

GOLDEN DOOR CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2016

GOLDEN DOOR CHARTER SCHOOL

***Golden Door Charter School
Board of Trustees
Jersey City, New Jersey***

***Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2016***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
GOLDEN DOOR CHARTER SCHOOL
JERSEY CITY, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Prepared by

***Golden Door Charter School
Finance Department***

And

Barre & Company, CPAs

STATE BOARD OF EDUCATION

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

**GOLDEN DOOR CHARTER SCHOOL
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INTRODUCTORY SECTION

***GOLDEN DOOR CHARTER SCHOOL
3044 KENNEDY BOULEVARD
JERSEY CITY, NEW JERSEY 07306
201-795-4440***

November 21, 2016

Honorable President and
Members of the Board of Trustees
Golden Door Charter School
County of Hudson
Jersey City, New Jersey

Dear Board Members:

The comprehensive annual financial report of Golden Door Charter School (Charter School) for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information. The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An elected five (5) member Board of Trustees, together with two (2) ex-officio members (the "Board") serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

The Chief School Administrator is the chief executive officer of the Charter School, responsible to the Board for total educational and support operations. The Business Administrator is the chief financial officer of the Charter School, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey law.

1. REPORTING ENTITY AND ITS SERVICES: Golden Door Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the school are included in this report. Golden Door Charter School, Board of Trustees, constitutes the Charter School's reporting entity.

The focus of education at Golden Door Charter School has always been what is best for the success of the children. With this in mind, the school provides a full range of services appropriate to meeting the needs of all students in Preschool (PK) through Grade Eight (8). Such instructional services include regular education, special education, and a basic skills program including as-needed services such as Speech, ESL, OT/PT, Social Work and School Psychology..

Golden Door Charter School ended the 2015-2016 school year with an enrollment of students. The following details the student enrollment of the Charter School over the last five years:

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Attendance Rate</u>
2015-2016	545	94.0%
2014-2015	548	90.9%
2013-2014	494	91.1%
2012-2013	484	94.0%
2011-2012	477	94.8%
2010-2011	473	95.6%
2009-2010	491	99.4%

2. ECONOMIC CONDITION AND OUTLOOK: The Charter School is located in Jersey City, New Jersey and has completed its eleventh year of implementation. The Charter School is located in one of the major urban areas in the State of New Jersey. They are experiencing some of the same social and economic phenomena as other urban areas its size. These phenomena include, but are not limited to, unemployment, and under employment among its working class population.

3. **INITIATIVES:** The Charter School has developed a comprehensive strategic plan to support its mission and vision which serves as a blueprint for the achievement of its goals. The plan includes objectives, such as pupil achievements, staff development and technology in the classroom.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- (1) the cost of a control should not exceed the benefits likely to be derived;
- (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the Board of Trustees also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the Charter School's management.

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

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

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

8. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB. The auditors' report on the basic financial statements and specific required supplemental information 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.

9. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of Golden Door Charter School Board of Trustees for their concerns in providing fiscal accountability to the citizens and taxpayers of the participating school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

