	<u>\$ (110,380)</u>	<u>\$ (380,682)</u>

*The accompanying notes are an integral part of these financial statements.*

## *Fiduciary Funds*

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

---

**B-7**

**ASSETS**

Cash and cash equivalents	\$ 17,999
Interfund receivables	7,720
Due from student groups	<u>23</u>
Total Assets	<u>\$ 25,742</u>

**LIABILITIES**

Payroll deductions and withholdings	\$ 23,289
Interfund payables	<u>2,453</u>
Total Liabilities	<u>\$ 25,742</u>

*Notes to Basic Financial Statements*

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

---

**NOTE 1 - REPORTING ENTITY:**

---

Dr. Lena Edwards Academic Charter School is a nonprofit corporation organized under the laws of the state of New Jersey, established in 2010, to function as an educational institution. The Charter School operates as a public school under a charter granted by the state of New Jersey. The Charter School consists of seven members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

The primary criteria for including activities within the Charter School's reporting entity is set forth in Section 2100 of the GASB Codification of Government Statement 14 entitled "The Financial Reporting Entity". GASB Statement 14 is codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under GASB Statement 14, the financial reporting entity is determined by 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 and account groups of the Charter School over which it exercises operating control. The operations of the Charter School include a kindergarten-through grade-8 school located in the city of Jersey City.

There are no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

---

The financial statements of the Board of Trustees of the Charter School have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB's more significant accounting policies are described below.

***Basis of Presentation:***

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

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Charter School-wide Statements:***

Both the statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School. Governmental activities generally are financed through intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

***Fund Financial Statements:***

During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The New Jersey Department of Education ("NJDOE") has elected to require New Jersey charter schools to treat each governmental fund as a major fund in accordance with the option noted in GASB Statement 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among charter school financial reporting models.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

---

The Charter School reports the following *governmental* funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for equipment and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, 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 New Jersey state aid and appropriated fund balance. Expenditures are those that result in the acquisition of, or additions to, fixed assets for land, existing buildings, improvement of grounds, construction of buildings, additions to, or remodeling of, buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Charter School Board resolution.

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from state and federal government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: Not Applicable.

Debt Service Fund: Not Applicable.

Proprietary funds account for operations that are organized to be self-supporting through user charges and are similar to those often found in private business enterprises.

The Charter School reports the following *proprietary* funds:

Enterprise Fund: The Enterprise Fund accounts for all revenues and expenses pertaining to the Charter School's Food Service operations, as well as the Aftercare Program. This fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses, including depreciation and indirect costs) of providing goods or services to the students on a continuing basis is financed or recovered primarily through user charges.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

Fiduciary funds are used to account for assets held by the Charter School on behalf of others.

The Charter School reports the following *fiduciary* funds:

Agency Funds: The agency funds are used to account for assets held by the Charter School on behalf of outside parties, including other governments, or on behalf of other funds within the Charter School. The agency funds included are as follows:

Payroll and Student Activities Funds: These are agency funds used to account for the assets that the Charter School, acting as agent, holds on behalf of others. Agency funds are custodial in nature and do not involve measurement of results of operations.

***Basis of Accounting - Measurement Focus:***

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

***Charter School-wide, Proprietary, and Fiduciary Funds Financial Statements:***

The Charter School-wide financial statements are prepared using the accrual basis of accounting, as are the Enterprise Fund and the fiduciary funds. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an account receivable. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

---

***Governmental Fund Financial Statements:***

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Measurable means the amount of the transactions can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and the Enterprise Fund of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles, Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

***Budgets/Budgetary Control:***

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. They are submitted to the county office. 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. 6:20-2A.2(m)1*. All budget amendments and transfers must be approved by School Board resolution.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which has been adjusted for legally authorized revisions of the annual budget during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and U.S. GAAP with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Budgets/Budgetary Control: (Continued)***

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

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the U.S. GAAP-basis of accounting:

Total Revenues and Expenditures (Budgetary Basis)	\$ 371,602
Adjustments:	
Less: Encumbrances at June 30, 2015	-
Plus: Encumbrances at June 30, 2014	<u>-</u>
Total Revenues and Expenditure (U.S. GAAP Basis)	<u>\$ 371,602</u>

***Encumbrances Accounting:***

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances 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 special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred 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.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Interfund Transactions***

Transfers between governmental and business-type activities on the Charter School-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 nonoperating revenues/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***Prepaid Expenses:***

Prepaid expenses which benefit future periods, other than those recorded in the Enterprise Fund, are recorded as expenditures in the year of purchase.

***Capital Assets:***

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by charter schools in the state of New Jersey is \$2,000. All reported capital assets, except for land and construction-in-progress, are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Life</u></b>
School Buildings	50 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Office and Computer Equipment	5-10 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Deferred Revenue:***

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

***Accrued Liabilities and Long-term Obligations:***

All payables, accrued liabilities, and long-term obligations are reported on the Charter School-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds.

***Pensions:***

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

***Deferred Outflows/Inflows of Resources:***

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The Charter School is reporting three items in this category; Pension related items including the Change in pension assumptions change in pension proportion and the amounts of pension payments made the Charter School subsequent to the pension measurement date. Deferred outflows for changes in pension assumptions future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability. Deferred outflows for Subsequent pension payments reflects payments made by the School to the pension system subsequent to the date of the most recent actuarial valuation, which was June 30, 2014. Change in pension proportion represents the unfavorable impact of the decline in the Charter School's proportionate share of system wide net pension liability.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The Charter School is reporting one pension related items in this category; the Difference in pension earnings. This represents the Charter School's proportionate share of plan earnings in excess of assumed amounts.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Net Position:***

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through restrictions adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***Fund Balance Reserves:***

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods.

***Revenues - Exchange and Nonexchange Transactions:***

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. *Available* means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, *available* means within sixty days of the fiscal year-end.

***Assets, Liabilities and Equity:***

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified-accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified-accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest and tuition.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Operating Revenues and Expenses:***

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the Charter School, these revenues are sales in the Enterprise Fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

***Allocation of Indirect Expenses:***

The Charter School reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the statement of activities. Employee benefits, including the employer's share of social security, workers' compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the statement of activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the statement of activities. Interest on debt is considered an indirect expense and is reported separately on the statement of activities.

***Extraordinary and Special Items:***

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

***Management 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 reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

***Accrued Salaries and Wages:***

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Income Taxes:***

The Charter School follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Charter School's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Charter School's policy is to recognize interest and penalties on unrecorded tax benefits in income tax expense. No interest and penalties were recorded during the year ended June 30, 2015. The tax years subject to audit by federal and state jurisdictions are 2012 and forward. At June 30, 2015, there are no significant income tax uncertainties that are expected to have a material impact on the Charter School's financial statements.

***Subsequent Events:***

The Charter School has evaluated its subsequent events and transactions occurring after June 30, 2015 through December 17, 2017, the date that the financial statements were available to be issued.

---

**NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

---

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less. GASB Statement 3 - Deposits with Financial Institutions, Investments (including Repurchase Agreements and Reverse Repurchase Agreements) requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

***Deposits:***

New Jersey statutes require that charter schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS: (Continued)**

***Deposits: (Continued)***

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

***Investments:***

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any federal intermediate credit bank, federal home loan bank, federal national mortgage agency or of any United States banks for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the Charter School.

