

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2019**



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AUDIT, TAX, AND  
CONSULTING

**MASTERY SCHOOLS OF CAMDEN, INC.**  
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**YEAR ENDED JUNE 30, 2019**

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October 10, 2019

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, 2019 has been submitted. As you know, the responsibility for both the accuracy of these data and completeness and fairness of the presentation, including all disclosures, rests with the management of the School. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of Mastery Schools of Camden, Inc. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

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

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

**2. ENROLLMENT OUTLOOK:** The School completed the 2018-19 school year with an average daily enrollment of 2,274 students in kindergarten through tenth grade at six locations. The School will grow to twelfth grade during the 2019-2020 School Year. Based on the demand it is anticipated that, we will be able to maintain our enrollment for the foreseeable future.

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

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

Mastery Schools of Camden students were housed in six schools across six buildings during the 2018-2019 school year. The schools and locations were as follows:

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

**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 controls over compliance related to federal and state financial assistance programs, as well as to determine that the School has complied with applicable laws and regulations.

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

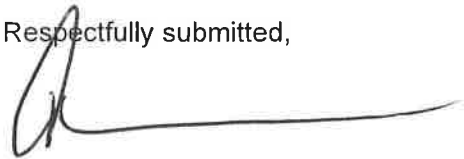
6. ACCOUNTING SYSTEM AND REPORTS: The School accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the School is organized on the basis of funds. These funds are explained in "Notes to the Financial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