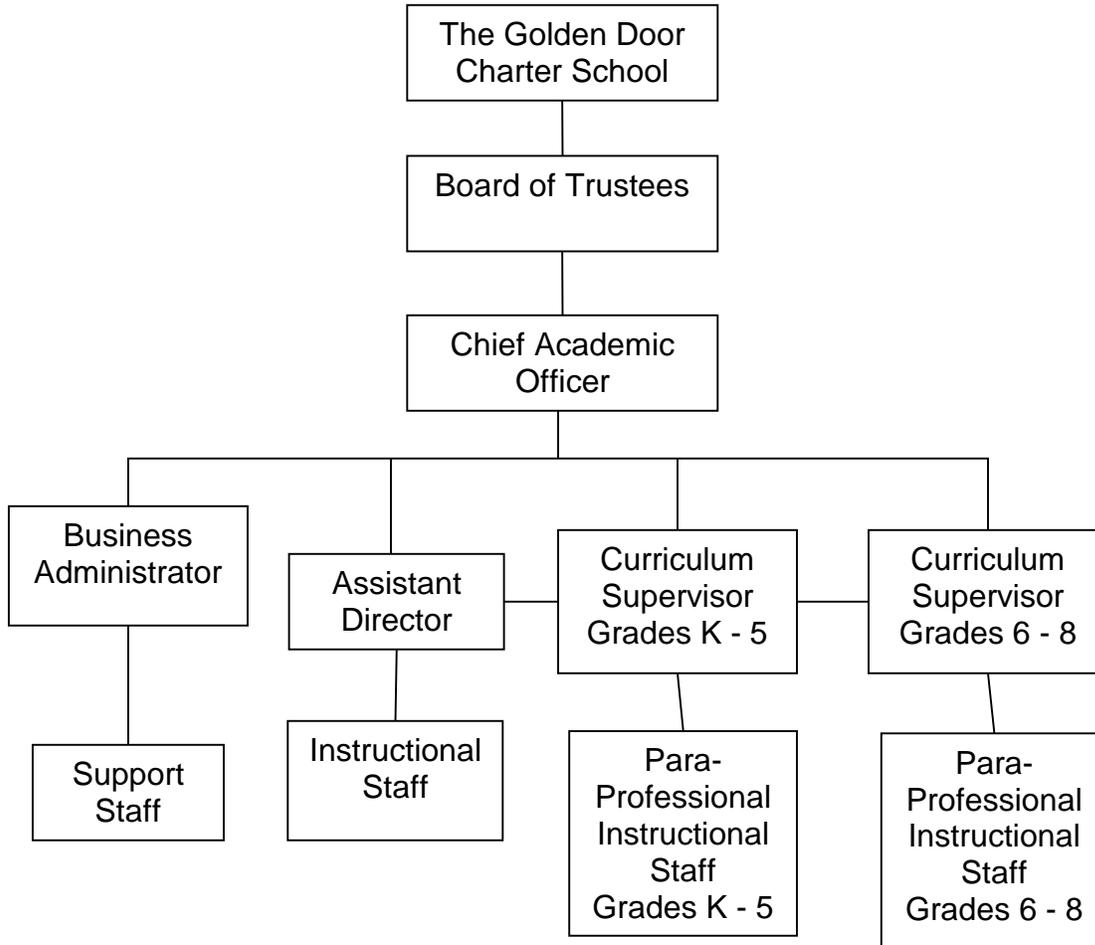


Mr. Brian Stiles
Chief Academic Officer

GOLDEN DOOR CHARTER SCHOOL

ORGANIZATIONAL CHART

JUNE 30, 2016



**GOLDEN DOOR CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Danielle Downs, President	3-1-18
Joanne Youmans, Vice-President	9-19-17
Jessica Cappadona	6-1-18
Nick Del'Re	11-19-18
Tonya Keys	11-19-18

Brian Stiles, Chief Academic Officer, ex-officio member

Paul Velelis, Business Administrator, ex-officio member

OTHER OFFICIALS

Fanny Lopez, Assistant Director

Tabitha Madera, Curriculum Supervisor Pre K-4

Diana Figueroa, Curriculum Supervisor 5-8

**GOLDEN DOOR CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

Joseph M. Wenzel, Esq.
Attorney At Law
1000 Clifton Avenue
Suite 101
Clifton, NJ 07013

Official Depository

BCB Community Bank
611 Avenue C
Bayonne, NJ 07002

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Golden Door Charter School
County of Hudson
Jersey City, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Golden Door Charter School (Charter School), in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Golden Door Charter School (Charter School), in the County of Hudson, State of New Jersey, as of June 30, 2016, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 14 and 68 respectively, 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 response 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and schedules of expenditures of federal awards and state financial assistance, as required by in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey Circular 15-08 OMB State Aid/Grant Compliance Supplement* respectively; and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to

the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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.

Other Reporting Required by *Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016 on our consideration of the Golden Door Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.