As of June 30, 2015, cash and cash equivalents and investments of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	<u>\$ 314,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,999</u>	<u>\$ 332,353</u>

The investments recorded in the Charter School-wide statements have been recorded at amortized cost. In accordance with GASB Statement 31, participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter School-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$332,353 and the bank balance was \$564,632. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS: (Continued)**

---

***Risk Category:***

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 – Insured or collateralized with securities held by the Board or by its agent in the Board’s name.

Category 2 – Collateralized with securities held by the pledging public depository’s trust department or agent in the Board’s name.

Category 3 – Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board’s name.

As of June 30, 2015, the Board had funds invested and on deposit in checking accounts. These funds constitute deposits with financial institutions as defined by GASB Statement 3 and are classified as Category 1, both at year-end and throughout the year.

***New Jersey Cash Management Fund:***

All investments in the fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risk related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason, a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2015, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - CAPITAL ASSETS:**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Being Depreciated:				
Software	\$ 10,765	\$ -	\$ -	\$ 10,765
Refrigerators	2,387	-	-	2,387
Building improvements	38,400	14,000	-	52,400
Playground	-	16,222	-	16,222
Radiator	-	12,704	-	12,704
Totals at Historical Cost:	<u>51,552</u>	<u>42,926</u>	<u>-</u>	<u>94,478</u>
Less: Accumulated Depreciation for -				
Software	8,970	1,794	-	10,764
Refrigerators	240	159	-	399
Building improvements	18,800	10,114	-	28,914
Playground	-	554	-	554
Radiator	-	582	-	582
Total Accumulated Depreciation	<u>28,010</u>	<u>13,203</u>	<u>-</u>	<u>41,213</u>
Governmental Activity Capital Assets,	<u>\$ 23,542</u>	<u>\$ 29,723</u>	<u>\$ -</u>	<u>\$ 53,265</u>

In January 11, 2001, the New Jersey State Department of Education announced, that effective July 1, 2001, the capitalization threshold used by charter schools in the state of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the state regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 5 - PENSION PLANS:**

---

***Description of Plans:***

All required employees of the District are covered by either the Public Employees' Retirement System of the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits ("Division"). According to the state of New Jersey Administrative Code, all obligations of both systems will be assumed by the state of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

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

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of the N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current status, 100% of employer contributions are made by the state of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Summary of Significant Accounting Policies:**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

The employer contributions for the Charter School are legally required to be funded by the state in accordance with N.J.S.A. 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the state is treated as non-employer contributing entity. Since the Charter School does not contribute directly to the plan (except for employer specific financed amounts, there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 5 - PENSION PLANS: (Continued)**

---

***Teachers' Pension and Annuity Fund ("TPAF"): (Continued)***

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with Charter School. During the fiscal year ended June 30, 2015, the state of New Jersey contribution \$15,917 to the TPAF for normal pension benefits on behalf of the Charter School.

For the year ended June 30, 2015, the Charter School recognized a pension expense of \$15,917 and revenue of \$15,917 for support provided by the state. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2015, is based upon the changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the state are based upon the change in the collective net pension liability between July 1, 2013 and June 30, 2014.

Although, the Charter school does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the state's portion of the net pension liabilities associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	-	\$ 2,306,623,861
Collective deferred inflows of resources	-	\$ 1,763,205,593
Collective net pension liability (Non-employer – State of New Jersey)	\$50,539,213,484	\$ 53,446,745,367
State's portion of net pension liability that was associated with the Charter School	-	\$ 295,802
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	-	0.000553%

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 5 - PENSION PLANS: (Continued)**

---

Actuarial Assumptions:

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2014 measurement date was determine by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary increases:	Varies based on experience
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA for the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-term Expected Rate of Return:

In accordance with state statute, the long-term expected rate of return on plan investment is determined by the State Treasurer, after consultation with the Director of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation is of June 30, 2014, are summary in the following table:

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 5 - PENSION PLANS: (Continued)**

---

Long-term Expected Rate of Return: (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core fixed income	0.00%	2.19%
Core bonds	1.00%	1.38%
Short-term bonds	0.00%	1.00%
Intermediate-term bonds	11.20%	2.60%
Long-term bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High yield bonds	5.50%	4.15%
Non-US fixed income	0.00%	1.41%
Inflated-indexed bonds	2.50%	1.30%
Broad US equities	25.90%	5.88%
Large cap US equities	0.00%	5.62%
Midcap US equities	0.00%	6.39%
Small cap US equities	0.00%	7.39%
Developed foreign equities	12.70%	6.05%
Emerging market equities	6.50%	8.90%
Private equity	8.25%	9.15%
Hedge funds/absolute ret	12.25%	3.85%
Real estate - property	3.20%	4.43%
Real estate - REITS	0.00%	5.58%
Commodities	2.50%	3.60%
Long credit bonds	0.00%	3.74%

Discount rate:

The discount rate used to measure the state's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions plan members will be made at the current member contribution rates and that contributions from employers (state of New Jersey) will be made based on the average of the last five year. 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 2027.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

---

**NOTE 5 - PENSION PLANS: (Continued)**

---

Discount rate: (Continued)

Therefore, the long-term expected rate of return of plan investments was applied to projected benefits payments through 2027, and the municipal bond rate was applied to projections after that date in determining the total pension liability.

Sensitivity of the Charter School's proportionate share of the net pension liability to changes in the discount rate:

Since the Charter School has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separate issued state of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>.

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued state of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-reprts-home.shtml>.

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

The Public Employees' Retirement System ("PERS") was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the state of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies:

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

At June 30, 2015, the Charter School reported a liability of \$1,719,869 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 5 - PENSION PLANS: (Continued)**

***Public Employees' Retirement System ("PERS"): (Continued)***

**Summary of Significant Accounting Policies:**

The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The Charter School's proportion of the net pension liability is based on the ration of the contributions as an individual employer to total contributions to the PERS during the year ended June 30, 2014. At June 30, 2013, the Charter School's proportion was 0.00919%.

For the year ended June 30, 2015, the Charter School recognized a pension expense of \$361,036. At June 30, 2015, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	-	-
Changes in assumptions	\$ 54,082	-
Net difference between projected and actual earnings on pension plan investments		\$ 102,495
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	1,483,013	-
Charter School contribution subsequent to the measurement date	94,371	-
Total	<u>\$ 1,631,466</u>	<u>\$ 102,495</u>

\$94,371 reported as deferred outflows of resources related to pensions resulting from Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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>Year ended June 30:</b>	<b>Amount</b>
2015	\$ (15,682)
2016	(15,682)
2017	(15,682)
2018	(15,682)
2019	9,941
Thereafter	4,374
Total	<u>\$ (48,413)</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 5 - PENSION PLANS: (Continued)**

---

***Public Employees' Retirement System ("PERS"): (Continued)***

Summary of Significant Accounting Policies:

	<b>June 30, 2013</b>	<b>June 30, 2014</b>
Collective deferred outflows of resources	-	\$ 952,194,675
Collective deferred inflows of resources	-	\$ 1,452,705,538
Collective net pension liability (Non State – Local Group)	\$19,111,986,911	\$18,722,735,003
Charter School's portion of net pension liability	-	\$ 1,719,869
District's proportion percentage	0.00%	0.00919%

Actuarial Assumptions:

The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.01%
Salary increases:	
2012-2012	2.15% - 4.40% based on age
Thereafter	3.15% - 5.40% based on age
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on projection scale AA.

