

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2016**

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October 14, 2016

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

Dear Commissioner:

We are pleased to report that the Comprehensive Annual Financial Report of Mastery Schools of Camden, Inc. (the "School") for the fiscal year ended June 30, 2016 has been submitted. As you know, the responsibility for both the accuracy of these data and completeness and fairness of the presentation, including all disclosures, rests with the management of the School. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of Mastery Schools of Camden, Inc. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

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

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

**2. ENROLLMENT OUTLOOK**

The School completed the 2015-16 school year with an average daily enrollment of 1,391 students, serving students in kindergarten through eighth grade at five campuses. The School will grow to ninth grade during the 2016-2017 School Year and is expected to have total enrollment of 1,700. Based on the demand, it is anticipated that we will be able to reach our enrollment targets for the foreseeable future.

### 3. MAJOR ACCOMPLISHMENTS

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

The School has also invested in family and community engagement staff and initiatives which support our goals related to student achievement and re-confirm our commitment to being a responsive, thoughtful partner for families and community leaders.

Construction of the new Cramer Hill Elementary facility, which will permanently house students at the North Camden and Cramer Hill campuses, is expected to be completed during summer of 2017. At capacity, up to 750 students from kindergarten to eighth grade will be served at this new building.

The School added three new campuses in former Camden City School District buildings in 2015-16, Molina Elementary, McGraw Elementary and East Camden Middle. Renovation of these three buildings began in June 2016 with completion expected by the fall of 2018.

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

As a recipient of federal and state financial assistance, the School is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure likewise is subjected to periodic evaluation by School management. Since grant periods differ in their prescribed fiscal years, representations are made prior to the end of the fiscal year for those grants having fiscal years other than July 1 through June 30.

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

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

**6. ACCOUNTING SYSTEM AND REPORTS:** The School accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

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

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

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

Respectfully submitted,

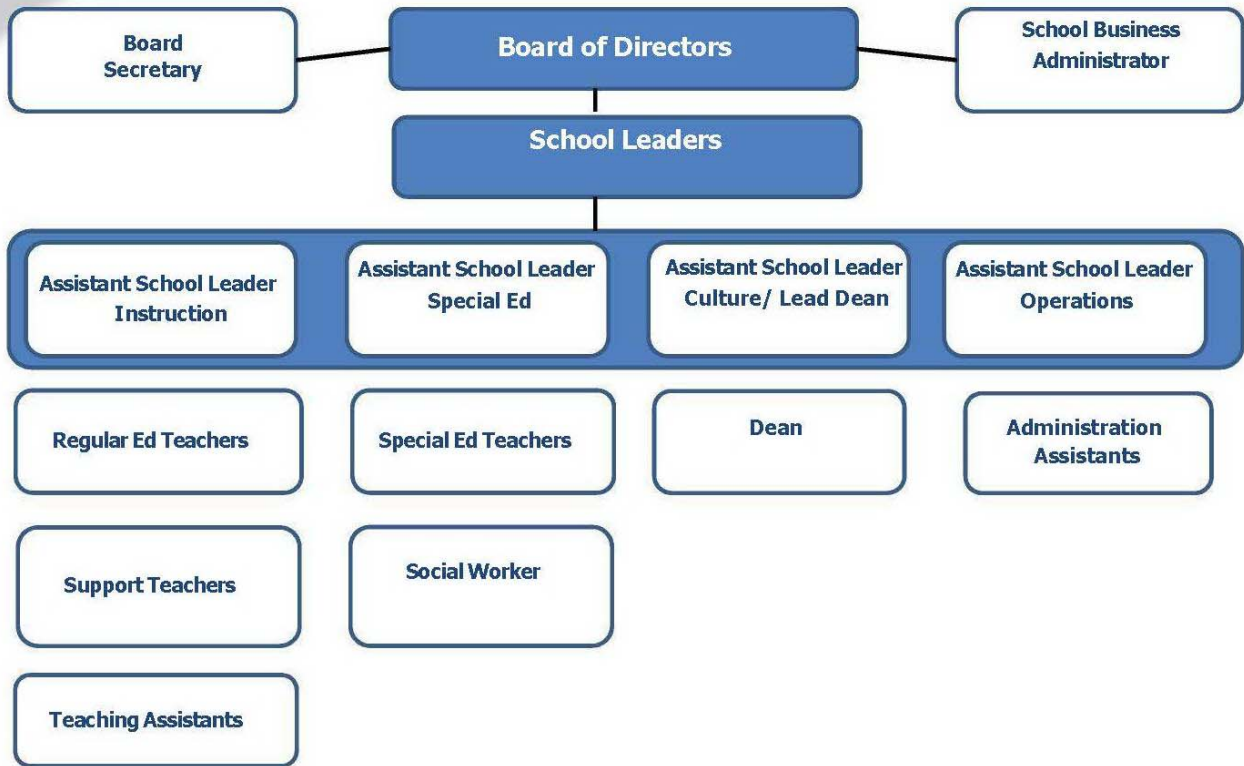


James H. Leonard  
School Business Administrator



Joseph Ferguson  
Board Secretary

**Mastery Schools of Camden, Inc.  
Organizational Chart**





**MASTERY SCHOOLS OF CAMDEN, INC.  
ROSTER OF TRUSTEES AND OFFICIALS  
JUNE 30, 2016**

Board of Trustees

Graham Finney

Stacy Holland

Jamie Reynolds

Reuel Robinson

Sherell Sharp

Judy Tschirgi, Chair

School Leaders

Brandon Cummings, School Leader – North Camden Elementary

Meredith Howell-Turner, School Leader – Cramer Hill Elementary

Rickia Reid, School Leader – Molina Elementary

LaQuanda Jackson, School Leader – McGraw Elementary

William Hayes, School Leader – East Camden Middle

Other

Joseph Ferguson, Board Secretary

James H. Leonard, School Business Administrator

**MASTERY SCHOOLS OF CAMDEN, INC.  
CONSULTANTS AND ADVISORS  
JUNE 30, 2016**

**AUDIT FIRM**

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

**ATTORNEY**

Thomas O. Johnston, Esq.  
Johnston Law Firm, LLC  
75 Midland Avenue, Suite 1  
Montclair, NJ 07042

**OFFICIAL DEPOSITORY**

PNC Bank  
110 North Broadway  
Camden, NJ 08102



CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAAconnect.com

**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mastery Schools of Camden, Inc., in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Mastery Schools of Camden, Inc.'s basic financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mastery Schools of Camden, Inc. as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the budgetary comparison schedule – Special Revenue Fund, and the combining schedule of program revenues and expenditures, Special Revenue Fund – budgetary basis on pages 10 through 12 and pages 33 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

Board of Trustees  
Mastery Schools of Camden, Inc.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016 on our consideration of Mastery Schools of Camden, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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* in considering Mastery Schools of Camden, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**  
Plymouth Meeting, Pennsylvania



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

October 14, 2016

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2016**

The Board of Trustees of Mastery Schools of Camden, Inc. (the School) offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

**Financial Highlights**

- Total revenues, which consisted mostly of School District student subsidies and other grants and contributions, increased by \$16,984,596 to \$24,602,272 due to an increase in the number of students and schools in operation.
- At the close of the current fiscal year, the School reported an ending general fund balance of \$72,636.
- The School's cash balance at June 30, 2016 was \$3,494,443, representing an increase of \$2,681,352 from June 30, 2015.