Barre & Company, CPA's
Union, New Jersey


Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's
Union, New Jersey

November 21, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**GOLDEN DOOR CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of Golden Door Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ❖ General revenues accounted for \$7,001,780 or 94% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$452,155 or 6% of total revenues of \$7,453,935.
- ❖ The Charter School had \$7,356,287 in expenses; only \$452,155 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$7,001,780 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$6,332,423 in revenues and \$6,246,182 in expenditures. The General Fund's fund balance increased by \$86,241 over 2015. This increase was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Golden Door Charter School, the General Fund is by far the most significant fund.

**GOLDEN DOOR CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2016?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and After School enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual

**GOLDEN DOOR CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

Governmental Funds (Continued)

accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 36 of this report.

The Charter School as a Whole

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

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

The Charter School's combined Net Position (Deficit) were (\$423,891) on June 30, 2016 and (\$521,539) on June 30, 2015.

Governmental Activities

The Charter School's total revenues were \$7,236,803 for 2016 and \$7,140,481 for 2015, this includes \$689,802 for 2016 and \$573,728 for 2015 of state reimbursed TPAF social security and pension contributions.

**GOLDEN DOOR CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

Governmental Activities

The total cost of all program and services were \$7,142,967 for 2016 and \$6,731,959 for 2015. Instruction comprises 56% for 2016 and 55% for 2015 of Charter School expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. The net cost shows the financial burden that was placed on the Charter School's taxpayers by each of these functions.

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

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

Capital Outlay represents instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

Business-Type Activities

Revenues for the Charter School's business-type activities (Food service and Aftercare) were comprised of charges for services and federal and state reimbursements.

- ❖ Revenues exceeded expenses for 2016 and 2015 by \$3,812 and \$28,099 respectively for the food and aftercare programs.
- ❖ Charges for services represent \$43,263 for 2016 and \$51,719 for 2015 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast and snacks were for \$173,869 2016 and \$182,043 for 2015.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$7,236,803 and expenditures were \$7,150,562. The net change in fund balance for the year was most significant in the general fund, an increase of \$86,241.

**GOLDEN DOOR CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

The Charter School's Funds

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 1,481,751	20.47%	\$ 17,982	1.23%
State Sources	5,339,121	73.78%	62,987	1.19%
Federal Sources	415,931	5.75%	15,353	3.83%
 Total	 <u>\$ 7,236,803</u>	 <u>100.00%</u>	 <u>\$ 96,322</u>	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2016, and the amount and percentage of decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 3,001,375	41.97%	\$ 291,790	10.77%
Administration	2,451,902	34.29%	37,583	1.56%
Support Services	1,538,585	21.52%	59,959	4.06%
Capital Outlay	158,700	2.22%	86,980	121.28%
 Total	 <u>\$ 7,150,562</u>	 <u>100.00%</u>	 <u>\$ 476,312</u>	

Changes in expenditures were the results of varying factors.

**GOLDEN DOOR CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights

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

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

Capital Assets (Net of Depreciation)

The Charter School has \$567,953 invested in capital assets for 2016 and \$532,733 for 2015.

For the Future

The Golden Door Charter School is in good financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, the Golden Door Charter School has committed itself to financial excellence for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Paul Velelis, School Board Administrator at Golden Door Charter School, 3044 Kennedy Boulevard, Jersey City, New Jersey 07306.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL – WIDE FINANCIAL STATEMENTS

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

GOLDEN DOOR CHARTER SCHOOL
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,021,467	\$ 44,621	\$ 1,066,088
Interfund Receivables	111,911	290	112,201
Receivables	9,848	16,976	26,824
Capital Assets, Net	567,953	27,658	595,611
Total Assets	1,711,179	89,545	1,800,724
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	159,757		159,757
Total Deferred Outflows of Resources	159,757	-	159,757
LIABILITIES:			
Interfund Payable	47,749	21,632	69,381
Payable to State Government	144,560		144,560
Payable to Federal Government	66,026		66,026
Accounts Payable and Accrued Expense	26,100	15,703	41,803
Deferred Revenue	111,911		111,911
Noncurrent Liabilities:			
Pensions	1,919,824		1,919,824
Total Liabilities	2,316,170	37,335	2,353,505
DEFERRED INFLOWS OF RESOURCES:			
Pensions	30,867		30,867
Total Deferred Inflows of Resources	30,867	-	30,867
NET POSITION (DEFICIT):			
Invested in Capital Assets, Net of Related Debt	567,953	27,658	595,611
Unassigned (Deficit)	(1,044,054)	24,552	(1,019,502)
Total Net Position (Deficit)	\$ (476,101)	\$ 52,210	\$ (423,891)