The actuarial assumptions used in the July 1, 2013 valuations were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-term Expected Rate of Return:

In accordance with state statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultants with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2013, are summarized in the following table:

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 5 - PENSION PLANS: (Continued)**

Long-term Expected Rate of Return:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	6.00%	0.80%
Core bonds	1.00%	2.49%
Intermediate-term bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High yield bonds	5.50%	4.82%
Inflated-indexed bonds	2.50%	3.51%
Broad US equities	25.90%	8.22%
Developed foreign equities	12.70%	8.12%
Emerging market equities	6.50%	9.91%
Private equity	8.25%	13.02%
Hedge funds/absolute ret	12.25%	4.92%
Real estate-property	3.20%	5.80%
Commodities	2.50%	5.35%

Discount rate:

The discount rate used to measure the state's total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions plan members will be made at the current member contribution rates and that contributions from employers (state of New Jersey) will be made based on the average of the last five years.

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 2033. Therefore, the long-term expected rate of return of plan investments was applied to projected benefits payments through 2033, and the municipal bond rate was applied to projections after that date in determining the total pension liability.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 5 - PENSION PLANS: (Continued)**

---

Sensitivity of the Charter School's proportionate share of the net pension liability to changes in the discount rate:

The following presents the Charter School's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.39%, as well as what the Charter's School proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>1% Decrease (4.39%)</b>	<b>Current Discount Rate (5.39%)</b>	<b>1% Increase (6.39%)</b>
District's proportionate share of the net pension liability	\$2,163,654	\$1,719,869	\$1,347,203

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued state of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-reprts-home.shtml>.

Three-year Trend Information for PERS

<b><u>Year Funding</u></b>	<b><u>Annual Pension Cost ("APC")</u></b>	<b><u>Percentage Of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/2015	None	100%	None
6/30/2014	None	100%	None
6/30/2013	None	100%	None

Three-year Trend Information for TPAF (Paid on behalf of the District)

<b><u>Year Funding</u></b>	<b><u>Annual Pension Cost ("APC")</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/2015	None	100%	None
6/30/2014	None	100%	None
6/30/2013	None	100%	None

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 6 - ACCOUNTS RECEIVABLE:**

---

Receivables at June 30, 2015, consisted of intergovernmental grants.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental grants is as follows:

Federal and state aid receivables	<u>\$ 71,061</u>
-----------------------------------	------------------

**NOTE 7 - COMMITMENTS AND CONTINGENCIES:**

---

***Routine Litigation Matters:***

The Charter School is involved with certain claims and other routine litigation matters in the normal course of business. In the opinion of management, after consultation with legal counsel, the outcome of such matters is not expected to have a material adverse effect on the Charter School's financial position or results of operations.

The Charter School entered into a lease agreement dated July 1, 2011, with Saint Patrick and Assumption / All Saints Parish, for a period of four years and expiring on June 30, 2015. On July 22, 2015, the Charter School renewed the lease agreement for a period of five years, from July 1, 2015 to June 30, 2020, with an option to renew from July 1, 2020 to June 30, 2025, at a 5% increase or CPI, whichever is greater for the option period. The base rent is in the amount of \$33,333 per month. The rent is triple net with the tenant responsible for heat, light, taxes, water and sewerage, insurance and service contracts for all machinery, boiler, elevator, etc. Rent expense amounted to \$443,587 for the year ended June 30, 2015.

The future minimum lease payments required under the signed leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
<u>June 30:</u>	
2016	\$ 400,000
2017	400,000
2018	400,000
2019	400,000
2020	<u>400,000</u>
Total	<u>\$ 2,000,000</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

---

**NOTE 8 - POST RETIREMENT BENEFITS:**

---

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or who are on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the state contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The state is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer-paid health benefits to members of PERS, and the Alternate Benefit Program, who retired from a board of education of a county college with 25 years of service. The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

---

**NOTE 9 - 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.

***Property and Liability Insurance:***

The Charter School maintains commercial insurance coverage for property, liability, student accidents, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

***New Jersey Unemployment Compensation Insurance:***

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

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

---

**NOTE 10 - FUND BALANCE:**

---

***General Fund:***

Of the \$214,302 General Fund balance in the fund financial statements at June 30, 2015, \$-0- is reserved for capital reserve and \$214,302 is unreserved and undesignated.

---

**NOTE 11 - RESTATEMENT OF GOVERNMENTAL ACTIVITIES NET POSITION:**

---

The Charter School implemented the provisions of GASB Statement No. 68 effective July 1, 2014. The adoption of this standard required the recognition in the Governmental Activities Net Position and Activities of the Charter School's proportionate share of the net pension liability of the Public Employees Retirement System ("PERS"), and associated deferred outflow of financial resources for payments made subsequent to the June 30, 2013 measurement date. Prior to the implementation of GASB Statement No. 68, no amounts were required to be reported in the Charter School's financial statements for its share of the PERS net pension liability or for the specific deferred inflows and deferred outflows of financial resources attributable to the Charter School resulting from plan operations. PERS pension expenditures/expenses were reported in the year paid, which lags the period in which PERS employer contributions are recorded by one fiscal year. The new standard improves the information provided in government financial reports about pension-related costs, obligations, and the resources available to satisfy those obligations. A prior period adjustment to effect a restatement of the June 30, 2014 Governmental Activities Net Position was required as follows:

Governmental Activities Net Position as reported on June 30, 2014:	\$ 858,009
Difference between employer contributions and employer pension expense excluding that attributable to employer-paid member contributions:	<u>(285,269)</u>
Net Decrease in Government Activities Net Position:	<u>(285,269)</u>
Governmental Activities Net Deficit on June 30, 2014, as restated:	<u>\$ 572,740</u>