**Overview of the Financial Statements**

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

***Government-Wide Financial Statements***

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

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

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

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

***Fund Financial Statements***

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

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2016**

**Overview of the Financial Statements (Continued)**

***Notes to the Financial Statements***

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$1,694,290 as of June 30, 2016.

	2016	2015
Total Assets	\$ 6,546,272	\$ 2,336,038
Total Liabilities	4,851,982	1,797,804
Total Net Position	\$ 1,694,290	\$ 538,234

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

	2016	2015
<b>REVENUES</b>		
Program Revenues		
Private Grants	\$ 92,220	\$ 1,375,505
General Revenues		
Local Share	840,485	181,005
State Share	21,892,898	5,471,859
State Aid	593,785	180,517
Special Revenue Federal Aid	1,168,681	404,769
Miscellaneous Income	14,203	4,021
Total Revenues	24,602,272	7,617,676
<b>EXPENDITURES</b>		
Instruction	13,429,756	3,569,417
Support Services	9,693,647	3,414,759
Interest on Long-Term Debt	17,102	5,154
Unallocated Depreciation	305,711	90,112
Total Expenditures	23,446,216	7,079,442
Change in Net Position	1,156,056	538,234
Net Position, Beginning	538,234	-
Net Position, Ending	\$ 1,694,290	\$ 538,234

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2016**

**Government Fund**

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

The School's general fund reported an ending fund balance of \$72,636. For the year ended June 30, 2016, the School's revenues and other financing sources (\$23,777,875) exceeded expenditures (\$23,746,102) by \$31,773.

The School's special revenue fund reported an ending fund balance of \$0. For the year ended June 30, 2016, the School's revenues (\$1,168,681) equaled expenditures (\$1,168,681).

**General Fund Budgetary Highlights**

Actual revenues and other financing sources were less than budgeted revenues by \$9,487 primarily due to less than expected fundraising revenue. Actual expenditures were less than budgeted expenditures by \$14,052 primarily due to greater than budgeted operations expenditures.

**Capital Asset and Debt Administration**

**CAPITAL ASSETS**

As of June 30, 2016, the School's investment in capital assets for its governmental activities totaled \$1,621,654 (net of accumulated depreciation and related debt). This investment in capital assets includes building, building improvements and equipment.

Major capital asset purchases during the year included the following:

- Capital expenditures of \$470,589 for building improvements
- Capital expenditures of \$885,085 for furniture and equipment
- Capital expenditures of \$344,284 for capital leases

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

**LONG-TERM DEBT**

As of June 30, 2016, the School has long-term debt of \$396,822 for capital lease obligations.

**Economic Factors and Next Year's Budgets and Rates**

The School's primary source of revenue comes from per pupil funding from the Camden City School District. For the school year 2016-17 we are expecting enrollment growth which includes the addition of 9<sup>th</sup> grade at East Camden. The projected total enrollment for next year will be around 1,700. Renaissance School per pupil funding for 2016-17 will be the same as in 2015-16.

**Contacting the School's Financial Management**

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



**MASTERY SCHOOLS OF CAMDEN, INC.**  
**A-1 STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Governmental Activities	Total
<b>Assets</b>		
Cash and Cash Equivalents	\$ 3,494,443	\$ 3,494,443
Receivables, Net	465,352	465,352
Prepaid Items	568,001	568,001
Capital Assets		
Capital Assets, Net of Depreciation	2,018,476	2,018,476
<b>Total Assets</b>	6,546,272	6,546,272
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	4,455,160	4,455,160
Capital Lease Obligations:		
Due Within One Year	110,814	110,814
Due in More than One Year	286,008	286,008
<b>Total Liabilities</b>	4,851,982	4,851,982
<b>Net Position</b>		
Net Investment in Capital Assets	1,621,654	1,621,654
Unrestricted	72,636	72,636
<b>Total Net Position</b>	\$ 1,694,290	\$ 1,694,290

See accompanying Notes to Financial Statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**A-2 STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular Instruction	\$ 9,554,357	\$ -	\$ 289,787	\$ -	\$ (9,264,570)	\$ (9,264,570)
Special Education Instruction	3,875,399	-	100,912	-	(3,774,487)	(3,774,487)
Support Services:						
Administrative	5,440,313	-	-	-	(5,440,313)	(5,440,313)
Culture and Educational Support	1,468,260	-	777,982	-	(690,278)	(690,278)
Professional Development	4,540	-	-	-	(4,540)	(4,540)
Nursing	309,266	-	-	-	(309,266)	(309,266)
Psychologist	132,905	-	-	-	(132,905)	(132,905)
Community Advocacy and Engagement	422,373	-	-	-	(422,373)	(422,373)
Operations	1,915,990	-	-	-	(1,915,990)	(1,915,990)
Interest on Long-Term Debt	17,102	-	-	-	(17,102)	(17,102)
Unallocated Depreciation	305,711	-	-	-	(305,711)	(305,711)
<b>Total Governmental Activities</b>	<u>23,446,216</u>	<u>-</u>	<u>1,168,681</u>	<u>-</u>	<u>(22,277,535)</u>	<u>(22,277,535)</u>
<b>Total Primary Government</b>	<u>\$ 23,446,216</u>	<u>\$ -</u>	<u>\$ 1,168,681</u>	<u>\$ -</u>	<u>(22,277,535)</u>	<u>(22,277,535)</u>
<b>General Revenues</b>						
Local Share					840,485	840,485
State Share					21,892,898	21,892,898
Federal and State Aid Not Restricted					593,785	593,785
Private Grants					92,220	92,220
Miscellaneous Income					14,203	14,203
<b>Total General Revenues and Transfers</b>					<u>23,433,591</u>	<u>23,433,591</u>
Change in Net Position					1,156,056	1,156,056
Net Position, Beginning of Year					<u>538,234</u>	<u>538,234</u>
Net Position, Ending					<u>\$ 1,694,290</u>	<u>\$ 1,694,290</u>

See accompanying Notes to Financial Statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**B-1 BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,494,443	\$ -	\$ 3,494,443
Receivables, Net	191,927	273,425	465,352
Due from Other Funds	273,425	-	273,425
Prepaid Expenditures	568,001	-	568,001
Total assets	\$ 4,527,796	\$ 273,425	\$ 4,801,221
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 343,679	\$ -	\$ 343,679
Accrued Expenses	4,111,481	-	4,111,481
Due to Other Funds	-	273,425	273,425
Total liabilities	4,455,160	273,425	4,728,585
Fund Balances:			
Nonspendable:			
Prepaid Expenditures	568,001	-	568,001
Unassigned:			
General fund	(495,365)	-	(495,365)
Special revenue fund	-	-	-
Total Fund balances	72,636	-	72,636
Total liabilities and fund balances	\$ 4,527,796	\$ 273,425	\$ 4,801,221
Total Governmental Fund Balances			\$ 72,636
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:			
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds:			
Capital Assets			2,414,299
Accumulated Depreciation			(395,823)
			2,018,476
Capital lease obligations used in governmental funds are not financial resources and, therefore, are not reported in the fund liabilities. The total capital lease obligations, both current and long term, are reported in the statement of net position. Balances at year end are:			
			(396,822)
Net Position of Governmental Activities			\$ 1,694,290