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

GOLDEN DOOR CHARTER SCHOOL
 Statement of Activities
 For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 3,037,094	\$ 930,412	\$ -	\$ 235,023	\$ -	\$ (3,732,483)	\$ -	\$ (3,732,483)
Administration	1,343,493	205,622				(1,549,115)	-	(1,549,115)
Support Services	1,502,866	-				(1,502,866)	-	(1,502,866)
Capital Outlay	104,835	-				(104,835)	-	(104,835)
Unallocated Depreciation	18,645	-				(18,645)	-	(18,645)
Total Governmental Activities	6,006,933	\$ 1,136,034	\$ -	235,023	\$ -	(6,907,944)	-	(6,907,944)
BUSINESS-TYPE ACTIVITIES:								
Food Service	213,320		43,263	173,869	-	-	3,812	3,812
Total Business-Type Activities	213,320		43,263	173,869	-	-	3,812	3,812
Total Primary Government	\$ 6,220,253		\$ 43,263	\$ 408,892	\$ -	\$ (6,907,944)	\$ 3,812	\$ (6,904,132)
GENERAL REVENUES								
General Purposes						\$ 1,390,909	\$ -	\$ 1,390,909
Federal and State Aid Not Restricted						5,520,029		5,520,029
Miscellaneous Income						90,842		90,842
Total General Revenues						7,001,780	-	7,001,780
Change in Net Position						93,836	3,812	97,648
Net Position (Deficit) - Beginning of the Year						(569,937)	20,740	(549,197)
Net Position (Deficit)- Ending						\$ (476,101)	\$ 24,552	\$ (451,549)

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

GOLDEN DOOR CHARTER SCHOOLGovernmental Funds
Balance Sheet
June 30, 2016

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,021,467	\$ -	\$ 1,021,467
Interfund Receivables		111,911	111,911
Receivables from Other Governments	9,848		9,848
Total Assets	\$ 1,031,315	\$ 111,911	\$ 1,143,226
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	\$ 47,749	\$ -	\$ 47,749
Payables to State Government	144,560		144,560
Payables to District	66,026		66,026
Accounts Payable & Accrued Expenses	26,100		26,100
Deferred Revenues		111,911	111,911
Total Liabilities	284,435	111,911	396,346
Fund Balances:			
Unassigned:			
General Fund	746,880		746,880
Total Fund Balances	746,880	-	746,880
Total Liabilities and Fund Balances	\$ 1,031,315	\$ 111,911	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$645,790 and the accumulated depreciation is \$77,837.	567,953
Net pension liability of \$1,919,824, deferred inflows of resources of \$30,867 less deferred outflows of resources of \$159,757 related to pensions are not reported in the governmental funds	<u>(1,790,934)</u>
Net Position (Deficit) of Governmental Activities	\$ <u>(476,101)</u>

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

GOLDEN DOOR CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 1,390,909	\$ -	\$ 1,390,909
Miscellaneous	90,842		90,842
Total Local Sources	1,481,751	-	1,481,751
State Sources	4,850,672	488,449	5,339,121
Federal Sources		415,931	415,931
Total Revenues	6,332,423	904,380	7,236,803
EXPENDITURES:			
Current:			
Instruction	2,443,348	558,027	3,001,375
Administration	2,451,902		2,451,902
Support Services	1,200,941	337,644	1,538,585
Capital Outlay	149,991	8,709	158,700
Total Expenditures	6,246,182	904,380	7,150,562
NET CHANGE IN FUND BALANCES	86,241	-	86,241
FUND BALANCES, JULY 1	660,639	-	660,639
FUND BALANCES, JUNE 30	\$ 746,880	\$ -	\$ 746,880