***Required Supplementary Information Part II***

**Section C - *Budgetary Comparison Schedule***

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

C-1

	<b>Original Budget</b>	<b>New Appropriations/ Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local tax levy	\$ 1,151,969	\$ (36,807)	\$ 1,115,162	\$ 1,115,162	\$ -
Miscellaneous	-	-	-	59,782	59,782
<b>Total Local Sources</b>	<b>1,151,969</b>	<b>(36,807)</b>	<b>1,115,162</b>	<b>1,174,944</b>	<b>59,782</b>
<b>State Sources:</b>					
Equalization aid	3,140,338	(100,338)	3,040,000	3,040,000	-
Special education categorical aid	101,012	(15,582)	85,430	85,430	-
Security aid	184,203	(12,010)	172,193	172,193	-
Reimbursed TPAF social security contributions (nonbudgeted)	-	-	-	142,532	142,532
<b>Total State Sources</b>	<b>3,425,553</b>	<b>(127,930)</b>	<b>3,297,623</b>	<b>3,440,155</b>	<b>142,532</b>
<b>Total Revenues</b>	<b>4,577,522</b>	<b>(164,737)</b>	<b>4,412,785</b>	<b>4,615,099</b>	<b>202,314</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of teachers	1,621,372	(95,488)	1,525,884	1,481,628	44,256
Purchased professional educational	248,529	24,690	273,219	259,911	13,308
Purchased technical services	100,000	85,040	185,040	185,040	-
Other purchased services	-	1,750	1,750	1,750	-
General supplies	25,000	901	25,901	25,901	-
Textbooks	55,000	(5,079)	49,921	49,891	30
Other objects	35,000	62,630	97,630	97,523	107
<b>Total Instruction</b>	<b>2,084,901</b>	<b>74,444</b>	<b>2,159,345</b>	<b>2,101,644</b>	<b>57,701</b>
<b>Administration:</b>					
Salaries - general administration	446,840	43,194	490,034	489,928	106
Salaries of secretarial/clerical assessments	103,095	8,158	111,253	111,253	-
Purchased professional-educational	42,000	135,134	177,134	177,134	-
Communications/Telephone	10,000	12,974	22,974	20,353	2,621
Other purchased services (400-500 series)	26,303	52,910	79,213	74,845	4,368
Supplies and materials	20,000	(1,095)	18,905	18,905	-
Miscellaneous	9,000	32,723	41,723	41,723	-
Total Benefit Costs	475,000	68,116	543,116	527,416	15,700
<b>Total Administration</b>	<b>1,132,238</b>	<b>352,114</b>	<b>1,484,352</b>	<b>1,461,557</b>	<b>22,795</b>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**C-1**

	<b>Original Budget</b>	<b>New Appropriations/ Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable (Unfavorable)</b>
<b>Support Services:</b>					
Salaries	452,650	21,567	474,217	470,994	3,223
Purchased professional/technical services	40,000	43,626	83,626	83,226	400
Other purchased services (400-500 series)	55,000	13,684	68,684	67,824	860
Rental of land and buildings	435,000	8,587	443,587	443,587	-
Insurance for property, liability and fidelity	39,375	53,647	93,022	91,823	1,199
Supplies and materials	30,000	47,699	77,699	55,440	22,259
Energy costs (heat and electricity)	84,000	39,100	123,100	77,081	46,019
Miscellaneous expense	-	-	-	-	-
<b>Total Support Services</b>	<b>1,136,025</b>	<b>227,910</b>	<b>1,363,935</b>	<b>1,289,975</b>	<b>73,960</b>
Reimbursed TPAF social security contributions (nonbudgeted)	-	-	-	142,532	(142,532)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,532</b>	<b>(142,532)</b>
<b>Total Support Services</b>	<b>1,136,025</b>	<b>227,910</b>	<b>1,363,935</b>	<b>1,432,507</b>	<b>(68,572)</b>
<b>Capital Outlay:</b>					
Instructional equipment	95,000	(2,800)	92,200	92,163	37
Noninstructional equipment	5,000	(5,000)	-	-	-
<b>Total Capital Outlay</b>	<b>100,000</b>	<b>(7,800)</b>	<b>92,200</b>	<b>92,163</b>	<b>37</b>
<b>Total Expenditures</b>	<b>4,453,164</b>	<b>646,668</b>	<b>5,099,832</b>	<b>5,087,871</b>	<b>11,961</b>
Excess (Deficiency) of revenues over (under) expenditures	124,358	(811,405)	(687,047)	(472,772)	190,353
<b>Other Financing (Uses):</b>					
Operating transfer out:					
Transfer to food service fund	-	-	-	(82,857)	82,857
Transfer to aftercare fund	-	-	-	(64,536)	64,536
<b>Other Financing (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(147,393)</b>	<b>147,393</b>
Excess (Deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	124,358	(811,405)	(687,047)	(620,165)	337,746
	124,358	(811,405)	(687,047)	(620,165)	337,746
FUND BALANCE JULY 1	21,246	(806,743)	(785,497)	834,467	(80,833)
FUND BALANCE JUNE 30	<u>\$ 145,604</u>	<u>\$ (1,618,148)</u>	<u>\$ (1,472,544)</u>	<u>\$ 214,302</u>	<u>\$ 256,913</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance	<u>\$ 145,604</u>	<u>\$ (1,618,148)</u>	<u>\$ (1,472,544)</u>	<u>\$ 214,302</u>	<u>\$ 256,913</u>
<b>Total</b>	<u><b>\$ 145,604</b></u>	<u><b>\$ (1,618,148)</b></u>	<u><b>\$ (1,472,544)</b></u>	<u><b>\$ 214,302</b></u>	<u><b>\$ 256,913</b></u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

C-2

	<b>Original Budget</b>	<b>New Appropriations/ Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable (Unfavorable)</b>
<b>REVENUES:</b>					
Federal	\$ 406,508	\$ 21,842	\$ 428,350	\$ 371,602	\$ 56,748
Total - Federal Sources	<u>406,508</u>	<u>21,842</u>	<u>428,350</u>	<u>371,602</u>	<u>56,748</u>
<b>TOTAL REVENUES</b>	<u>406,508</u>	<u>21,842</u>	<u>428,350</u>	<u>371,602</u>	<u>56,748</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries	356,525	(27,702)	328,823	292,700	36,123
General supplies	3,341	18,485	21,826	21,826	-
Other objects	-	21,842	21,842	8,667	13,175
<b>Total Instruction</b>	<u>359,866</u>	<u>12,625</u>	<u>372,491</u>	<u>323,193</u>	<u>49,298</u>
<b>Support Services:</b>					
Personal services - employee benefits	43,411	725	44,136	39,917	4,219
Purchased professional - educational services	<u>3,231</u>	<u>8,492</u>	<u>11,723</u>	<u>8,492</u>	<u>3,231</u>
<b>Total Support Services</b>	<u>46,642</u>	<u>9,217</u>	<u>55,859</u>	<u>48,409</u>	<u>7,450</u>
<b>Capital Outlay:</b>					
Instructional equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>406,508</u>	<u>21,842</u>	<u>428,350</u>	<u>371,602</u>	<u>56,748</u>
Excess (Deficiency) of Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **Notes to Required Supplementary Schedule**

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET TO U.S. GAAP RECONCILIATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**C-3**

**Note 1 - Explanation of Differences between Budgetary Inflows and Outflows and U.S. GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "total revenue" from the budgetary comparison schedule	[C-1] \$ 4,615,099	[C-2] \$ 371,602
Differences - budget to U.S. GAAP:		
Grant accounting budgetary basis differs from U.S. GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
State aid payment(s) recognized for budgetary purposes, not recognized for U.S. GAAP statements	-	-
Total revenue as reported on the statement of revenue, expenditures and changes in fund balances - governmental funds	[B-2] <u>\$ 4,615,099</u>	[B-2] <u>\$ 371,602</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	[C-1] \$ 5,087,871	[C-2] \$ 371,602
Differences - budget to U.S. GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to General Fund	<u>(147,393)</u>	-
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	[B-2] <u>\$ 4,940,478</u>	[B-2] <u>\$ 371,602</u>

***Required Supplementary Information Part III***

**Section L – *Schedules Related to Accounting and Reporting for Pensions***

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SCHEDULE OF THE CHARTER SCHOOL'S SHARE OF THE**  
**NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**L-1**

	<b>Fiscal Year Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>
Charter School's proportion of the Net Pension Liability	0.0091859928%	-
Charter School's proportionate share of the Net Pension Liability	\$ 1,719,869	-
Charter School's Covered-Employee Payroll	\$ 1,347,845	-
Charter School's proportionate share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	127.60%	-