See accompanying Notes to Financial Statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**B-2 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local sources:			
Local share	\$ 840,485	\$ -	\$ 840,485
State share	21,892,898	-	21,892,898
Private grants	92,220	-	92,220
Miscellaneous	14,203	-	14,203
Total - Local Sources	<u>22,839,806</u>	-	<u>22,839,806</u>
State sources	592,534	-	592,534
Federal sources	1,251	1,168,681	1,169,932
Total revenues	<u>23,433,591</u>	<u>1,168,681</u>	<u>24,602,272</u>
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Regular instruction	9,789,846	289,787	10,079,633
Special education instruction	3,774,487	100,912	3,875,399
Support services:			
Administrative	5,531,735	-	5,531,735
Culture and Educational Support	703,148	777,982	1,481,130
Professional Development	4,540	-	4,540
Nursing	309,266	-	309,266
Psychologist	132,905	-	132,905
Community Advocacy and Engagement	422,373	-	422,373
Operations	2,733,518	-	2,733,518
Capital lease expenditures	344,284	-	344,284
Total expenditures	<u>23,746,102</u>	<u>1,168,681</u>	<u>24,914,783</u>
Excess (Deficiency) of revenues over expenditures	<u>(312,511)</u>	-	<u>(312,511)</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from capital lease obligation (non-budgeted)	344,284	-	344,284
Total other financing sources	<u>344,284</u>	-	<u>344,284</u>
Net change in fund balances	31,773	-	31,773
Fund balance—July 1	40,863	-	40,863
Fund balance—June 30	<u>\$ 72,636</u>	<u>\$ -</u>	<u>\$ 72,636</u>

See accompanying Notes to Financial Statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**B-3 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balances - Governmental Funds \$ 31,773

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

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

Capital Outlays	1,699,958
Depreciation Expense	<u>(305,711)</u>
	<u>1,394,247</u>

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

Capital lease obligations	(269,964)
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<b>Change in net position of governmental activities</b>	<u><u>\$ 1,156,056</u></u>
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**MASTERY SCHOOLS OF CAMDEN, INC.  
B-4 STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**B-5 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
B-6 STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE



**MASTERY SCHOOLS OF CAMDEN, INC.  
B-7 STATEMENT OF FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
B-8 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Charter School and Reporting Entity**

Mastery Schools of Camden, Inc. (School) is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. The School was formed in the State of New Jersey as a nonprofit corporation for the purpose of operating and maintaining a Renaissance school charter granted by the State of New Jersey. Mastery Schools of Camden, Inc. operates the Renaissance school project under an operating agreement with the Camden City School District and is located in the County of Camden, State of New Jersey. The Renaissance school project agreement began effective July 17, 2014 for a ten year term. The School served 1,549 students from grades kindergarten to eighth grade.

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

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

The Mastery Schools of Camden, Inc. School Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Its mission is all students learn the academic and personal skills they need to succeed in higher education, compete in the global economy, and pursue their dreams.

**Basis of Presentation**

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

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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

**Government-Wide and Fund Financial Statements**

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

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

*Government-wide Financial Statements:*

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

*Fund Financial Statements:*

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

The school reports the following major governmental funds:

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

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

**Method of Accounting**

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

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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

**Method of Accounting (Continued)**

These calculations are defined as follows:

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

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

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

**Budgets and Budgetary Accounting**

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

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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

**Budgets and Budgetary Accounting (Continued)**

The Budgetary Comparison Schedule should present both the original and the final appropriated budgets for the reporting period. The School only has a general fund budget; an original budget was filed and accepted in June 2015 by the Labor, Education and Community Services Comptroller's Office. An amended budget was approved by the Board of Trustees in January 2016. The budget is required supplementary information.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Significant Accounting Estimates—Self-Insured Claims**

The School participates in a self-funded benefit payment plan ("the plan"). The Mastery Charter High School is the sponsor of the plan. The plan covers eligible employees/members and dependents of the School as defined in the agreement. The School is primarily self-insured, up to certain limits, for employee group health claims. The Plan contains stop-loss insurance, which will reimburse the Plan for individual claims in excess of \$150,000 annually. The stop-loss insurance provides \$1,000,000 of coverage in addition to our aggregate annual claims limit of \$10,389,184 for the fiscal year ended June 30, 2016. The annual claims limit is based on the average enrollment of 1143 lives times a monthly claims factor of \$757. The aggregate limit is the maximum that can be paid for all employees and dependents in a policy year.

During the year ended June 30, 2016, the School paid premiums to Mastery Charter High School based on 1) the Plan's historical claims experience, 2) actual claims for the year ended June 30, 2016 and 3) the estimated claims incurred but not reported. Such estimates were provided by the School's benefits consultant.

Total expense under the program was approximately \$12,894,000, which includes the School's portion of \$1,268,123 for the year ended June 30, 2016.

**Cash and Cash Equivalents**

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

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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

**Accounts Receivable**

Accounts receivable primarily consist of amounts due from the New Jersey Department of Education for federal and state subsidy programs. Accounts receivable are stated at the amount management expects to collect from outstanding balances and net of any allowance for doubtful accounts. The allowance is estimated based on professional judgement and historical information. As of June 30, 2016, the allowance for doubtful accounts totaled \$773,051.

**Prepaid Items**

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

**Capital Assets**

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

**Income Tax Status**

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

**Reclassifications**

Certain prior year financial statement amounts have been reclassified to the current year presentation.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 2 CASH AND CASH EQUIVALENTS**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School invests in repurchase agreements with its bank wherein the funds are secured by obligations of the U.S. Government or agencies or instrumentalities of the U.S. Government. As of June 30, 2016, \$3,324,719 of the School's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	-
Uninsured and collateral held by the pledging bank's trust department not in the School's name		3,324,719
Total Custodial Credit Risk	<u>\$</u>	<u>3,324,719</u>

Reconciliation to the Financial Statements:

Total Custodial Credit Risk	\$	3,324,719
Plus: Insured Amount		250,000
Less: Outstanding Checks		(89,276)
Petty Cash		9,000
Total Cash Per Financial Statements	<u>\$</u>	<u>3,494,443</u>

**NOTE 3 CAPITAL ASSETS**

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

Buildings Improvements	5 - 10 years
Furniture and Equipment	5 - 10 years
Capital Lease Equipment	5 years

Capital asset activity for the year is summarized below:

	Beginning Balance July 1, 2015	Additions	Deletions	Ending Balance June 30, 2016
<b>Governmental Activities</b>				
Capital Assets, being Depreciated:				
Building Improvements	\$ 195,865	\$ 470,589	\$ -	\$ 666,454
Furniture and Equipment	370,914	885,085	-	1,255,999
Capital Lease Equipment	147,562	344,284	-	491,846
<b>Total Capital Assets being Depreciated</b>	<u>714,341</u>	<u>1,699,958</u>	<u>-</u>	<u>2,414,299</u>
Less Accumulated Depreciation for:				
Building Improvements	6,198	22,876	-	29,074
Furniture and Equipment	54,402	184,466	-	238,868
Capital Lease Equipment	29,512	98,369	-	127,881
<b>Total Accumulated Depreciation</b>	<u>90,112</u>	<u>305,711</u>	<u>-</u>	<u>395,823</u>
<b>Total Capital Assets being Depreciated, Net</b>	<u>624,229</u>	<u>1,394,247</u>	<u>-</u>	<u>2,018,476</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 624,229</u>	<u>\$ 1,394,247</u>	<u>\$ -</u>	<u>\$ 2,018,476</u>



**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 4 CAPITAL LEASE OBLIGATIONS**

The School leases copiers under capital leases that expire between August 2019 and September 2020. As of June 30, 2016, the leased copiers are reflected at a cost of \$491,846 and related accumulated depreciation of \$127,881. The leases require monthly payments of principal and interest ranging from \$923 to \$2,770 at rate of 4.79% per annum.