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

GOLDEN DOOR CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2016

Total net change in fund balances - governmental funds (B-2)	\$	86,241
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense in the current fiscal year.</p>		
Capital Asset Additions	\$ 53,865	
Depreciation Expense	<u>(18,645)</u>	35,220
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		
		<u>(27,625)</u>
Change in net position of governmental activities	\$	<u><u>93,836</u></u>

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

PROPRIETARY FUNDS

GOLDEN DOOR CHARTER SCHOOL
 Proprietary Fund
 Statement of Fund Net Position
 June 30, 2016

	Business-Type Activities Enterprise Funds		
	Food Service	After Care	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 42,211	\$ 2,410	\$ 44,621
Receivables:			
Interfund Accounts Receivable	-	290	290
Intergovernmental Accounts Receivable:			
Federal	16,687	-	16,687
State	289	-	289
Total Current Assets	<u>59,187</u>	<u>2,700</u>	<u>61,887</u>
Noncurrent Assets:			
Machinery and Equipment	47,260	-	47,260
Less Accumulated Depreciation	<u>(19,602)</u>	<u>-</u>	<u>(19,602)</u>
Total Noncurrent Assets	<u>27,658</u>	<u>-</u>	<u>27,658</u>
Total Assets	<u><u>86,845</u></u>	<u><u>2,700</u></u>	<u><u>89,545</u></u>
LIABILITIES:			
Liabilities:			
Current Liabilities:			
Interfund Accounts Payable	21,632	-	21,632
Accounts Payable	<u>15,703</u>	<u>-</u>	<u>15,703</u>
Total Current Liabilities	<u>37,335</u>	<u>-</u>	<u>37,335</u>
Total Liabilities	<u>37,335</u>	<u>-</u>	<u>37,335</u>
NET ASSETS:			
Unassigned	<u>49,510</u>	<u>2,700</u>	<u>52,210</u>
Total Net Position	<u><u>\$ 49,510</u></u>	<u><u>\$ 2,700</u></u>	<u><u>\$ 52,210</u></u>
Total Liabilities and Net Position	<u><u>\$ 86,845</u></u>	<u><u>\$ 2,700</u></u>	<u><u>\$ 89,545</u></u>

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

GOLDEN DOOR CHARTER SCHOOL
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities Enterprise Funds		
	Food Service	After Care	Total
OPERATING REVENUES:			
Charges for Services:			
Daily Sales Reimbursable Program	\$ 41,478	\$ 1,785	\$ 43,263
Total Operating Revenues	<u>41,478</u>	<u>1,785</u>	<u>43,263</u>
OPERATING EXPENSES:			
Salaries	16,913	-	16,913
Depreciation Expense	9,452	-	9,452
Cost of Sales	181,919	5,036	186,955
Total Operating Expenses	<u>208,284</u>	<u>5,036</u>	<u>213,320</u>
OPERATING LOSS	<u>(166,806)</u>	<u>(3,251)</u>	<u>(170,057)</u>
NONOPERATING REVENUES:			
State Source:			
State School Lunch Program	2,935		2,935
Federal Source:			
National School Lunch Program	139,668		139,668
National School Breakfast Program	24,039		24,039
National School Snack Program	7,227		7,227
Total Nonoperating Revenues	<u>173,869</u>	<u>-</u>	<u>173,869</u>
CHANGE IN NET POSITION	7,063	(3,251)	3,812
TOTAL NET POSITION, JULY 1	<u>42,447</u>	<u>5,951</u>	<u>48,398</u>
TOTAL NET POSITION, JUNE 30	<u>\$ 49,510</u>	<u>\$ 2,700</u>	<u>\$ 52,210</u>