\* Amounts presented for each fiscal year were determined as of June 30.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**

---

**L-2**

	<b>Fiscal Year Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>
Charter School's proportion of the Net Pension Liability	0.0005534518%	-
Charter School's proportionate share of the Net Pension Liability	\$ 295,802	-
Charter School's Covered-Employee Payroll	\$ 1,814,248	-
Charter School's proportionate share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	16.30%	-

\* Amounts presented for each fiscal year were determined as of June 30.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SCHEDULE OF THE CHARTER SCHOOL'S SHARE OF THE**  
**NET PENSION LIABILITY**  
**TEACHERS PENSION AND ANNUITY FUND**

**L-3**

	<b>Fiscal Year Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>
Contractually required contribution	\$ 2,351	\$ -
Contribution in relation to contractually required contribution	(2,351)	-
Contribution deficiency (excess)	-	-
Charter School's proportionate share of the payroll	\$ 1,814,248	\$ -
Contributions as a percentage of the covered-employee payroll	0.001295854	-

## **Other Supplementary Information**

## **Section E - *Special Revenue Fund***

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

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SPECIAL REVENUE FUND**  
**BUDGETARY BASIS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**E-1**

	<b>NCLB Title I Part A</b>	<b>Title II Part A</b>	<b>IDEA Part B</b>	<b>Grand Total</b>
<b>REVENUES:</b>				
Federal sources	\$ 299,102	\$ -	\$ 72,500	\$ 371,602
Total Revenues	299,102	-	72,500	371,602
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries of teachers	235,160	-	57,540	292,700
General supplies	21,826	-	-	21,826
Other objects	8,667	-	-	8,667
Total Instruction	265,653	-	57,540	323,193
<b>Support Services:</b>				
Employee benefits	24,957	-	14,960	39,917
Other purchased services	8,492	-	-	8,492
Total Support Services	33,449	-	14,960	48,409
Total Expenditures	299,102	-	72,500	371,602
Total Outflows	299,102	-	72,500	371,602
Deficiency of Revenues Under Expenditures	\$ -	\$ -	\$ -	\$ -

**Section F - *Capital Projects Fund***

## **Section G - *Proprietary Fund***

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Charter School's Board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food service in the Charter School.

Aftercare Fund - This fund provides the operation of the after-school program in the Charter School.

This section has already been included in schedules B-4, B-5, and B-6.

## **Section H - *Fiduciary Fund***

Fiduciary funds are used to account for funds received by the Charter School for a specific purpose.

Agency funds are used to account for assets held by the Charter School as an agent for individuals, private organizations, other governments and/or other funds.

Payroll Agency Fund - This agency fund is used to account for payroll deductions and withholdings of the Charter School.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**H-1**

	<b>Agency Fund</b>		
	<b>Payroll Agency</b>	<b>Student Activities</b>	<b>Total Agency Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,569	\$ 2,430	\$ 17,999
Interfund receivables	7,720	-	7,720
Due from student groups	-	23	23
Total Assets	<u>\$ 23,289</u>	<u>\$ 2,453</u>	<u>\$ 25,742</u>
<b>LIABILITIES</b>			
Payroll deductions and withholdings	\$ 23,289	\$ -	\$ 23,289
Interfund payables	-	2,453	2,453
Total Liabilities	<u>\$ 23,289</u>	<u>\$ 2,453</u>	<u>\$ 25,742</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**STUDENT ACTIVITIES AGENCY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**H-3**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Cash and cash equivalents	\$ 7,691	\$ 15,499	\$ 20,760	\$ 2,430
Total	<u>\$ 7,691</u>	<u>\$ 15,499</u>	<u>\$ 20,760</u>	<u>\$ 2,430</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**PAYROLL AGENCY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**H-4**

	<b>Balance July 1, 2014</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance June 30, 2015</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 66,135	\$ 2,612,532	\$ 2,663,098	\$ 15,569
Interfund receivables	-	2,624,777	2,617,057	7,720
Total Assets	<u>\$ 66,135</u>	<u>\$ 5,237,309</u>	<u>\$ 5,280,155</u>	<u>\$ 23,289</u>
<b>LIABILITIES</b>				
Payroll deductions and withholdings	\$ -	\$ 5,237,309	\$ 5,214,020	\$ 23,289
Interfund payables	66,135		66,135	-
Total Liabilities	<u>\$ 66,135</u>	<u>\$ 5,237,309</u>	<u>\$ 5,280,155</u>	<u>\$ 23,289</u>

## **Statistical Section (Unaudited)**

Dr. Lena Edwards Academic Charter School has been in operation for four years. GASB requires that ten years of statistical data be presented. Therefore, only statistical data for four years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.

**Introduction to Statistical Section**

**Contents**

**Financial Trends**

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

**Revenue Capacity (Not Applicable to Charter School)**

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

**Debt Capacity (Not Applicable)**

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

**Demographic and Economic Information (Not Applicable)**

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

**Operating Information**

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

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Charter School implemented GASB Statement 34 in the fiscal year ending June 30, 2012; schedules presenting Charter School-wide information include information beginning in that year.*

## **Financial Trends**

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NET POSITION BY COMPONENT**

**J-1**

	Fiscal Year Ended June 30,			
	2015	2014	2013	2012
Governmental Activities:				
Unrestricted	\$ (70,967)	\$ 834,467	\$ 884,764	\$ 825,365
Total Governmental Activities Net Assets	<u>\$ (70,967)</u>	<u>\$ 834,467</u>	<u>\$ 884,764</u>	<u>\$ 825,365</u>
Business-type Activities:				
Unrestricted	\$ -	\$ 4,884	\$ -	\$ (111,787)
Total Business-type Activities Net Deficit	<u>\$ -</u>	<u>\$ 4,884</u>	<u>\$ -</u>	<u>\$ (111,787)</u>
Charter School-wide:				
Unrestricted	\$ (70,967)	\$ 839,351	\$ 884,764	\$ 713,578
Total Charter School-wide Net Assets	<u>\$ (70,967)</u>	<u>\$ 839,351</u>	<u>\$ 884,764</u>	<u>\$ 713,578</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**CHANGES IN NET POSITION**