Future minimum payments under the capital lease as of June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 110,814
2018	110,814
2019	110,814
2020	84,956
2021	<u>19,392</u>
Total	436,790
Less: Amount Representing Interest	<u>39,968</u>
Present Value of Minimum Lease Payments	<u><u>\$ 396,822</u></u>

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital Lease Obligation	\$ 126,858	\$ 344,284	\$ 74,320	\$ 396,822
Total Long Term Debt	<u>\$ 126,858</u>	<u>\$ 344,284</u>	<u>\$ 74,320</u>	<u>\$ 396,822</u>

**NOTE 5 REVENUE**

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

**NOTE 6 GOVERNMENT GRANTS AND REIMBURSEMENT PROGRAMS**

The School participates in numerous state and federal grant and reimbursement programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs and reimbursement programs for social security taxes, retirement expense and health services are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants and reimbursement programs, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 7 PENSION PLAN**

*Application to State of New Jersey Pension Plans*

The School submitted its application to the New Jersey Division of Pensions and Benefits to join the State of New Jersey pension system. The School is awaiting approval of its application, which is typically a lengthy process for a new school. We are actively monitoring the status of our application with the New Jersey Department of Education and the Division of Pensions and Benefits. Upon receiving approval to join the pension system, the School will begin enrolling employees in the pension system, process payroll deductions and receive the State of New Jersey subsidy for employer FICA contributions on the wages of members of the TPAF.

In addition, the School is part of the Mastery Charter School 403(b) Retirement Plan ("403(b) plan"), a multiple employer defined contribution plan under Section 403(b) of the Internal Revenue Code, in which any School employee can elect to contribute. Employees who intend to participate in the New Jersey Pension program can also participate in the 403b plan, but these contributions are not matched by the school.

As a result of the delay in the School's New Jersey pension application approval and in case of an unfavorable outcome from the New Jersey Division of Pension and Benefits, the School is prepared to enroll the employees into the 403b plan with a matching provision. An estimated liability for the employer match since inception has recorded as of June 30, 2016 to fund the employer match contribution to the plan. The expense incurred for the year ended June 30, 2016 totaled \$505,001.

**NOTE 8 RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the School's policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past two years.

**NOTE 9 MANAGEMENT AND TECHNOLOGY AGREEMENT**

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

As of July 1, 2014, the School entered into a five year management agreement with the Mastery Charter High School to provide educational, administrative and financial services for the School by the NST. The NST management fee is 8.5% of local school funds plus reimbursement for any costs NST incurs in providing the educational, administrative and financial services. Unless specified notice is given, the agreement will automatically renew for an additional five years to run from July 1, 2019 through June 30, 2024.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 9      MANAGEMENT AND TECHNOLOGY AGREEMENT (CONTINUED)**

As of July 2015, the School entered into a one year technology and equipment agreement with Mastery Charter High School totaling \$53,220.

The NST management and technology fee totaled \$1,975,475 for the current year.

**NOTE 10     RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73"). This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local government employers and are not within the scope of GASB 68. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2016. This Statement will become effective for the June 30, 2017 year-end. The School has not yet completed the process of evaluating the impact of GASB 73 on its financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"). This statement establishes financial reporting for state and local governmental OPEB plans and defined contribution OPEB plans that are administered through trusts or equivalent arrangements. This Statement also establishes financial reporting standards for governments that hold assets accumulated for purposes of providing OPEB through defined benefit OPEB plans that are not administered through trusts or equivalent arrangements. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2016. This Statement will become effective for the June 30, 2017 year-end. The School has determined that GASB 74 will have no effect on its financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). This statement establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local government employers through OPEB plans that are administered through trusts or equivalent arrangements. This Statement also establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employees through OPEB plans that are not administered through trusts or equivalent arrangements. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2017. This Statement will become effective for June 30, 2018 year-end. The School has determined that GASB 75 will have no effect on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 10 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of GASB Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The provisions in Statement No. 78 are effective for reporting periods beginning after December 15, 2015. The School has not yet completed the process of evaluating the impact of GASB 78 on its financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The provisions in Statement No. 80 are effective for reporting periods beginning after June 15, 2016. The School has not yet completed the process of evaluating the impact of GASB 80 on its financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for reporting periods beginning after December 15, 2016. The School has determined that Statement No. 81 will have no effect on its financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 14, No. 68, and No. 73*. Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions in Statement No. 82 are effective for reporting periods beginning after June 15, 2016. The School has not yet completed the process of evaluating the impact of GASB 82 on its financial statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**C-1 BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 708,557	\$ 13,306	\$ 721,863	\$ 721,863	\$ -
Fundraising					
Private Sources	75,000	17,220	92,220	92,220	-
Other Revenue	-	127,372	127,372	118,622	8,750
Miscellaneous	-	14,000	14,000	14,203	203
<b>Total - Local Sources</b>	<u>783,557</u>	<u>171,898</u>	<u>955,455</u>	<u>946,908</u>	<u>8,953</u>
<b>State Sources:</b>					
Equalization Aid	21,489,350	403,548	21,892,898	21,892,898	-
Reimbursed TPAF Social Security					
Contributions (Non-Budgeted)	395,858	196,142	592,000	592,534	534
<b>Total State Sources</b>	<u>21,885,208</u>	<u>599,690</u>	<u>22,484,898</u>	<u>22,485,432</u>	<u>534</u>
<b>Federal Sources:</b>					
E-Rate	-	1,251	1,251	1,251	-
<b>Total - Federal Sources</b>	<u>-</u>	<u>1,251</u>	<u>1,251</u>	<u>1,251</u>	<u>-</u>
<b>Total Revenues</b>	<u>22,668,765</u>	<u>772,839</u>	<u>23,441,604</u>	<u>23,433,591</u>	<u>9,487</u>
<b>EXPENDITURES:</b>					
<b>REGULAR EDUCATION - INSTRUCTION</b>					
Salaries	5,069,203	802,798	5,872,001	5,871,057	944
Benefits	1,575,058	114,900	1,689,958	1,689,880	78
Professional Services	226,426	(15,426)	211,000	210,909	91
General Supplies	430,875	(118,475)	312,400	308,601	3,799
General Supplies - Books	503,775	177,525	681,300	680,370	930
General Supplies - Computers	385,700	(21,400)	364,300	364,187	113
General Supplies - Furniture & Equipment	524,500	29,750	554,250	553,978	272
Field Trips	50,626	53,374	104,000	101,524	2,476
Conferences, Travel and Meals	-	9,500	9,500	9,340	160
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>8,766,163</u>	<u>1,032,546</u>	<u>9,798,709</u>	<u>9,789,846</u>	<u>8,863</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Salaries of Teachers	1,574,100	219,100	1,793,200	1,792,594	606
Benefits	608,858	(66,650)	542,208	541,248	960
Purchased Professional-Educational Services	1,229,199	160,529	1,389,728	1,389,659	69
General Supplies	-	10,000	10,000	9,415	585
General Supplies - Books	-	3,325	3,325	3,215	110
Transportation	-	38,500	38,500	37,957	543
General Supplies - Computers	-	450	450	399	51
<b>TOTAL SPECIAL EDUCATION</b>	<u>3,412,157</u>	<u>365,254</u>	<u>3,777,411</u>	<u>3,774,487</u>	<u>2,924</u>
<b>ADMINISTRATIVE</b>					
Salaries	1,025,218	171,822	1,197,040	1,197,030	10
Benefits	307,660	107,840	415,500	415,456	44
Purchased Professional/Technical Services	-	119,000	119,000	108,296	10,704
Aftercare Program	538,275	(161,275)	377,000	376,905	95
Legal Services	60,750	19,250	80,000	79,233	767
Management Fees	1,886,821	36,179	1,923,000	1,922,255	745
Insurance	254,000	(151,900)	102,100	102,012	88
Postage	15,000	(7,000)	8,000	7,931	69
Advertising/Marketing	-	26,100	26,100	26,062	38
Printing	160,500	(10,000)	150,500	149,749	751
Travel	-	3,500	3,500	3,431	69
Dues, Board and Other	19,250	(3,550)	15,700	15,601	99
Supplies	44,150	26,400	70,550	70,639	(89)
Transportation Services	104,840	84,260	189,100	189,064	36
Telecommunications	222,000	(130,000)	92,000	91,674	326
FICA Subsidy Reserve	-	773,051	773,051	773,051	-
<b>TOTAL ADMINISTRATIVE</b>	<u>\$ 4,638,464</u>	<u>\$ 907,177</u>	<u>\$ 5,545,641</u>	<u>\$ 5,531,735</u>	<u>\$ 13,906</u>