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

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

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

Respectfully submitted,

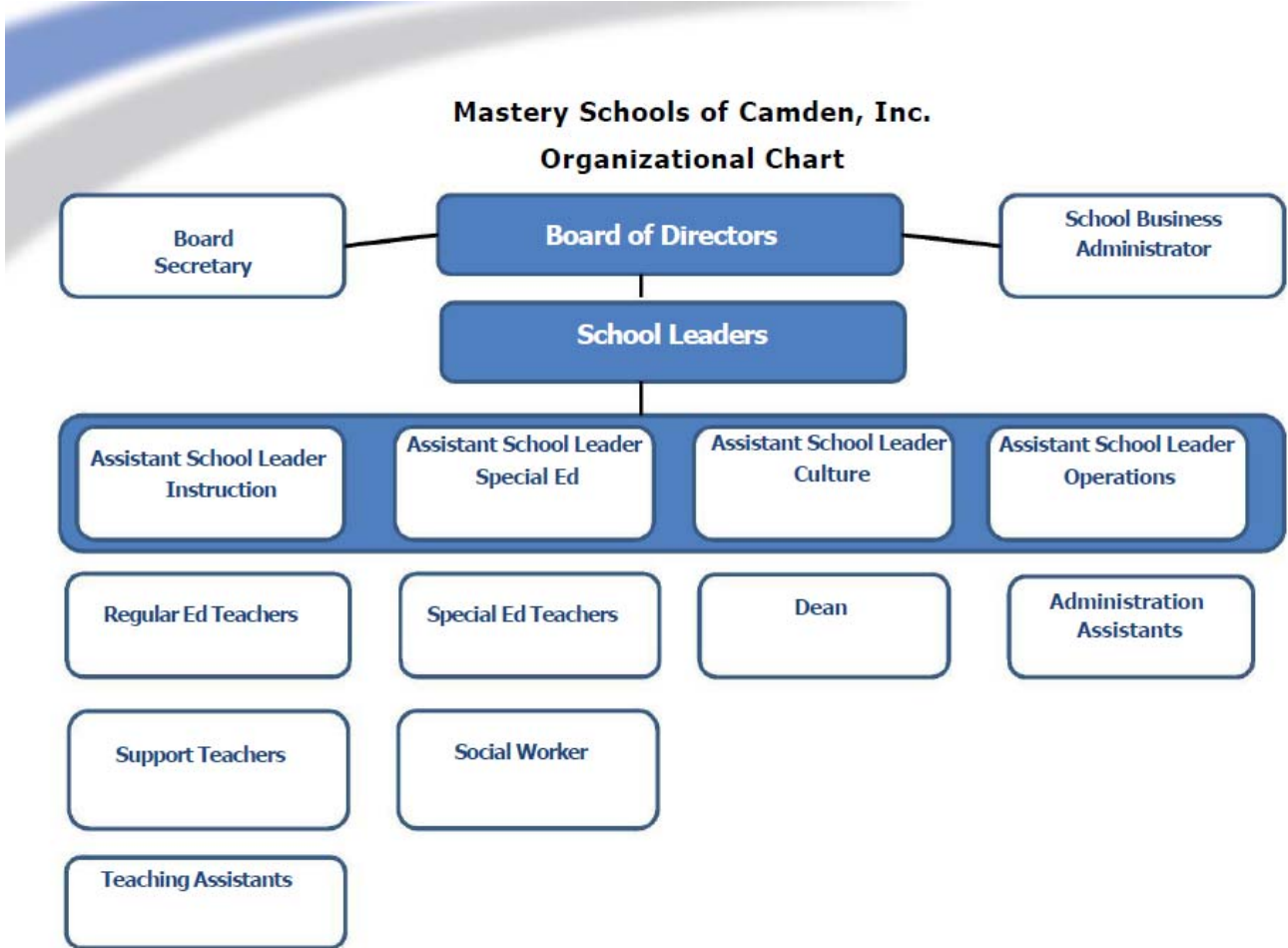


Christopher W. Barts  
School Business Administrator



Michael Patron  
Board Secretary

**MASTERY SCHOOLS OF CAMDEN, INC.  
ORGANIZATIONAL CHART  
JUNE 30, 2019**





**MASTERY SCHOOLS OF CAMDEN, INC.  
ROSTER OF TRUSTEES AND OFFICIALS  
JUNE 30, 2019**

Board of Trustees

Jim Sheward, Chair

Jamie Reynolds

Reuel Robinson

Sharell Sharp

Judy Tschirgi

School Leaders

Jessie Gismondi, School Leader – Cramer Hill Elementary

Meredith Howell-Turner, School Leader – Cramer Hill Elementary

Rickia Reid, School Leader – Molina Elementary

Kim Blake, School Leader – Molina Elementary

LaQuanda Jackson, School Leader – McGraw Elementary

Meaghann Lawson, School Leader – East Camden Middle

William Hayes, School Leader – Mastery High School of Camden

Other

Michael Patron, Board Secretary

Christopher W. Barts, School Business Administrator

**MASTERY SCHOOLS OF CAMDEN, INC.  
CONSULTANTS AND ADVISORS  
JUNE 30, 2019**

**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**

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

PNC Bank  
110 North Broadway  
Camden, NJ 08102



## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mastery Schools of Camden, Inc., in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Mastery Schools of Camden, Inc.'s basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Mastery Schools of Camden, Inc. as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 14, the budgetary comparison schedule — General Fund on pages 36 through 38 and the budgetary comparison schedule — Special Revenue Fund on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mastery Schools of Camden, Inc.'s basic financial statements. The schedules of expenditures of federal and state awards on pages 97 and 98, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of New Jersey's OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, combining schedule of program revenues and expenditures, special revenue fund on page 42 and the statistical section on pages 65 to 91 are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on 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 10, 2019 on our consideration of Mastery Schools of Camden, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Mastery Schools of Camden, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mastery Schools of Camden, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania



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

October 10, 2019

**MASTERY SCHOOLS OF CAMDEN, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2019**

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, 2019. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

**Financial Highlights**

- Total revenues on a governmental fund basis, which consisted mostly of School District student subsidies and other grants and contributions, increased from \$41,246,700 to \$46,514,363 due to an increase in the number of students from June 30, 2018.
- At the close of the current fiscal year, the School reported an ending general fund balance of \$3,280,827.
- The School's cash balance at June 30, 2019 was \$10,377,793, representing an increase of \$464,456 from June 30, 2018.

**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, 2019**

**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 \$6,092,216 as of June 30, 2019.

	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 11,335,802	\$ 10,226,961
Capital Assets	3,111,544	2,693,401
Total Assets	<u>14,447,346</u>	<u>12,920,362</u>
Current Liabilities	7,360,837	6,137,541
Noncurrent Liabilities	994,293	1,358,279
Total Liabilities	<u>8,355,130</u>	<u>7,495,820</u>
Net Investment in Capital Assets	2,811,389	2,388,167
Unrestricted	3,280,827	3,036,375
Total Net Position	<u>\$ 6,092,216</u>	<u>\$ 5,424,542</u>

**MASTERY SCHOOLS OF CAMDEN, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2019**

**Government-Wide Financial Analysis (Continued)**

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

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Program Revenues:		
Special Revenue Federal Aid	\$ 2,689,124	\$ 2,152,107
General Revenues:		
Local Share	1,329,323	1,193,513
State Share	40,871,421	36,756,000
State Aid	1,111,724	1,012,474
Other Revenue	512,771	60,819
Miscellaneous Income	-	71,787
	<u>46,514,363</u>	<u>41,246,700</u>
<b>EXPENDITURES</b>		
Instruction	24,738,841	21,310,969
Support Services	20,506,903	17,701,757
Interest on Long-Term Debt	19,616	17,376
Unallocated Depreciation	581,329	489,728
	<u>45,846,689</u>	<u>39,519,830</u>
Change in Net Position	667,674	1,726,870
Net Position - Beginning	<u>5,424,542</u>	<u>3,697,672</u>
Net Position - Ending	<u>\$ 6,092,216</u>	<u>\$ 5,424,542</u>



**MASTERY SCHOOLS OF CAMDEN, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2019**

**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 \$3,280,827. For the year ended June 30, 2019, the School's general fund revenues and other financing sources (\$43,972,814) exceeded expenditures (\$43,728,362) by \$244,452.

The School's special revenue fund reported an ending fund balance of \$-0-. For the year ended June 30, 2019, the School's revenues (\$2,689,124) equaled expenditures (\$2,689,124).

**General Fund Budgetary Highlights**

Actual revenues and other financing sources were greater than budgeted revenues by \$63,860 primarily due to the other financing sources that were not budgeted. Actual expenditures were less than budgeted expenditures by \$180,592 primarily due to less than budgeted instruction, administrative and support expenditures.

**Capital Asset and Debt Administration**

***CAPITAL ASSETS***

As of June 30, 2019, the School's investment in capital assets for its governmental activities totaled \$3,111,544 (net of accumulated depreciation). This investment in capital assets includes building, building improvements, and equipment.

Major capital asset purchases during the year included the following:

- Capital expenditures of \$294,434 for building improvements
- Capital expenditures of \$557,463 for furniture and equipment
- Capital expenditures of \$147,575 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, 2019, the School has long-term debt of \$300,155 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 2019-20, we are projecting total enrollment to be around 2,550, approximately a 5% increase over the 2018-2019 school year. Renaissance School per pupil funding for 2019-20 increased by 2% from 2018-19.

**MASTERY SCHOOLS OF CAMDEN, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2019**

**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, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 10,377,793
Receivables, Net	719,051
Prepaid Items	238,958
Capital Assets:	
Capital Assets, Net of Depreciation	3,111,544
Total Assets	14,447,346
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	7,220,134
Due to State	250,000
Due to Camden City School District	584,841
Capital Lease Obligations:	
Due Within One Year	140,703
Due in More than One Year	159,452
Total Liabilities	8,355,130
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,811,389
Unrestricted	3,280,827
Total Net Position	\$ 6,092,216