**J-2**

	Fiscal Year Ended June 30,			
	2015	2014	2013	2012
<b>Expenses:</b>				
Governmental Activities:				
Instruction	\$ 2,424,837	\$ 2,729,811	\$ 2,160,995	\$ 1,737,184
Administration	1,461,557	1,227,872	1,326,297	846,697
Support services	1,480,916	1,308,304	1,197,048	915,826
Capital outlay	62,440	110,505	117,729	14,150
Total Governmental Activities Expenses	<u>5,429,750</u>	<u>5,376,492</u>	<u>4,802,069</u>	<u>3,513,857</u>
Business-type Activities:				
Food service	288,368	284,774	254,761	247,620
Aftercare	75,121	54,504	63,406	19,284
Total Business-type Activities Expenses	<u>363,489</u>	<u>339,278</u>	<u>318,167</u>	<u>266,904</u>
Total Charter School Expenses	<u>\$ 5,793,239</u>	<u>\$ 5,715,770</u>	<u>\$ 5,120,236</u>	<u>\$ 3,780,761</u>
<b>Program Revenues:</b>				
Governmental Activities:				
Operating grants and contributions	\$ 371,602	\$ 713,363	\$ 183,516	\$ 146,399
Total Governmental Activities Program Revenues	<u>371,602</u>	<u>713,363</u>	<u>183,516</u>	<u>146,399</u>
Business-type Activities:				
Charges for services	14,776	19,608	6,707	26,977
Operating grants and contributions	196,436	213,867	199,624	128,140
Total Business-type Activities Program Revenues	<u>211,212</u>	<u>233,475</u>	<u>206,331</u>	<u>155,117</u>
Total Charter School Program Revenues	<u>\$ 582,814</u>	<u>\$ 946,838</u>	<u>\$ 389,847</u>	<u>\$ 301,516</u>
<b>Net Expense:</b>				
Governmental activities	\$ (5,058,148)	\$ (4,663,129)	\$ (4,618,553)	\$ (3,367,458)
Business-type activities	(152,277)	(105,803)	(111,836)	(111,787)
Total District-wide Net Expense	<u>\$ (5,210,425)</u>	<u>\$ (4,768,932)</u>	<u>\$ (4,730,389)</u>	<u>\$ (3,479,245)</u>
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental Activities:				
Federal and state aid not restricted	\$ 4,615,099	\$ 4,710,172	\$ 4,938,467	\$ 4,192,823
Total Charter School Net Expense	<u>4,615,099</u>	<u>4,710,172</u>	<u>4,938,467</u>	<u>4,192,823</u>
Total Charter School-wide General Revenues	<u>\$ 4,615,099</u>	<u>\$ 4,710,172</u>	<u>\$ 4,938,467</u>	<u>\$ 4,192,823</u>
<b>Change in Net Position (Deficit):</b>				
Governmental activities	\$ (443,049)	\$ 47,043	\$ 319,914	\$ 825,365
Business-type activities	(152,277)	(105,803)	(111,836)	(111,787)
Total District Change in Net Position (Deficit)	<u>\$ (595,326)</u>	<u>\$ (58,760)</u>	<u>\$ 208,078</u>	<u>\$ 713,578</u>

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**FUND BALANCES - GOVERNMENTAL FUNDS**

---

---

**J-3**

	<b>Fiscal Year Ended June 30,</b>			
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
General Fund:				
Unreserved	\$ (70,967)	\$ 834,467	\$ 884,764	\$ 825,365
Total General Fund	\$ (70,967)	\$ 834,467	\$ 884,764	\$ 825,365

**Source: Charter School's Records**

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**J-4**

	Fiscal Year Ended June 30,			
	2015	2014	2013	2012
<b>Revenues:</b>				
Local sources	\$ 1,174,944	\$ 1,244,648	\$ 1,214,144	\$ 1,798,251
State sources	3,440,155	3,465,524	3,724,323	2,394,572
Federal sources	371,602	713,363	183,516	146,399
Total Revenues	<u>4,986,701</u>	<u>5,423,535</u>	<u>5,121,983</u>	<u>4,339,222</u>
<b>Expenditures:</b>				
Instruction	2,424,837	2,729,811	2,160,995	1,737,184
Administration	1,461,557	1,227,872	1,313,430	844,903
Support services	1,480,916	1,308,304	1,197,048	915,826
Capital outlay	92,163	97,158	158,516	24,915
Total Expenditures	<u>5,459,473</u>	<u>5,363,145</u>	<u>4,829,989</u>	<u>3,522,828</u>
(Excess of Expenditures Over Revenues)				
Excess of Revenues Over Expenditures	<u>(472,772)</u>	<u>60,390</u>	<u>291,994</u>	<u>816,394</u>
<b>Other Financing (Uses):</b>				
Transfers out	<u>(147,393)</u>	<u>(110,687)</u>	<u>(223,624)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (620,165)</u>	<u>\$ (50,297)</u>	<u>\$ 68,370</u>	<u>\$ 816,394</u>

**Source: Charter School Records**

## **Operating Information**

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**FULL-TIME EQUIVALENT**  
**CHARTER SCHOOL EMPLOYEES BY FUNCTION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**J-16**

<b><u>Function/Program</u></b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Instruction	38	39	38	35
Support services	13	7	8	8
Administrative	7	11	12	7
Total	58	57	58	50

**Source: Charter School Personnel Records**

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**OPERATING STATISTICS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**J-17**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2015	375	\$ 5,367,310	\$ 14,313	2%	38	10%	371.81	349.7	1%	94.04%
2014	377	5,265,987	13,968	16%	39	10%	367.80	345.9	-4%	94.05%
2013	387	4,671,473	12,071	28%	38	10%	377.00	358.6	10%	95.12%
2012	370	3,497,913	9,454	N/A	35	9%	349.10	326.0	N/A	93.38%

**Sources: Charter School Records**

**Note:** Enrollment based on annual final Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SCHOOL BUILDING INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**J-18**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b><u>Charter School building</u></b>				
<b><u>All Grades - (K-8)</u></b>				
<b>Main Building</b>				
Square feet	33,450	33,450	33,450	33,450
Capacity (students)	396	396	396	396
Enrollment	375	377	387	370
<b><u>Other</u></b>				
<b>Gymnasium</b>				
Square feet	8,050	8,050	8,050	8,050
<b>Science lab, music room, office space</b>				
Square feet	3,064	3,064	-	-

**Source: Charter Schools Facilities Office**

**Note:** Enrollment is based on the annual October Charter School count.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**Unaudited**

**J-20**

	<u>Coverage</u>	<u>Deductible</u>
<b>School Package Policy Declaration</b>		
New Jersey School Boards Association Insurance Group		
<b>Article I - Property</b>		
Real and Personal Property	\$350,000,000 per	\$1,000 per occurrence
Extra Expense	\$50,000,000	\$1,000 per occurrence
Valuable Papers and Records	\$10,000,000	\$1,000 per occurrence
Demolition and Increased Cost of Construction	\$10,000,000 per	
Loss of Rents	Not Covered	
Loss of Business Income/Tuition	\$3,000,000	
Builders' Risk	Not Covered	
Fire Department Service Charge	\$10,000 per occurrence	
Arson Reward	\$10,000 per occurrence	
Pollutant Cleanup and Removal	\$250,000 per occurrence	
Fine Arts	Not Covered	
Sublimits: Special Flood Hazard		
Area Flood Zones (SFHA)	\$15,000,000 per	\$500,000 per building
	\$15,000,000 NJSBAIG	\$500,000 per building contents
Accounts Receivable	\$250,000 per occurrence	
All Other Flood Zones	\$75,000,000 per annual aggregate	\$10,000 per member/per
Earthquake	\$50,000,000 per	
	\$50,000,000 NJSBAIG	
Terrorism	\$1,000,000 per	
	\$1,000,000 NJSBAIG	\$1,000 per occurrence
<b>Article II - Electronic Data Processing</b>		
Hardware/Software	\$400,000 per occurrence	
Extra Expense	Included	
Coverage Extension		
Transit	\$25,000	
Loss of Income	\$10,000	
Terrorism	Included in Property	
Flood		\$1,000 per occurrence
Flood Deductibles	SFHA	\$500,000 per building contents
	All Other Flood Zones	\$10,000 per member/per