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**C-1 BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>SUPPORT SERVICES</b>					
Culture and Educational Support					
Salaries	\$ 670,186	\$ (231,186)	\$ 439,000	\$ 438,714	\$ 286
Benefits	215,110	16,415	231,525	231,433	92
Purchased Professional Services	232,500	(228,000)	4,500	4,338	162
Supplies and Materials	51,536	(22,036)	29,500	28,663	837
Total Culture and Educational Support	<u>1,169,332</u>	<u>(464,807)</u>	<u>704,525</u>	<u>703,148</u>	<u>1,377</u>
Professional Development					
Purchased Professional Services	20,325	(15,675)	4,650	4,540	110
Total Professional Development	<u>20,325</u>	<u>(15,675)</u>	<u>4,650</u>	<u>4,540</u>	<u>110</u>
Nursing					
Purchased Professional Services	257,375	32,625	290,000	288,941	1,059
Supplies and Materials	13,686	7,315	21,001	20,325	676
Total Nursing	<u>271,061</u>	<u>39,940</u>	<u>311,001</u>	<u>309,266</u>	<u>1,735</u>
Psychologist					
Purchased Professional Services	202,000	(69,000)	133,000	132,905	95
Total Psychologist	<u>202,000</u>	<u>(69,000)</u>	<u>133,000</u>	<u>132,905</u>	<u>95</u>
Community Advocacy and Engagement					
Salaries	194,430	(5,930)	188,500	187,531	969
Benefits	50,535	21,234	71,769	70,977	792
Purchased Professional Services	40,705	112,295	153,000	152,774	226
Printing	-	7,000	7,000	6,700	300
Travel	-	2,450	2,450	2,286	164
Supplies and Materials	-	2,200	2,200	2,105	95
Total Community Advocacy and Engagement	<u>285,670</u>	<u>139,249</u>	<u>424,919</u>	<u>422,373</u>	<u>2,546</u>
Operations					
Purchased Professional Services	1,415,000	(1,273,300)	141,700	141,640	60
Cleaning	486,125	524,881	1,011,006	1,010,572	434
Utilities	1,025,200	(961,200)	64,000	63,478	522
Building Rental	403,500	(259,500)	144,000	143,500	500
Maintenance and Repairs	267,900	468,350	736,250	732,460	3,790
Pest Control	41,935	(11,935)	30,000	29,315	685
Security	120,600	(16,100)	104,500	103,520	980
Trash & Snow	73,225	39,025	112,250	111,807	443
Supplies	63,226	50,775	114,001	113,791	210
Furniture and Equipment	-	284,000	284,000	283,435	565
Total Operations	<u>3,896,711</u>	<u>(1,155,004)</u>	<u>2,741,707</u>	<u>2,733,518</u>	<u>8,189</u>
<b>TOTAL SUPPORT SERVICES</b>	<u>5,845,099</u>	<u>(1,525,297)</u>	<u>4,319,802</u>	<u>4,305,750</u>	<u>14,052</u>
Capital Lease Outlay	-	-	-	344,284	(344,284)
<b>TOTAL EXPENDITURES</b>	<u>22,661,883</u>	<u>779,680</u>	<u>23,441,563</u>	<u>23,746,102</u>	<u>(304,539)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>6,882</u>	<u>(6,841)</u>	<u>41</u>	<u>(312,511)</u>	<u>(312,552)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases (non-budgeted)	-	-	-	344,284	344,284
Total other financing sources and uses	-	-	-	344,284	344,284
Net change in fund balances	6,882	(6,841)	41	31,773	31,732
Fund balance - July 1	(675,001)	792,420	117,419	40,863	(76,556)
Fund Balance - June 30	<u>\$ (668,119)</u>	<u>\$ 785,579</u>	<u>\$ 117,460</u>	<u>\$ 72,636</u>	<u>\$ (44,824)</u>

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**C-2 BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Federal sources					
Title I, Part A	\$ 1,219,500	\$ (153,314)	\$ 1,066,186	\$ 1,066,186	\$ -
IDEA, Part B	315,900	(213,405)	102,495	102,495	-
Total revenues	<u>1,535,400</u>	<u>(366,719)</u>	<u>1,168,681</u>	<u>1,168,681</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Other Salaries for Instruction	593,750	(303,062)	290,688	289,787	901
Total Regular Programs - Instruction	<u>593,750</u>	<u>(303,062)</u>	<u>290,688</u>	<u>289,787</u>	<u>901</u>
Special Education Instruction:					
Other Salaries for Instruction	315,900	(214,988)	100,912	100,912	-
Total Special Education - Instruction	<u>315,900</u>	<u>(214,988)</u>	<u>100,912</u>	<u>100,912</u>	<u>-</u>
Support services:					
Salaries - Support Services	502,662	142,088	644,750	645,586	(836)
Total Benefits Costs	123,088	9,243	132,331	132,396	(65)
Total Special Education - Instruction	<u>625,750</u>	<u>151,331</u>	<u>777,081</u>	<u>777,982</u>	<u>(901)</u>
Total Expenditures	<u>1,535,400</u>	<u>(366,719)</u>	<u>1,168,681</u>	<u>1,168,681</u>	<u>-</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-
Fund balance—July 1	-	-	-	-	-
Fund balance—June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**C-3 BUDGETARY COMPARISON SCHEDULE**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