See accompanying Notes to Financial Statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**A-2 STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Changes in
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Position Total
					Governmental Activities
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 16,735,114	\$ -	\$ 729,069	\$ -	\$ (16,006,045)
Special Education Instruction	7,615,559	-	462,500	-	(7,153,059)
Summer School	129,219	-	-	-	(129,219)
Student Activities	258,949	-	-	-	(258,949)
Support Services:					
Administrative	9,756,464	-	24,750	-	(9,731,714)
Culture and Educational Support	2,908,583	-	1,250,136	-	(1,658,447)
Professional Development	23,360	-	-	-	(23,360)
Nursing	361,242	-	-	-	(361,242)
Psychologist	77,189	-	-	-	(77,189)
Community Advocacy and Engagement	663,777	-	222,669	-	(441,108)
Operations	6,716,288	-	-	-	(6,716,288)
Interest on Long-Term Debt	19,616	-	-	-	(19,616)
Unallocated Depreciation	581,329	-	-	-	(581,329)
Total Governmental Activities	<u>45,846,689</u>	<u>-</u>	<u>2,689,124</u>	<u>-</u>	<u>(43,157,565)</u>
Total Primary Government	<u>\$ 45,846,689</u>	<u>\$ -</u>	<u>\$ 2,689,124</u>	<u>\$ -</u>	<u>(43,157,565)</u>
General Revenues:					
					1,329,323
Local Share					40,871,421
State Share					1,111,724
State Aid Not Restricted					512,771
Other Revenue					<u>43,825,239</u>
Total General Revenues					
Change in Net Position					667,674
Net Position - Beginning of Year					<u>5,424,542</u>
Net Position - End of Year					<u>\$ 6,092,216</u>

See accompanying Notes to Financial Statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**B-1 BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

<b>ASSETS</b>	General Fund	Special Revenue Fund	Total Governmental Funds
Cash and Cash Equivalents	\$ 10,182,343	\$ 195,450	\$ 10,377,793
Receivables, Net	96,697	622,354	719,051
Due from Other Funds	567,804	-	567,804
Prepaid Expenditures	238,958	-	238,958
	<b>\$ 11,085,802</b>	<b>\$ 817,804</b>	<b>\$ 11,903,606</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,342,579	\$ -	\$ 1,342,579
Accrued Expenses	5,877,555	-	5,877,555
Due to Other Funds	-	567,804	567,804
Due to State	-	250,000	250,000
Due to Camden City School District	584,841	-	584,841
Total Liabilities	7,804,975	817,804	8,622,779
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Expenditures	238,958	-	238,958
Committed:			
Capital Reserve	1,200,000	-	1,200,000
Maintenance Reserve	300,000	-	300,000
Emergency Reserve	1,500,000	-	1,500,000
Unassigned:			
General Fund	41,869	-	41,869
Special Revenue Fund	-	-	-
Total Fund Balances	3,280,827	-	3,280,827
Total Liabilities and Fund Balances	<b>\$ 11,085,802</b>	<b>\$ 817,804</b>	<b>\$ 11,903,606</b>
Total Governmental Fund Balances			\$ 3,280,827
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			4,994,035
Accumulated Depreciation			(1,882,491)
Total			3,111,544
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:			
			(300,155)
Net Position of Governmental Activities			<b>\$ 6,092,216</b>

See accompanying Notes to Financial Statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**B-2 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local Sources:			
Local Share	\$ 1,329,323	\$ -	\$ 1,329,323
Other Revenue	512,771	-	512,771
Total Local Sources	1,842,094	-	1,842,094
State Share	40,871,421	-	40,871,421
State Sources	1,111,724	-	1,111,724
Federal Sources	-	2,689,124	2,689,124
Total Revenues	43,825,239	2,689,124	46,514,363
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Regular Instruction	16,264,225	729,069	16,993,294
Special Education Instruction	7,153,059	462,500	7,615,559
Summer School	129,219	-	129,219
Student Activities	258,949	-	258,949
Support Services:			
Administrative	10,060,546	24,750	10,085,296
Culture and Educational Support	1,661,987	1,250,136	2,912,123
Professional Development	23,360	-	23,360
Nursing	361,242	-	361,242
Psychologist	77,189	-	77,189
Community Advocacy and Engagement	441,108	222,669	663,777
Operations	7,149,903	-	7,149,903
Capital Lease Expenditures	147,575	-	147,575
Total Expenditures	43,728,362	2,689,124	46,417,486
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	96,877	-	96,877
<b>OTHER FINANCING SOURCES</b>			
Proceeds from Capital Lease Obligation (Nonbudgeted)	147,575	-	147,575
Total Other Financing Sources	147,575	-	147,575
<b>NET CHANGE IN FUND BALANCES</b>	244,452	-	244,452
Fund Balance - Beginning of Year	3,036,375	-	3,036,375
Fund Balance - End of Year	\$ 3,280,827	\$ -	\$ 3,280,827

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, 2019**

Net Change in Fund Balances - Governmental Funds \$ 244,452

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	999,472
Depreciation Expense	<u>(581,329)</u>
Total	418,143

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:

Repayment of Capital Lease Obligations	152,654
Proceeds from Capital Lease Obligation	<u>(147,575)</u>
Total	5,079

Change in Net Position of Governmental Activities \$ 667,674

**MASTERY SCHOOLS OF CAMDEN, INC.  
B-4 STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**



**MASTERY SCHOOLS OF CAMDEN, INC.  
B-5 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
B-6 STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
B-7 STATEMENT OF FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
B-8 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

Mastery Schools of Camden, Inc. (School) is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. The School was formed in the State of New Jersey as a nonprofit corporation for the purpose of operating and maintaining a Renaissance school charter granted by the State of New Jersey. Mastery Schools of Camden, Inc. operates the Renaissance school project under an operating agreement with the Camden City School District and is located in the County of Camden, State of New Jersey. The Renaissance school project agreement began effective July 17, 2014 for a ten-year term. The School served over 2,200 students from grades kindergarten to eleventh grade during the school year 2018-19 in six campuses: Cramer Hill Elementary, McGraw Elementary, Molina Lower Elementary, Molina Upper Elementary, East Camden Middle and Mastery High School of Camden.

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

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

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

Its mission is all students learn the academic and personal skills they need to be truly prepared for postsecondary success and able to pursue their dreams.

**Basis of Presentation**

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (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**  
**JUNE 30, 2019**

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

**Government-Wide and Fund Financial Statements**

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

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

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

*Government-Wide Financial Statements:*

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

*Fund Financial Statements:*

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

The school reports the following major governmental funds:

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

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

**Method of Accounting**

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

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Method of Accounting (Continued)**

These calculations are defined as follows:

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

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

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

**Budgets and Budgetary Accounting**

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

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Budgets and Budgetary Accounting (Continued)**

The Budgetary Comparison Schedule should present both the original and the final appropriated budgets for the reporting period. The School has a general fund and special revenue fund budget; the original budgets were filed and accepted in March 2018 by the New Jersey Department of Education. There were multiple budget revisions during the year, all approved by the Board of Trustees. The budget is required supplementary information.