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**Unaudited**

**J-20**  
**(Continued)**

**Article III - Equipment Breakdown**

Combined Single Limit per Accident per Property Damage	\$100,000,000	\$1,000 per Accident for Property Damage 12 Hours for Indirect Coverages Service Interruption Waiting Period 24 Hours
And Business Income		
Sublimits	Included	
Property Damage		
Off Premises Property Damage	\$100,000	
Business Income	Included	
Extra Expense	\$10,000,000	
Service Interruption	\$10,000,000	
Perishable Goods	\$500,000	
Data Restoration	\$100,000	
Contingent Business Income	\$100,000	
Demolition	\$1,000,000	
Ordinance or Law	\$1,000,000	
Expediting Expenses	\$500,000	
Hazardous Substances	\$500,000	
Newly Acquired Locations (120 Days Notice)	\$250,000	
Terrorism	Included	

**Article IV- Crime**

Public Employee Dishonesty with Faithful Performance	\$500,000	\$1,000
Theft, Disappearance and Destruction, - Loss of Money & Securities On or Off Premises	\$25,000	\$500
Theft, Disappearance and Destruction, - Loss of Money Orders & Counterfeit Paper Currency	\$25,000	\$500
Forgery or Alteration	\$50,000	\$500
Computer Fraud	\$50,000	\$500
Public Officials Bond:		
Board Secretary	\$135,000	\$1,000

**Article V- Comprehensive General Liability**

Bodily Injury and Property Damage	\$10,000,000 per occurrence	
Products and Completed Operations	\$10,000,000 annual aggregate	
Sexual Abuse	\$10,000,000 per occurrence	
	\$17,000,000 annual pool aggregate	
Personal Injury and Advertising Injury	\$10,000,000 per occurrence/annual aggregate	
	\$10,000,000 per occurrence/annual aggregate	\$1,000 each claim
Employee Benefits Liability		
Premises Medical Payments	\$10,000 each accident	\$5,000 limit per person
Terrorism	\$1,000,000 per occurrence/annual NJSBAIG aggregate	

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**Unaudited**

**J-20**  
**(Continued)**

**Article VI- Automobile**

**Liability**

Hired/Non-owned

Bodily Injury and Property Damage

\$10,000,000 per accident

Uninsured/Underinsured Motorists - Private Passenger Auto

Not Covered Per Accident

Uninsured/Underinsured Motorists - All Other Vehicles

Not Covered Bodily Injury Per Person

Not Covered Bodily Injury Per

Accident

Not Covered Property Damage Per

Accident

Not Covered

Personal Injury Protection (including pedestrians)

Medical Payments

Not Covered private passenger vehicles

Not Covered all other vehicles

Terrorism

\$1,000,000 per occurrence/annual

NJSBAIG aggregate

Deductible

N/A

**Physical Damage**

Comprehensive

Not Covered

Collision

Not Covered

Hired Car Physical Damage \$110,000 Limit

Not Covered

Replacement Cost

Not Covered

**Garage Keepers**

Not Covered

**Workers' Compensation and Employers' Liability Declarations**

New Jersey School Boards Association Insurance Group

Limit of Liability under Part II, Employer's Liability Agreement

Bodily Injury by Accident

\$2,000,000 each accident

Bodily Injury by Disease

\$2,000,000 each employee

Bodily Injury by Disease

\$2,000,000 each aggregate limit

**School Leaders Errors & Omissions Liability Policy Declarations**

New Jersey School Boards Association Insurance Group

**Coverage A**

Limit of Liability

\$10,000,000 each policy period

\$5,000 each  
claim

**Coverage B**

Limit of Liability

\$100,000 each claim

\$300,000 each policy period

\$5,000 each  
claim

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**FINANCIAL PERFORMANCE (Unaudited)**  
**JUNE 30, 2015**

**J-21**

	Fiscal Year Ended June 30,			3 Year Cumulative
	2015	2014	2013	
Cash	\$ 314,354	\$ 843,765	\$ 1,043,653	
Current assets	89,146	471,677	327,140	
Capital assets, net	53,265	23,542	36,891	
Total assets	456,765	1,338,984	1,407,684	
Current liabilities	2,003,438	476,091	486,029	
Total Liabilities	2,003,438	476,091	486,029	
Net position	\$ (17,702)	\$ 862,893	\$ 921,655	
Total revenue	\$ 5,197,913	\$ 5,657,010	\$ 5,328,314	
Total expenses	5,793,239	5,715,770	5,120,236	
Change in Net position	\$ (595,326)	\$ (58,760)	\$ 208,078	
Depreciation expense	\$ 13,203	\$ 13,347	\$ 12,867	
Final Average Daily Enrollment	375	377	387	
March 30th Budgeted Enrollment	373	387	391	
	<b>2015</b>	<b>2014</b>	<b>2013</b>	
Near-Term Indicators:				
Current ratio	0.20	2.76	2.82	1.93
Unrestricted days cash	19.85	54.01	74.59	49.48
Enrollment variance	101%	97%	99%	99%
Sustainability Indicators:				
Total margin	-11.45%	-1.04%	3.91%	(0.03)
Debt to asset	4.39	0.36	0.35	1.70
Cash flow	\$ (529,411)	\$ (199,888)	\$ 195,489	\$ (177,937)

**Source: Charter School Records**

## **Single Audit Section**



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

---

To the Board of Trustees  
Dr. Lena Edwards Academic Charter School  
Jersey City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, and audit requirements as prescribed by the Office of School Finance, Department of Education, state of New Jersey, the financial statements of government activities and business-type activities, of Dr. Lena Edwards Academic Charter School ("Charter School"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Charter School'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 Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and on compliance and other matters, and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance and other matters. Accordingly, this communication is not suitable for any other purpose.

*Sobel & Co., LLC*

Certified Public Accountants

Livingston, New Jersey  
December 17, 2015



**K-2**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR LETTER 04-04**

---

To the Board of Trustees  
Dr. Lena Edwards Academic Charter School  
Jersey City, New Jersey

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

We have audited Dr. Lena Edwards Academic Charter School ("Charter School"), in the county of Hudson, state of New Jersey in compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* and the New Jersey OMB Circular Letter 04-04 *Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2015. The Charter School's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the compliance for 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB Circular Letter 04-04. Those standards and OMB Circular A-133 and New Jersey OMB Circular Letter 04-04 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. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

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

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

### ***Other Matters***

The results of our auditing procedures did not disclose instances of noncompliance, that are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04 that are described in the accompanying schedule of findings and questioned costs. Our opinion on the major federal and state program is not modified with respect to these matters.

### **Report on Internal Control Over Compliance**

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Charter School's internal control over compliance with requirements that could have a direct and material effect on major federal and state programs to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a major federal or 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 or 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 OMB Circular A-133 and New Jersey OMB Circular Letter 04-04. Accordingly, this report is not suitable for any other purpose.