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

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



## **SPECIAL REVENUE FUND**

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

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**SPECIAL REVENUE FUND**  
**E-1 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Total</u>	<u>Title I</u>	<u>IDEA</u>
<b>REVENUES</b>			
Intergovernmental			
State	\$ -	\$ -	\$ -
Federal	1,168,681	1,066,186	102,495
Other Sources			
Miscellaneous	-	-	-
Total revenues	<u>1,168,681</u>	<u>1,066,186</u>	<u>102,495</u>
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Regular instruction	289,788	289,788	-
Special education instruction	100,912	100,912	-
Support services:			
Culture and Educational Support	777,981	675,486	102,495
Other support services	-	-	-
Total expenditures	<u>1,168,681</u>	<u>1,066,186</u>	<u>102,495</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balance—July 1	-	-	-
Fund balance—June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**PROPRIETARY FUNDS**

## **ENTERPRISE FUND**

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

For the year ended June 30, 2016, the School had no enterprise funds.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**ENTERPRISE FUND**  
**G-1 STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**ENTERPRISE FUND**  
**G-2 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
ENTERPRISE FUND  
G-3 STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**FIDUCIARY FUNDS**



**MASTERY SCHOOLS OF CAMDEN, INC.  
FIDUCIARY FUND  
H-1 COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**FIDUCIARY FUND**  
**H-2 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
FIDUCIARY FUND  
H-3 STUDENT ACTIVITY AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**FIDUCIARY FUND**  
**H-4 PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
FIDUCIARY FUND  
H-5 UNEMPLOYEMENT COMPENSATION INSURANCE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
STATISTICAL SECTION**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<p><b>Financial Trends</b>            These schedules contain trend information to help the reader understand how the school's financial performance and well being have changed over time.</p>	<b>52</b>
<p><b>Revenue Capacity</b>            These schedules contain information to help the reader assess the school's most significant local revenue source.</p>	<b>61</b>
<p><b>Debt Capacity</b>            These schedules present information to help the reader assess the affordability of the school's current levels of outstanding debt and the school's ability to issue additional debt in the future.</p>	<b>66</b>
<p><b>Demographic and Economic Information</b>            These schedules offer demographic and economic indicators to help the reader understand the environment within which the school's financial activities take place.</p>	<b>70</b>
<p><b>Operating Information</b>            These schedules contain service and infrastructure data to help the reader understand how the information in the school's financial report relates to the services the school provides and the activities it performs.</p>	<b>73</b>

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

## FINANCIAL TRENDS

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-1 NET POSITION BY COMPONENT**  
**(UNAUDITED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30**

	2016	2015
Governmental Activities		
Invested in Capital Assets, Net of Related Debt	\$ 1,621,654	\$ 497,371
Unrestricted Fund Balance	72,636	40,863
Governmental Activities	<u>\$ 1,694,290</u>	<u>\$ 538,234</u>
	2016	2015
School-Wide		
Invested in Capital Assets, Net of Related Debt	\$ 1,621,654	\$ 497,371
Unrestricted	72,636	40,863
Total School Net Position	<u>\$ 1,694,290</u>	<u>\$ 538,234</u>

Source: CAFR Schedule A-1



**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-2 CHANGES IN NET POSITION**  
**(UNAUDITED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30**

	<b>2016</b>	<b>2015</b>
<b>EXPENSES</b>		
Governmental Activities		
Instruction:		
Regular instruction	\$ 9,554,357	2,850,693
Special education instruction	3,875,399	718,722
Support services:		
Administrative	5,440,313	1,361,231
Culture and Educational Support	1,468,260	590,934
Professional Development	4,540	-
Nursing	309,266	139,934
Psychologist	132,905	15,463
Community Advocacy and Engagement	422,373	238,666
Operations	1,915,990	1,066,783
Other support services	-	1,750
Debt service:		
Interest	17,102	5,154
Unallocated depreciation	305,711	90,112
Total expenditures	23,446,216	7,079,442
<b>REVENUES</b>		
Governmental Activities		
Local sources:		
Local share	840,485	181,005
State share	21,892,898	5,471,859
Private grants	92,220	1,375,505
Miscellaneous	14,203	4,021
Total - local sources	22,839,806	7,032,390
State sources	592,534	180,517
Federal sources	1,169,932	404,769
Total revenues	24,602,272	7,617,676
Net (Expense)/Revenue		
Government Activities	\$ 1,156,056	\$ 538,234
Total School-Wide net Revenue	\$ 1,156,056	\$ 538,234

Source: CAFR Schedule A-2

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-2A COMBINED BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**(UNAUDITED)**  
**JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,494,443	\$ -	\$ 3,494,443
Receivables, net	191,927	273,425	465,352
Due from other funds	273,425	-	273,425
Prepaid Expenditures	568,001	-	568,001
Total assets	<u>\$ 4,527,796</u>	<u>\$ 273,425</u>	<u>\$ 4,801,221</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	343,679	-	343,679
Accrued Expenses	4,111,481	-	4,111,481
Interfund payable	-	273,425	273,425
Total liabilities	<u>4,455,160</u>	<u>273,425</u>	<u>4,728,585</u>
Fund Balances:			
Nonspendable:			
Prepaid Expenditures	568,001	-	568,001
Unassigned:			
General fund	(495,365)	-	(495,365)
Special revenue fund	-	-	-
Total Fund balances	<u>72,636</u>	<u>-</u>	<u>72,636</u>
Total liabilities and fund balances	<u>\$ 4,527,796</u>	<u>\$ 273,425</u>	<u>\$ 4,801,221</u>

Source: CAFR B-1

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-2B COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local sources:			
Local Share	\$ 840,485	\$ -	\$ 840,485
State Share	21,892,898	-	21,892,898
Private Grants	92,220	-	92,220
Miscellaneous	14,203	-	14,203
Total - Local Sources	<u>22,839,806</u>	<u>-</u>	<u>22,839,806</u>
State sources	592,534	-	592,534
Federal sources	1,251	1,168,681	1,169,932
Total revenues	<u>23,433,591</u>	<u>1,168,681</u>	<u>24,602,272</u>
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Regular instruction	9,789,846	289,787	10,079,633
Special education instruction	3,774,487	100,912	3,875,399
Support services:			
Administrative	5,531,735	-	5,531,735
Culture and Educational Support	703,148	777,982	1,481,130
Professional Development	4,540	-	4,540
Nursing	309,266	-	309,266
Psychologist	132,905	-	132,905
Community Advocacy and Engagement	422,373	-	422,373
Operations	2,733,518	-	2,733,518
Capital lease expenditures	344,284	-	344,284
Total expenditures	<u>23,746,102</u>	<u>1,168,681</u>	<u>24,914,783</u>
Excess (Deficiency) of revenues over expenditures	<u>(312,511)</u>	<u>-</u>	<u>(312,511)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital lease obligation (non-budgeted)	344,284	-	344,284
Total other financing sources and uses	<u>344,284</u>	<u>-</u>	<u>344,284</u>
Net change in fund balances	31,773	-	31,773
Fund balance—July 1	40,863	-	40,863
Fund balance—June 30	<u>\$ 72,636</u>	<u>\$ -</u>	<u>\$ 72,636</u>