**Use of Estimates**

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

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

The School participates in a self-funded benefit payment plan (the Plan). The Mastery Charter High School is the sponsor of the Plan. The Plan covers eligible employees/members and dependents of the School as defined in the agreement. The School is primarily self-insured, up to certain limits, for employee group health claims. The Plan contains stop-loss insurance, which will reimburse the Plan for amounts of paid claims in excess of \$175,000 on any individual covered by the Plan in the policy year ending June 30, 2019. The stop-loss insurance also provides up to \$1,000,000 of coverage beyond the School's aggregate annual claims limit of \$16,139,964 for the fiscal year ended June 30, 2019. The annual claims limit is based on the average enrollment of 1,333 covered employees, but is ultimately derived based on the actual covered employees times a monthly claims factor of \$1,009, for each month of the policy period.

During the year ended June 30, 2019, 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, 2019, 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 \$16,774,899, which includes the School's portion of \$2,639,664 for the year ended June 30, 2019.

**Cash and Cash Equivalents**

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



**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Receivables**

Receivables primarily consist of amounts due from the New Jersey Department of Education for federal and state subsidy programs. Receivables are stated at the amount management expects to collect from outstanding balances and net of any allowance for doubtful accounts. The allowance is estimated based on professional judgement and historical information. As of June 30, 2019, the allowance for doubtful accounts totaled \$3,554,580 and consists mainly of the FICA receivable from the State of New Jersey as discussed in Note 7.

**Prepaid Items**

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

**Capital Assets**

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

**Income Tax Status**

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

**MASTERY SCHOOLS OF CAMDEN, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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, 2019, \$10,401,319 of the School's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 10,151,319
Collateralized	-
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the School's Name	-
Total Custodial Credit Risk	<u>\$ 10,151,319</u>

Reconciliation to the Financial Statements:

Total Custodial Credit Risk	\$ 10,151,319
Plus: Insured Amount	500,000
Less: Outstanding Checks	(287,526)
Petty Cash	14,000
Total Cash Per Financial Statements	<u>\$ 10,377,793</u>

**NOTE 3 CAPITAL ASSETS**

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

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

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year is summarized below:

	Beginning Balance July 1, 2018	Additions	Deletions	Ending Balance June 30, 2019
<u>Governmental Activities</u>				
Capital Assets, being Depreciated:				
Leasehold Improvements	\$ 1,423,971	\$ 294,434	\$ -	\$ 1,718,405
Furniture and Equipment	1,940,904	557,463	-	2,498,367
Capital Lease Equipment	629,688	147,575	-	777,263
Total Capital Assets being Depreciated	<u>3,994,563</u>	<u>999,472</u>	-	<u>4,994,035</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	104,305	60,649	-	164,954
Furniture and Equipment	824,983	367,072	-	1,192,055
Capital Lease Equipment	371,874	153,608	-	525,482
Total Accumulated Depreciation	<u>1,301,162</u>	<u>581,329</u>	-	<u>1,882,491</u>
Total Capital Assets being Depreciated, Net	<u>2,693,401</u>	<u>418,143</u>	-	<u>3,111,544</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,693,401</u>	<u>\$ 418,143</u>	<u>\$ -</u>	<u>\$ 3,111,544</u>

**NOTE 4 CAPITAL LEASE OBLIGATIONS**

The School leases copiers under capital leases that expire between August 2019 and August 2023. As of June 30, 2019, the leased copiers are reflected at a cost of \$777,263 and related accumulated depreciation of \$525,482. The leases require monthly payments of principal and interest ranging from \$740 to \$2,770 at rate of 4.79% per annum.

Future minimum payments under the capital lease as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 152,492
2021	86,928
2022	50,904
2023	34,140
2024	1,520
Total	<u>325,984</u>
Less: Amount Representing Interest	<u>25,829</u>
Present Value of Minimum Lease Payments	<u>\$ 300,155</u>

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital Lease Obligation	\$ 305,234	\$ 147,575	\$ 152,654	\$ 300,155
Total Long-Term Debt	<u>\$ 305,234</u>	<u>\$ 147,575</u>	<u>\$ 152,654</u>	<u>\$ 300,155</u>

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**NOTE 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 for the State of New Jersey to modify its Section 218 Agreement with the Social Security Administration as the next step in the process. The management of the School is actively monitoring the status of the School's 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, processing payroll deductions, and will 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 Schools of Camden 403(b) Retirement Plan (403(b) plan), a multiple employer defined contribution plan under Section 403(b) of the Internal Revenue Code, in which School employees that work more than 20 hours per week are required to contribute 5% of their eligible compensation. The School will provide a 5% matching contribution.

The total retirement plan contribution expense incurred for the year ended June 30, 2019 totaled \$1,301,321.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 10.0% of local school funds plus reimbursement for any costs NST incurs in providing the educational, administrative, and financial services totaling \$4,220,075. The term of the agreement is July 1, 2019 through June 30, 2024.

The School also had a technology and equipment agreement that is renewed annually with Mastery Charter High School totaling \$368,364.

The NST management and technology fee totaled \$4,588,439 for the current year.

**NOTE 10 FACILITIES LEASE AGREEMENT**

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 3,081,256
2021	3,092,256
2022	3,103,476
2023	3,114,920
2024	3,126,594
Thereafter	210,938
Total	<u>\$ 15,729,440</u>

Rent expense was \$3,118,275 for the year ended June 30, 2019.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 11 RECENT ACCOUNTING PRONOUNCEMENTS**