*Sobel & Co., LLC*

Certified Public Accountants

Livingston, New Jersey  
December 17, 2015

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**K-3**  
**Schedule A**

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	Cash Received	Budgetary Expenditure	Balance at June 30, 2015		
							(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education									
Passed through State									
Department of Education									
Special Revenue Fund:									
Title I	84.010A	NCLB752011	\$ 316,965	7/1/2013 - 6/30/2014	\$ 96,576	\$ -	\$ -	\$ 13,177	\$ -
	84.010A	NCLB752011	317,686	7/1/2014 - 6/30/2015	282,771	299,102	(16,331)	-	-
I.D.E.A. Part B Basic	84.027	IDEA752011	69,526	7/1/2013 - 6/30/2014	31,250	-	-	-	-
I.D.E.A. Part B Basic	84.027	IDEA752011	85,591	7/1/2014 - 6/30/2015	71,966	72,500	(534)	-	-
Total Special Revenue Fund					482,563	371,602	(16,865)	13,177	-
U.S. Department of Agriculture									
Passed through State									
Department of Education									
Enterprise Fund:									
School Breakfast Program	10.553	N/A	64,869	7/1/2014 - 6/30/2015	52,977	64,869	(11,892)	-	-
School Breakfast Program	10.553	N/A	64,817	7/1/2013 - 6/30/2014	5,857	-	-	-	-
National School Lunch Program	10.555	N/A	127,675	7/1/2014 - 6/30/2015	102,686	127,675	(24,989)	-	-
National School Lunch Program	10.555	N/A	121,276	7/1/2013 - 6/30/2014	12,347	-	-	-	-
Child and Adult Care Food Program	10.558	N/A	19,904	7/1/2014 - 6/30/2015	15,495	19,904	(4,409)	-	-
Total Enterprise Fund					189,362	212,448	(41,290)	-	-
Total Federal Financial Awards					\$ 671,925	\$ 584,050	\$ (58,155)	\$ 13,177	\$ -

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**K-4**  
**Schedule B**

Federal Grantor/ Pass-through Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Cash Received	Budgetary Expenditure	Balance at June 30, 2015			MEMO
						(Accounts Receivable)	Deferred Revenue	Due to Grantor	Cumulative Total Expenditures
State Department of Education									
General Fund:									
"Local Levy" State Share -									
Charter School Aid	14-495-034-5120-078	\$ 4,155,162	7/1/2014 - 6/30/2014	\$4,156,967	\$ 4,156,967	\$ -	\$ -	\$ (1,805)	\$ 4,155,162
Security Aid	14-495-034-5120-084	172,193	7/1/2014 - 6/30/2015	172,193	169,260	-	-	2,933	172,193
Special Education Aid	14-495-034-5120-089	85,430	7/1/2014 - 6/30/2015	85,430	83,768	-	-	1,662	85,430
Reimbursed TPAF - Social Security	14-495-034-5095-002	120,290	7/1/2013 - 6/30/2014	5,920	-	-	-	-	-
Reimbursed TPAF - Social Security	14-495-034-5095-002	120,263	7/1/2014 - 6/30/2015	130,098	142,532	(12,434)	-	29,594	142,532
Total General Fund				4,550,608	4,552,527	(12,434)	-	32,384	4,555,317
State Department of Agriculture									
Enterprise Fund:									
National School Lunch Program									
(State Share)	13-100-010-3350-023	2,434	7/1/2013 - 6/30/2014	371	-	-	-	-	2,392
(State Share)	14-100-010-3350-023	2,429	7/1/2014 - 6/30/2015	1,957	2,429	(472)	-	-	2,429
Snacks	13-100-010-3350-023	6,078	7/1/2013 - 6/30/2014	845	-	-	-	-	-
Fresh Fruit & Vegetable Program	14-100-010-3350-023	9,262	7/1/2014 - 6/30/2015	4,036	-	-	-	-	-
Total Enterprise Fund				7,209	2,429	(472)	-	-	4,821
Total State Financial Assistance				\$ 4,557,817	\$ 4,554,956	\$ (12,906)	\$ -	\$ 32,384	\$ 4,560,138

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**JUNE 30, 2015**

---

---

**NOTE 1 - GENERAL:**

---

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, Dr. Lena Edwards Academic Charter School. The Board of Trustees is defined in Note 1 to the Board's basic financial statements. 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, is included on the schedule of expenditures of federal awards and state financial assistance.

---

**NOTE 2 - BASIS OF ACCOUNTING:**

---

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

---

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:**

---

The basic financial statements present the general fund and special revenue fund on a U.S. GAAP basis. Budgetary comparison statements or schedules 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 U.S. GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made (GASB Statement 34).

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 grant-accounting-budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the U.S. GAAP basis does not.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**JUNE 30, 2015**

---



---

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS: (Continued)**

---

The net adjustment to reconcile from the budgetary basis to U.S. GAAP basis is \$110,687 for the general fund and none for the special revenue fund. See Note 1 of the Notes to Required Supplementary Schedule for a reconciliation of the budgetary basis to the U.S. GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a U.S. GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 4,552,527	\$ 4,552,527
Special Revenue Fund	371,602	-	371,602
Proprietary Fund	212,448	2,249	214,697
Total Awards and Financial Assistance	<u>\$ 584,050</u>	<u>\$ 4,554,776</u>	<u>\$ 5,139,006</u>

---

**NOTE 4 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS:**

---

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

---

**NOTE 5 - FEDERAL AND STATE LOAN OUTSTANDING:**

---

Dr. Lena Edwards Academic Charter School has no loan balances outstanding at June 30, 2015.

---

**NOTE 6 - OTHER:**

---

Revenues and expenditures reported under the Food Distribution Program represent current-year value received and current-year distributions, respectively. 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 year ended June 30, 2015.

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**K-6**

**I. Summary of Auditors' Results**

**Financial Statements**

The auditors' report issued on the basic financial statements of Dr. Lena Edwards Academic Charter School was an unmodified opinion.

Internal control over financial reporting:

- Material weaknesses identified?                           Yes                      X   No
- Significant deficiencies identified that  
are not considered to be material  
weaknesses?                           Yes                      X   No

Noncompliance material to financial  
statements noted?                           Yes                      X   No

**Federal Awards and State Financial Assistance**

Internal control over major programs:

- Material weaknesses identified?                           Yes                      X   No
- Significant deficiencies identified  
that are not considered to be  
material weaknesses?                           Yes                      X   No

The auditors' report issued on compliance for major programs was an unmodified opinion.

Any audit findings disclosed that are  
required to be reported in accordance  
with OMB Circular A-133 and NJ  
OMB Circular Letter 04-04

       Yes                      X   No

The following federal and state programs were designated as major programs:

<u>CFDA Number</u>	<u>Grant Number</u>	<u>Name of Federal or State Program</u>
84.010A	NCLB752011	Title I
N/A	14-495-034-5120-078	State Department of Education General Fund: "Local Levy" – State Share – Charter School Aid

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**K-6**

**Federal Awards and State Financial Assistance (Continued)**

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

\$ 300,000

Auditee qualified as a low-risk auditee?

X  Yes   No

**II. Financial Statement Findings**

NONE

**III. Compliance Findings**

NONE

**IV. Follow-up of Prior-year Audit Findings**

NONE

**DR. LENA EDWARDS ACADEMIC CHARTER SCHOOL**  
**SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**K-7**

**Status of Prior-year Audit Findings**

This section identifies the status of prior-year findings related to the basic financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, OMB Circular A-133 and New Jersey OMB Circular Letter 04-04.

**Findings:**

There were no matters reported.