Source: CAFR B-2

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-2C STATEMENT OF CASH FLOWS**  
**GOVERNMENTAL FUNDS**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Increase in Fund Balance</b>	\$ 31,773	\$ -	\$ 31,773
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities			
(Increase) Decrease in Current Assets			
Accounts receivable	(103,707)	88,043	(15,664)
Due From Other Funds	88,043	-	88,043
Prepaid Expenses	(299,488)	-	(299,488)
Receivables from Other Governments	180,517		180,517
Increase (Decrease) in Current Liabilities			
Accounts Payable	(463,445)	-	(463,445)
Accrued Expenses	3,287,612	-	3,287,612
Deferred Revenue	(12,220)	-	(12,220)
Payables from Other Governments	(27,733)	-	(27,733)
Due to Other Funds	-	(88,043)	(88,043)
Net Cash Provided by Operating Activities	<u>2,681,352</u>	<u>-</u>	<u>2,681,352</u>
 Total Increase in Cash and Cash Equivalents	 2,681,352	 -	 2,681,352
 Cash and Cash Equivalents - Beginning of Year	 <u>813,091</u>	 <u>-</u>	 <u>813,091</u>
 Cash and Cash Equivalents - End of Year	 <u><u>\$ 3,494,443</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 3,494,443</u></u>

Source: School Financial Statements - J-2A and J-2B

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-3 FUND BALANCES - GOVERNMENTAL FUNDS**  
**(UNAUDITED)**  
**YEARS ENDED JUNE 30**

	2016	2015
General Fund		
Non-Spendable	\$ 568,001	\$ 268,513
Unassigned Fund Balance	<u>(495,365)</u>	<u>(227,650)</u>
Total General Fund	<u>\$ 72,636</u>	<u>\$ 40,863</u>

Source: CAFR B-1

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-4 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**(UNAUDITED)**  
**YEARS ENDED JUNE 30**

	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
Local sources:		
Local Share	\$ 840,485	\$ 181,005
State Share	21,892,898	5,471,859
Private Grants	92,220	1,375,505
Miscellaneous	14,203	4,021
Total - Local Sources	22,839,806	7,032,390
State sources	592,534	180,517
Federal sources	1,169,932	404,769
Total revenues	24,602,272	7,617,676
<b>EXPENDITURES</b>		
Current:		
Instruction:		
Regular instruction	10,079,633	3,044,882
Special education instruction	3,875,399	718,723
Support services:		
Administrative	5,531,735	1,387,089
Culture and Educational Support	1,481,130	345,542
Professional Development	4,540	-
Nursing	309,266	139,934
Psychologist	132,905	15,463
Community Advocacy and Engagement	422,373	238,666
Operations	2,733,518	1,281,745
Capital lease expenditures	344,284	147,562
Total expenditures	24,914,783	7,319,606
Excess (Deficiency) of revenues over expenditures	(312,511)	298,070
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from capital lease obligation (non-budgeted)	344,284	147,562
Total other financing sources and uses	\$ 344,284	147,562
Net change in fund balances	\$ 31,773	\$ 445,632

Source: CAFR Schedule B-2

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-5 GENERAL FUND – OTHER LOCAL REVENUE BY SOURCE**  
**(UNAUDITED)**  
**YEARS ENDED JUNE 30**

	Private Grants	Miscellaneous	Totals
2016	\$ 92,220	\$ 14,203	\$ 106,423
2015	1,375,505	4,021	1,379,526

Source: Charter School Records

**REVENUE CAPACITY**



**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-6 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-7 DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
J-8 PRINCIPAL PROPERTY TAXPAYERS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.  
J-9 PROPERTY TAX LEVIES AND COLLECTIONS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

## DEBT CAPACITY

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-10 RATIOS OF OUTSTANDING DEBT BY TYPE**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-11 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-12 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE



## DEMOGRAPHIC AND ECONOMIC INFORMATION

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-13 LEGAL DEBT MARGIN INFORMATION**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

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

	<u>Population<sup>a</sup></u>		<u>Personal Income<sup>b</sup></u>		<u>County per Capita Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2016	76,119	\$	3,568,915,434	\$	46,886	11.1%
2015	77,332	\$	3,485,894,564	\$	45,077	11.1%

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Personal capital income by municipality estimated based upon the 2000 Census published by the Bureau of Economic Analysis

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

## **OPERATING INFORMATION**

**MASTERY SCHOOLS OF CAMDEN, INC.  
J-15 PRINCIPAL EMPLOYERS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-16 FULL-TIME EQUIVALENT SCHOOL EMPLOYEES BY FUNCTION/PROGRAM**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30**

<b>Function/Program</b>	<b>2016</b>	<b>2015</b>
Instruction:		
Regular instruction	87.0	30.0
Special education instruction	21.0	6.0
Other instruction	17.7	4.5
Support services:		
Student & instruction related services	19.5	11.0
General administration	29.3	8.0
Total	174.5	59.5

Source: School Personnel Records

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-17 OPERATING STATISTICS**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff <sup>a</sup>	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>b</sup>	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2015	474	7,576,813	\$ 15,985	N/A	30	15.8	380.13	355.5	N/A	93.5%
2016	1523	24,570,499	\$ 16,133	N/A	108	14.1	1391.29	1284.06	N/A	92.3%

**Sources:** School records

**Note:** Enrollment based on June school count.

**MASTERY SCHOOLS OF CAMDEN, INC.  
J-18 SCHOOL BUILDING INFORMATION  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE



**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-19 GENERAL FUND – SCHEDULE OF REQUIRED MAINTENANCE BY SCHOOL FACILITY**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-20 INSURANCE SCHEDULE**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

	<u>Coverage</u>	<u>Deductible</u>
<b>School Package Policy</b>		
Building and Contents (All Locations)	\$ 361,634,000	\$ 10,000
Boiler and Machinery	75,000,000	5,000
General Liability (Each Occurrence)	1,000,000	-
General Liability (Aggregate)	2,000,000	-
Educators Legal Liability	1,000,000	50,000
General Automobile Liability	1,000,000	-
School Board Legal Liability	5,000,000	25,000
Employment Practices Liability	5,000,000	25,000
Umbrella	10,000,000	10,000
Workers' Compensation	500,000	-
<b>Student Accident Insurance</b>		
Medical Expense Benefit	\$ 10,000	\$ -
Aggregate Limit	500,000	-
<b>Fidelity/Employee Theft Bond</b>	<b>\$ 500,000</b>	<b>\$ 5,000</b>