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions in Statement No. 84 are effective for reporting periods beginning after December 15, 2018. The School is assessing if GASB 84 will have any impact on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The School is assessing if GASB 87 will have any impact on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is effective for fiscal years beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The School is assessing if GASB 89 will have any impact on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*, which is effective for reporting periods beginning after December 15, 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The School is assessing if Statement No. 90 will have any impact on its financial statements.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 11 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for reporting periods beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**C-1 BUDGETARY COMPARISON SCHEDULE — GENERAL FUND**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 150,000	\$ 1,220,000	\$ 1,370,000	\$ 1,329,323	\$ (40,677)
Other Revenue	240,000	268,954	508,954	512,771	3,817
Total Local Sources	<u>390,000</u>	<u>1,488,954</u>	<u>1,878,954</u>	<u>1,842,094</u>	<u>(36,860)</u>
State Sources:					
Equalization Aid	40,800,000	80,000	40,880,000	40,871,421	(8,579)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	951,000	105,000	1,056,000	1,017,113	(38,887)
Special Education Medicaid Initiative	<u>94,000</u>	<u>-</u>	<u>94,000</u>	<u>94,611</u>	<u>611</u>
Total State Sources	<u>41,845,000</u>	<u>185,000</u>	<u>42,030,000</u>	<u>41,983,145</u>	<u>(46,855)</u>
Total Revenues	<u>42,235,000</u>	<u>1,673,954</u>	<u>43,908,954</u>	<u>43,825,239</u>	<u>(83,715)</u>
<b>EXPENDITURES</b>					
Regular Education - Instruction:					
Salaries	9,833,050	673,395	10,506,445	10,506,019	426
Benefits	3,124,131	(255,686)	2,868,445	2,868,348	97
Professional Services	365,000	219,000	584,000	559,224	24,776
General Supplies	532,000	(13,545)	518,455	514,069	4,386
General Supplies - Books	302,455	247,545	550,000	521,824	28,176
General Supplies - Computers	558,494	(71,830)	486,664	485,562	1,102
General Supplies - Furniture and Equipment	142,000	107,000	249,000	247,628	1,372
Field Trips	100,000	140,000	240,000	219,308	20,692
Conferences, Travel and Meals	20,000	25,000	45,000	44,862	138
College Initiatives	50,000	(25,000)	25,000	24,381	619
Disciplinary Placements	<u>500,000</u>	<u>(227,000)</u>	<u>273,000</u>	<u>273,000</u>	<u>-</u>
Total Regular Education - Instruction	<u>15,527,130</u>	<u>818,879</u>	<u>16,346,009</u>	<u>16,264,225</u>	<u>81,784</u>
Special Education - Instruction:					
Salaries	4,044,111	(237,000)	3,807,111	3,803,179	3,932
Benefits	1,199,000	(62,000)	1,137,000	1,136,920	80
Purchased Professional-Educational Services	1,826,389	360,000	2,186,389	2,163,407	22,982
General Supplies	38,000	(13,000)	25,000	21,415	3,585
General Supplies - Books	27,000	23,000	50,000	24,438	25,562
Transportation	11,000	(11,000)	-	-	-
General Supplies - Computers	<u>22,000</u>	<u>(17,000)</u>	<u>5,000</u>	<u>3,700</u>	<u>1,300</u>
Total Special Education - Instruction	<u>7,167,500</u>	<u>43,000</u>	<u>7,210,500</u>	<u>7,153,059</u>	<u>57,441</u>
Summer School:					
Salaries	91,000	12,000	103,000	102,779	221
Benefits	<u>22,000</u>	<u>5,000</u>	<u>27,000</u>	<u>26,440</u>	<u>560</u>
Total Summer School	<u>113,000</u>	<u>17,000</u>	<u>130,000</u>	<u>129,219</u>	<u>781</u>



**MASTERY SCHOOLS OF CAMDEN, INC.**  
**C-1 BUDGETARY COMPARISON SCHEDULE — GENERAL FUND**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2019**

<b>EXPENDITURES (CONTINUED)</b>	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Student Activities:</b>					
Salaries	\$ 150,000	\$ (13,000)	\$ 137,000	\$ 136,834	\$ 166
Benefits	35,000	(15,000)	20,000	19,374	626
Professional Services	75,000	(39,000)	36,000	35,795	205
Supplies	87,000	(10,000)	77,000	66,946	10,054
Total Student Activities	<u>347,000</u>	<u>(77,000)</u>	<u>270,000</u>	<u>258,949</u>	<u>11,051</u>
<b>Administrative:</b>					
Salaries	1,725,250	260,000	1,985,250	1,983,027	2,223
Benefits	610,000	105,000	715,000	712,099	2,901
Purchased Professional/Technical Services	115,000	(95,000)	20,000	19,974	26
Aftercare Program	400,000	(125,000)	275,000	274,794	206
Legal Services	150,000	55,000	205,000	204,939	61
Management Fees	4,095,000	130,000	4,225,000	4,220,075	4,925
Insurance	200,000	(4,000)	196,000	193,075	2,925
Postage	23,000	2,000	25,000	23,409	1,591
Advertising/Marketing	25,000	(10,000)	15,000	14,654	346
Printing	260,000	(63,000)	197,000	189,081	7,919
Dues, Board and Other	20,000	25,000	45,000	42,652	2,348
Supplies	120,000	40,000	160,000	158,152	1,848
Transportation Services	479,000	211,000	690,000	679,327	10,673
Telecommunications	150,000	158,000	308,000	305,503	2,497
Furniture and Equipment	5,000	-	5,000	4,016	984
Computers and Software	2,500	17,500	20,000	18,656	1,344
FICA Subsidy Reserve	995,000	85,000	1,080,000	1,017,113	62,887
Total Administrative	<u>9,374,750</u>	<u>791,500</u>	<u>10,166,250</u>	<u>10,060,546</u>	<u>105,704</u>
<b>Support Services:</b>					
<b>Culture and Educational Support:</b>					
Salaries	1,305,000	(200,447)	1,104,553	1,104,500	53
Benefits	591,506	(129,353)	462,153	462,142	11
Purchased Professional Services	10,000	(7,300)	2,700	2,662	38
Supplies and Materials	112,000	(16,542)	95,458	92,683	2,775
Total Culture and Educational Support	<u>2,018,506</u>	<u>(353,642)</u>	<u>1,664,864</u>	<u>1,661,987</u>	<u>2,877</u>
<b>Professional Development:</b>					
Purchased Professional Services	33,000	(8,000)	25,000	23,360	1,640
Total Professional Development	<u>33,000</u>	<u>(8,000)</u>	<u>25,000</u>	<u>23,360</u>	<u>1,640</u>
<b>Nursing:</b>					
Purchased Professional Services	376,000	(6,000)	370,000	361,242	8,758
Total Nursing	<u>376,000</u>	<u>(6,000)</u>	<u>370,000</u>	<u>361,242</u>	<u>8,758</u>
<b>Psychologist:</b>					
Purchased Professional Services	82,000	(4,000)	78,000	77,189	811
Total Psychologist	<u>82,000</u>	<u>(4,000)</u>	<u>78,000</u>	<u>77,189</u>	<u>811</u>

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**C-1 BUDGETARY COMPARISON SCHEDULE — GENERAL FUND (CONTINUED)**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES (CONTINUED)</b>					
Support Services (Continued):					
Community Advocacy and Engagement:					
Salaries	\$ 200,000	\$ 34,000	\$ 234,000	\$ 233,624	\$ 376
Benefits	90,000	21,200	111,200	111,112	88
Purchased Professional Services	12,000	(200)	11,800	11,698	102
Printing	46,000	-	46,000	45,361	639
Supplies	237,614	(198,283)	39,331	39,313	18
Total Community Advocacy and Engagement	585,614	(143,283)	442,331	441,108	1,223
Operations:					
Salaries	58,000	-	58,000	55,442	2,558
Benefits	26,000	(2,000)	24,000	23,784	216
Cleaning	1,525,000	(201,000)	1,324,000	1,300,286	23,714
Utilities	860,000	160,000	1,020,000	1,012,701	7,299
Building Rental	3,123,000	(3,000)	3,120,000	3,118,275	1,725
Maintenance and Repairs	500,000	700,000	1,200,000	1,195,781	4,219
Pest Control	47,000	(7,000)	40,000	36,365	3,635
Security	90,000	(10,000)	80,000	73,290	6,710
Trash and Snow	136,000	(26,000)	110,000	105,293	4,707
Supplies	194,000	36,000	230,000	228,686	1,314
Total Operations	6,559,000	647,000	7,206,000	7,149,903	56,097
Total Support Services	9,654,120	132,075	9,786,195	9,714,789	71,406
Capital Lease Outlay	-	-	-	147,575	(147,575)
Total Expenditures	42,183,500	1,725,454	43,908,954	43,728,362	180,592
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	51,500	(51,500)	-	96,877	96,877
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Leases (Nonbudgeted)	-	-	-	147,575	147,575
Total Other Financing Sources and Uses	-	-	-	147,575	147,575
<b>NET CHANGE IN FUND BALANCES</b>	51,500	(51,500)	-	244,452	244,452
Fund Balance - Beginning of Year	1,787,281	460,020	2,247,301	3,036,375	789,074
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,838,781</u>	<u>\$ 408,520</u>	<u>\$ 2,247,301</u>	<u>\$ 3,280,827</u>	<u>\$ 1,033,526</u>

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**C-2 BUDGETARY COMPARISON SCHEDULE — SPECIAL REVENUE FUND**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Federal Sources:					
Entitlement Grants	\$ 1,870,133	\$ 392,216	\$ 2,262,349	\$ 2,215,763	\$ (46,586)
IDEA Grant	448,611	-	448,611	448,611	-
Emergency Impact Aid	24,750	-	24,750	24,750	-
Reallocated Title I	46,506	(170)	46,336	-	46,336
Total Revenues	<u>2,390,000</u>	<u>392,046</u>	<u>2,782,046</u>	<u>2,689,124</u>	<u>(92,922)</u>
<b>EXPENDITURES</b>					
Current:					
Regular Education - Instruction:					
Other Salaries for Instruction	574,950	6,605	581,555	546,724	34,831
Benefits	175,869	(4,314)	171,555	165,227	6,328
Professional Services	16,000	-	16,000	13,755	2,245
Supplies	53,051	(170)	52,881	3,363	49,518
Total Regular Education - Instruction	<u>819,870</u>	<u>2,121</u>	<u>821,991</u>	<u>729,069</u>	<u>92,922</u>
Special Education - Instruction:					
Other Salaries for Instruction	12,889	-	12,889	12,889	-
Benefits	1,000	-	1,000	1,000	-
Professional Services	448,611	-	448,611	448,611	-
Total Special Education - Instruction	<u>462,500</u>	<u>-</u>	<u>462,500</u>	<u>462,500</u>	<u>-</u>
Administrative:					
Other Salaries	24,750	-	24,750	24,750	-
Total Administrative	<u>24,750</u>	<u>-</u>	<u>24,750</u>	<u>24,750</u>	<u>-</u>
Support Services:					
Culture and Educational Support					
Salaries - Support Services	775,000	172,053	947,053	947,053	-
Benefits	228,494	74,589	303,083	303,083	-
Total Culture and Educational Support	<u>1,003,494</u>	<u>246,642</u>	<u>1,250,136</u>	<u>1,250,136</u>	<u>-</u>
Community Advocacy and Engagement:					
Salaries	65,000	103,362	168,362	168,362	-
Benefits	9,741	39,921	49,662	49,662	-
Supplies	4,645	-	4,645	4,645	-
Total Community Advocacy and Engagement	<u>79,386</u>	<u>143,283</u>	<u>222,669</u>	<u>222,669</u>	<u>-</u>
Total Expenditures	<u>2,390,000</u>	<u>392,046</u>	<u>2,782,046</u>	<u>2,689,124</u>	<u>92,922</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>					
	-	-	-	-	-
Fund Balance - Beginning of Year					
	-	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MASTERY SCHOOLS OF CAMDEN, INC.  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
C-3 BUDGET TO GAAP RECONCILIATION  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2019**

**NOTE 1 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 PROGRAM REVENUES AND EXPENDITURES,  
SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2019**