Source: Charter School Records

**CHARTER SCHOOL PERFORMANCE  
FRAMEWORK FINANCIAL INDICATORS**

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-21 FINANCIAL PERFORMANCE – FINANCIAL RATIOS**  
**NEAR TERM INDICATORS**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
Cash	\$ 3,494,443	\$ 813,091
Current Assets	4,527,796	1,711,809
Capital Assets - Net	2,018,476	624,229
Total assets	<u>\$ 6,546,272</u>	<u>\$ 2,336,038</u>
Current Liabilities	\$ 4,565,974	\$ 1,698,720
Long Term Liabilities	286,008	99,084
Total liabilities	<u>\$ 4,851,982</u>	<u>\$ 1,797,804</u>
Net Position	<u>\$ 1,694,290</u>	<u>\$ 538,234</u>
Total Revenue	24,602,272	7,617,676
Total Expenses	<u>23,446,216</u>	<u>7,079,442</u>
Change in Net Position	<u>\$ 1,156,056</u>	<u>\$ 538,234</u>
Depreciation	305,711	90,112
Principal Payments	74,320	20,704
Interest Payments	17,102	5,154
Final Average Daily Enrollment	1,391	380
March 30th Budgeted Enrollment	1,400	600
	<u>2016</u>	<u>2015</u>
Near Term Indicators		
Current Ratio	0.99	1.01
Unrestricted Days Cash	54	42
Enrollment Variance	0.99	0.63
Default	N/A	N/A

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-22 FINANCIAL PERFORMANCE – FINANCIAL RATIOS**  
**SUSTAINABILITY INDICATORS**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
Cash	\$ 3,494,443	\$ 813,091
Current Assets	4,527,796	1,711,809
Capital Assets - Net	2,018,476	624,229
Total assets	<u>\$ 6,546,272</u>	<u>\$ 2,336,038</u>
Current Liabilities	\$ 4,565,974	\$ 1,698,720
Long Term Liabilities	286,008	99,084
Total liabilities	<u>\$ 4,851,982</u>	<u>\$ 1,797,804</u>
Net Position	<u>\$ 1,694,290</u>	<u>\$ 538,234</u>
Total Revenue	24,602,272	7,617,676
Total Expenses	<u>23,446,216</u>	<u>7,079,442</u>
Change in Net Position	<u>\$ 1,156,056</u>	<u>\$ 538,234</u>
Depreciation	305,711	90,112
Principal Payments	74,320	20,704
Interest Payments	17,102	5,154
Final Average Daily Enrollment	1,391	380
March 30th Budgeted Enrollment	1,400	600
	<u>2016</u>	<u>2015</u>
Sustainability Indicators		
Total Margin	5%	7%
Debt to Asset	0.74	0.77
Cash Flow	2,681,352	813,091
Debt Service Coverage Ratio	12.83	21.01

**SINGLE AUDIT SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mastery Schools of Camden, Inc., as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Mastery Schools of Camden, Inc.'s basic financial statements, and have issued our report thereon dated October 14, 2016.

**Internal Control Over Financial Reporting**

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

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

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

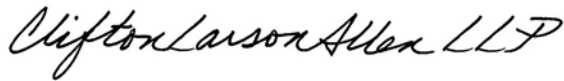
### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Mastery Schools of Camden, Inc. in a separate report entitled, "Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance" dated October 14, 2016.

### **Purpose of this Report**

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



### **CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 14, 2016





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

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

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

We have audited Mastery Schools of Camden, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement and New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Mastery Schools of Camden, Inc.'s major federal and state programs for the year ended June 30, 2016. Mastery Schools of Camden, Inc.'s major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Mastery Schools of Camden, Inc.'s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of New Jersey's OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Those standards, the Uniform Guidance and State of New Jersey's OMB Circular Letter 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Mastery Schools of Camden, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Mastery Schools of Camden, Inc.'s compliance.

Board of Trustees  
Mastery Schools of Camden, Inc.

***Opinion on Each Major State Program***

In our opinion, Mastery Schools of Camden, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

**Report on Internal Control Over Compliance**

Management of Mastery Schools of Camden, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mastery Schools of Camden, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey's OMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mastery Schools of Camden, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 14, 2016

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Award Identification Number	Grant/ Contract Period	Grant Amount	Accrued (Deferred) Revenue at 7/1/15	Total Received for the Year	Federal Disbursements/ Expenditures	Accrued (Deferred) at 6/30/16
<u>U.S. Department of Education:</u>								
Pass-through State Department of Education:								
No Child Left Behind Consolidated Grant								
Title I, Part A	84.010	S01A150030	7/1/14-6/30/15	\$ 333,143	\$ 333,143	\$ 333,143	\$ -	\$ -
Title I, Part A	84.010	S01A150030	7/1/15-6/30/16	1,066,186	-	811,608	1,066,186	254,578
Title II, Part A	84.367	S367AA150029	7/1/14-6/30/15	2,496	2,496	2,496	-	-
Title II, Part A	84.367	S367AA150029	7/1/15-6/30/16	2,278	-	-	-	-
Special Education Cluster								
IDEA, Part B	84.027	S027A150100	7/1/14-6/30/15	69,130	25,829	25,826	(3)	-
IDEA, Part B	84.027	S027A150100	7/1/15-6/30/16	102,495	-	83,651	102,495	18,844
Total US Department of Education					<u>361,468</u>	<u>1,256,724</u>	<u>1,168,678</u>	<u>273,422</u>
Total Expenditures of Federal Awards					<u>\$ 361,468</u>	<u>\$ 1,256,724</u>	<u>\$ 1,168,678</u>	<u>\$ 273,422</u>

See accompanying Notes to Schedules of Awards and Financial Assistance.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED JUNE 30, 2016**

State Grantor Program Title	Grant or State Project Number	Grant/ Contract Period	Grant Amount	Accrued (Deferred) Revenue at 7/1/15	Total Received for the Year	Budgetary Expenditures	Accrued (Deferred) at 6/30/16
State Department of Education							
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 5,099,818	\$ (49,320)	\$ (49,320)	\$ -	\$ -
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	132,897	(12,529)	(12,529)	-	-
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	239,144	35,004	35,004	-	-
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	20,950,025	-	20,817,537	20,950,025	132,488
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	337,811	-	339,990	337,811	(2,179)
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	605,063	-	550,379	605,063	54,684
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	180,517	180,517	-	-	180,517
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7/1/15-6/30/16	592,534	-	-	592,534	592,534
Total State Department of Education				<u>153,672</u>	<u>21,681,061</u>	<u>22,485,433</u>	<u>958,044</u>
Total Expenditures of State Awards				<u>\$ 153,672</u>	<u>\$ 21,681,061</u>	<u>\$ 22,485,433</u>	<u>\$ 958,044</u>

See accompanying Notes to Schedules of Awards and Financial Assistance.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 1      GENERAL INFORMATION**

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

**NOTE 2      BASIS OF PRESENTATION**

The accompanying Schedules of Awards and Financial Assistance include the federal and state grant activity of the School and are presented on the accrual basis of accounting. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of New Jersey's OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*.

**NOTE 3      RELATIONSHIP TO FINANCIAL STATEMENTS**

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

**NOTE 4      INDIRECT COST RATE**

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

**MASTERY SCHOOLS OF CAMDEN, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes        X   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

***Federal and State Awards***

1. Internal control over major state programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes        X   none reported
2. Type of auditor’s report issued on compliance for major state programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) \_\_\_\_\_ yes        X   no

***Identification of Major Federal Programs***

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.010A	Title I
Dollar threshold used to distinguish between Type A or Type B programs was:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee	_____ yes <u>  X  </u> no