	<u>Total</u>	<u>Title I Part A</u>	<u>Title III</u>	<u>IDEA</u>	<u>Emergency Impact Aid</u>
<b>REVENUES</b>					
Intergovernmental:					
Federal	\$ 2,689,124	\$ 2,112,700	\$ 103,063	\$ 448,611	\$ 24,750
Total Revenues	<u>2,689,124</u>	<u>2,112,700</u>	<u>103,063</u>	<u>448,611</u>	<u>24,750</u>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular Instruction	729,069	630,651	98,418	-	-
Special Education Instruction	462,500	13,889	-	448,611	-
Support Services:					
Culture and Educational Support	1,250,136	1,250,136	-	-	-
Community Advocacy and Engagement	222,669	218,024	4,645	-	-
Administrative	24,750	-	-	-	24,750
Total Expenditures	<u>2,689,124</u>	<u>2,112,700</u>	<u>103,063</u>	<u>448,611</u>	<u>24,750</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MASTERY SCHOOLS OF CAMDEN, INC.  
SPECIAL REVENUE FUND  
E-2 SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES —  
ALL PROGRAMS — BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**



**MASTERY SCHOOLS OF CAMDEN, INC.  
F-1 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
F-2 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE — BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
F-3 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS — BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

## **PROPRIETARY FUNDS**

## **ENTERPRISE FUND**

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

For the year ended June 30, 2019, the School had no enterprise funds.

**MASTERY SCHOOLS OF CAMDEN, INC.  
G-1 COMBINING STATEMENT OF NET ASSETS  
ENTERPRISE FUND  
JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
G-2 COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
ENTERPRISE FUND  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
G-3 COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**



**INTERNAL SERVICE FUND**

**MASTERY SCHOOLS OF CAMDEN, INC.  
G-4 COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
G-5 COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
G-6 COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

**MASTERY SCHOOLS OF CAMDEN, INC.  
H-1 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
H-2 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
H-3 STUDENT ACTIVITY AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**



**MASTERY SCHOOLS OF CAMDEN, INC.  
H-4 PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.  
H-5 UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	64
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the School's most significant local revenue source.	70
<i>Debt Capacity</i>	
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.	75
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place.	79
<i>Operating Information</i>	
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.	82

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

## **FINANCIAL TRENDS**

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

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

Source: CAFR Schedule A-1

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

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

Source: CAFR Schedule A-2

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

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

Source: CAFR B-1

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

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

Source: CAFR Schedule B-2



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

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

Source: Renaissance School Records

## REVENUE CAPACITY

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

**NOT APPLICABLE**

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

**NOT APPLICABLE**

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

**NOT APPLICABLE**

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

**NOT APPLICABLE**

## **DEBT CAPACITY**

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

**NOT APPLICABLE**



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

**NOT APPLICABLE**

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

**NOT APPLICABLE**

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

**NOT APPLICABLE**

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

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

<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 County 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)  
LAST FIVE FISCAL YEARS**

**NOT APPLICABLE**

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

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

Source: Renaissance School Personnel Records



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

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

Sources: Renaissance School records

Note: Enrollment based on June school count.

<sup>a</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>b</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

**NOT APPLICABLE**

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

**NOT APPLICABLE**

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**J-20 INSURANCE SCHEDULE**  
**(UNAUDITED)**  
**YEAR ENDED JUNE 30, 2019**

	<u>Coverage</u>	<u>Deductible</u>
<u>School Package Policy</u>		
Building and Contents (All Locations)	\$ 443,347,797	\$ 25,000
Boiler and Machinery	75,039,367	5,000
General Liability (Each Occurrence)	1,000,000	-
General Liability (Aggregate)	2,000,000	-
Educators Legal Liability	5,000,000	50,000
General Automobile Liability	1,000,000	-
School Board Legal Liability	5,000,000	25,000
Employment Practices Liability	5,000,000	25,000
Umbrella	10,000,000	10,000
Excess Umbrella	10,000,000	-
Workers' Compensation	500,000	-
<u>Student Accident Insurance</u>		
Medical Expense Benefit	\$ 25,000	\$ -
Aggregate Limit	None	-
Fidelity/Employee Theft Bond	\$ 500,000	\$ 5,000

Source: Renaissance School Records

**RENAISSANCE SCHOOL PERFORMANCE  
FRAMEWORK FINANCIAL INDICATORS**

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 10,377,793	\$ 9,913,337	\$ 8,168,562	\$ 3,494,443	\$ 813,091
Current Assets	11,335,802	10,226,961	8,696,463	4,527,796	1,711,809
Capital Assets - Net	3,111,544	2,693,401	2,706,430	2,018,476	624,229
Total Assets	<u>\$ 14,447,346</u>	<u>\$ 12,920,362</u>	<u>\$ 11,402,893</u>	<u>\$ 6,546,272</u>	<u>\$ 2,336,038</u>
Current Liabilities	\$ 8,195,678	\$ 7,320,667	\$ 7,434,073	\$ 4,565,974	\$ 1,698,720
Long-Term Liabilities	159,452	175,153	271,148	286,008	99,084
Total Liabilities	<u>\$ 8,355,130</u>	<u>\$ 7,495,820</u>	<u>\$ 7,705,221</u>	<u>\$ 4,851,982</u>	<u>\$ 1,797,804</u>
Net Position	<u>\$ 6,092,216</u>	<u>\$ 5,424,542</u>	<u>\$ 3,697,672</u>	<u>\$ 1,694,290</u>	<u>\$ 538,234</u>
Total Revenue	\$ 46,514,363	\$ 41,246,700	\$ 32,425,386	\$ 24,602,272	\$ 7,617,676
Total Expenses	<u>45,846,689</u>	<u>39,519,830</u>	<u>30,422,004</u>	<u>23,446,216</u>	<u>7,079,442</u>
Change in Net Position	<u>\$ 667,674</u>	<u>\$ 1,726,870</u>	<u>\$ 2,003,382</u>	<u>\$ 1,156,056</u>	<u>\$ 538,234</u>
Depreciation	\$ 581,329	\$ 489,728	\$ 415,611	\$ 305,711	\$ 90,112
Principal Payments	152,654	122,274	107,156	74,320	20,704
Interest Payments	19,616	17,376	20,290	17,102	5,154
Final Average Daily Enrollment	2,274	2,090	1,651	1,391	380
March 30th Budgeted Enrollment	2,195	2,100	1,750	1,400	600
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Sustainability Indicators					
Total Margin	1%	4%	6%	5%	7%
Debt to Asset	0.58	0.58	0.68	0.74	0.77
Cash Flow	659,924	1,949,560	4,078,416	2,681,352	813,091
Debt Service Coverage Ratio	7.36	16.00	19.14	16.18	24.50

**SINGLE AUDIT SECTION**





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, and each major fund of the Mastery Schools of Camden, Inc., as of and for the year ended June 30, 2019, 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 10, 2019.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 10, 2019



**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, 2019. Mastery Schools of Camden, Inc.'s major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

**Opinion on Each Major 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, 2019.

**Report on Internal Control Over Compliance**

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

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

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

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



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 10, 2019

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A**  
**YEAR ENDED JUNE 30, 2019**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Award Identification Number	Grant/ Contract Period	Grant Amount	Accrued (Deferred) Revenue at July 1, 2018	Total Received for the Year	Federal Disbursements/ Expenditures	Accrued (Deferred) Revenue at June 30, 2019	Pass-through to Subrecipients	Pass-through Entity Identifying Number
<b>U.S. Department of Education:</b>										
Pass-through New Jersey Department of Education:										
Every Student Succeeds Act Consolidated Grant:										
Title I, Part A	84.010	S010A160030	7/1/16 - 6/30/17	\$ 2,046,853	\$ (500,000)	\$ -	\$ 250,000	\$ (250,000)	\$ -	n/a
Title I, Part A	84.010	S010A170030	7/1/17 - 6/30/18	1,392,841	139,284	139,284	-	-	-	n/a
Title I, Part A	84.010	S010A180030	7/1/18 - 6/30/19	1,862,700	-	1,351,836	1,862,700	510,864	-	n/a
Total Title I, Part A					(360,716)	1,491,120	2,112,700	260,864	-	
Title III	84.365	S365A180030	7/1/17 - 6/30/18	134,669	72,136	72,136	-	-	-	
Title III	84.365	S365A170030	7/1/18 - 6/30/19	126,337	-	81,759	103,063	21,304	-	n/a
Title III - Immigrant	84.365	S011A180030	7/1/18 - 6/30/19	2,216	-	-	-	-	-	n/a
Total Title III					72,136	153,895	103,063	21,304	-	
Temporary Emergency Impact Aid for Displaced Students	84.938	S938C180005	7/1/18 - 6/30/19	24,750	-	24,750	24,750	-	-	n/a
Special Education Cluster:										
IDEA, Part B	84.027	H027A170100	7/1/17-6/30/18	383,764	38,376	38,376	-	-	-	n/a
IDEA, Part B - Basic	84.027	H027A180100	7/1/18 - 6/30/19	437,092	-	358,425	437,092	78,667	-	n/a
IDEA, Part B - Preschool	84.027	H173A180114	7/1/18 - 6/30/19	11,519	-	-	11,519	11,519	-	n/a
Total Special Education Cluster					38,376	396,801	448,611	90,186	-	
Total U.S. Department of Education					(250,204)	2,066,566	2,689,124	372,354	-	
Total Expenditures of Federal Awards					\$ (250,204)	\$ 2,066,566	\$ 2,689,124	\$ 372,354	\$ -	

See accompanying Notes to Schedules of Federal and State Awards.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS, SCHEDULE B**  
**YEAR ENDED JUNE 30, 2019**

State Grantor Program Title	Grant or State Project Number	Grant/ Contract Period	Grant Amount	Accrued (Deferred) Revenue at July 1, 2018	Total Received for the Year	Budgetary Expenditures	Accrued (Deferred) Revenue at June 30, 2019	Pass-through to Subrecipients	Pass-through Entity Identifying Number
<u>New Jersey Department of Education:</u>									
State Aid - Public Cluster:									
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 35,015,567	\$ (628,865)	\$ (628,865)	\$ -	\$ -	\$ -	n/a
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	1,665,978	(32,778)	(32,778)	-	-	-	n/a
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	39,025,321	-	39,566,147	39,025,321	(540,826)	-	n/a
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	1,846,100	-	1,871,683	1,846,100	(25,583)	-	n/a
Total State Aid - Public Cluster				(661,643)	40,776,187	40,871,421	(566,409)	-	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	180,517	180,517	-	-	180,517	-	n/a
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7/1/15-6/30/16	592,534	592,534	-	-	592,534	-	n/a
Reimbursed TPAF Social Security Contributions	17-495-034-5095-002	7/1/16-6/30/17	767,169	767,169	-	-	767,169	-	n/a
Reimbursed TPAF Social Security Contributions	18-495-034-5095-002	7/1/17-6/30/18	936,818	943,248	-	-	943,248	-	n/a
Reimbursed TPAF Social Security Contributions	19-495-034-5095-002	7/1/18-6/30/19	1,017,113	-	-	1,017,133	1,017,133	-	n/a
Total Reimbursed TPAF Social Security Contributions				2,483,468	-	1,017,133	3,500,601	-	
Total New Jersey Department of Education				1,821,825	40,776,187	41,888,554	2,934,192	-	
Total Expenditures of State Awards				\$ 1,821,825	\$ 40,776,187	\$ 41,888,554	\$ 2,934,192	\$ -	

See accompanying Notes to Schedules of Federal and State Awards.

**MASTERY SCHOOLS OF CAMDEN, INC.**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**JUNE 30, 2019**

**NOTE 1 GENERAL INFORMATION**

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

**NOTE 2 BASIS OF PRESENTATION**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

**NOTE 4 INDIRECT COST RATE**

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

**MASTERY SCHOOLS OF CAMDEN, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019**

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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? \_\_\_\_\_ yes        X   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

**Federal and State Awards**

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

**Identification of Major Federal Programs**

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



**MASTERY SCHOOLS OF CAMDEN, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

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***Section I – Summary of Auditors’ Results (Continued)***

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***Identification of Major State Programs (Continued)***

<b>GMIS Number(s)</b>	<b>Name of State Program or Cluster</b>
<u>State Aid – Public Cluster</u> 19-495-034-5120-078 19-495-034-5120-089	Equalization Aid Special Education Categorical Aid

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

\$ 1,260,386

Auditee qualified as low-risk auditee?

  X   yes      \_\_\_\_\_ no

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***Section II – Financial Statement Findings***

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

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

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

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***Section IV – Prior Audit Findings***

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