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

GOLDEN DOOR CHARTER SCHOOL
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities Enterprise Funds		
	Food Service	After Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 41,478	\$ 1,785	43,263
Cash Payments to Suppliers and Employees	(202,504)	(5,036)	(207,540)
Net Cash Used In Operating Activities	<u>(161,026)</u>	<u>(3,251)</u>	<u>(164,277)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received From State And Federal Reimbursements	173,869		173,869
Net Cash Provided By Noncapital Financing Activities	<u>173,869</u>	-	<u>173,869</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:			
Acquisition Of Capital Assets	(21,886)		(21,886)
Net Cash Used For Capital Activities	<u>(21,886)</u>		<u>(21,886)</u>
Net Decrease In Cash And Cash Equivalents	(9,043)	(3,251)	(12,294)
Cash And Cash Equivalents, Beginning Of Year	51,254	5,661	56,915
Cash And Cash Equivalents, End Of Year	<u>\$ 42,211</u>	<u>\$ 2,410</u>	<u>\$ 44,621</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:			
Operating Loss Used In Operating Activities	(166,806)	(3,251)	(170,057)
Depreciation	9,452		9,452
Change In Assets And Liabilities:			
Increase In Receivables	(523)		(523)
Decrease In Accounts Payable	(3,149)		(3,149)
Net Cash Used In Operating Activities	<u>\$ (161,026)</u>	<u>\$ (3,251)</u>	<u>\$ (164,277)</u>

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

FIDUCIARY FUNDS

GOLDEN DOOR CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2016

	Unemployment Compensation Insurance	Payroll Agency	Net Payroll	Student Activities	Total Agency Funds
ASSETS:					
Cash and Cash Equivalents	\$ 603	\$ 63,523	\$ -	\$ 15,753	\$ 79,276
Interfund Accounts Receivable	-	-	7,808	-	7,808
Total Assets	603	\$ 63,523	\$ 7,808	\$ 15,753	\$ 87,084
LIABILITIES:					
Cash Overdraft	\$ -	\$ -	\$ 7,808	\$ -	\$ 7,808
Interfund Accounts Payable	2,496	44,575	-	3,558	48,133
Accounts Payable	32	-	-	-	-
Payroll Deductions and Withholdings		18,948	-	-	18,948
Due to Student Groups				12,195	12,195
Total Liabilities	2,528	\$ 63,523	\$ 7,808	\$ 15,753	\$ 87,084
NET POSITION:					
Reserved for Unemployment Claims (Deficit)		(1,925)			
Total Net Position (Deficit)		(1,925)			

-

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

GOLDEN DOOR CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

	<u>Unemployment Compensation Insurance</u>
ADDITIONS:	
Contributions:	
Employee	<u>\$ 7,127</u>
Total Additions	<u>7,127</u>
DEDUCTIONS:	
Unemployment Claims Paid	3,077
Miscellaneous	<u>50</u>
Total Deductions	<u>3,127</u>
CHANGE IN NET POSITION	4,000
NET POSITION, JULY 1	<u>(5,925)</u>
NET POSITION (DEFICIT), JUNE 30	<u><u>\$ (1,925)</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Starting on fiscal year ended June 30, 2013, the Charter School implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net position, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Charter School's June 30, 2013 fiscal year financial statements; however, there was no effect on beginning net position/fund balance.

A. Reporting Entity

The Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The school is governed by an independent Board of Trustees, which consists of parents, founders and other community representatives in accordance with its charter, which was appointed by the State Department of Education. An administrator is appointed by the board and is responsible for the administrative control of the Charter School.

The primary criterion for including activities within the Charter 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, ability to significantly influence operations and accountability for fiscal matters.

The combined financial statements include all funds and account groups for the Charter School over which the Board of Trustees exercises operating control.

B. Basis of Presentation

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

Charter School-wide Statements: The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

business-type activity of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental, proprietary, and fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

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

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

Capital Projects Fund: Not Applicable.

Debt Service Fund: Not Applicable.

The Charter School reports the following proprietary funds:

Enterprise (Food Service and Aftercare) Fund: This enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations and after school programs. The food service and aftercare fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and include unemployment compensation fund, the Net Payroll Account, Payroll Agency Fund and Student Activities.

C. Basis of Accounting – Measurement Focus

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

Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements: The Charter School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus (Continued)

of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

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

Total Revenues & Expenditures (Budgetary Basis)		\$ 904,380
Adjustments:		
Less Encumbrances at June 30,2016		-
Plus Encumbrances at June 30,2015		-
Total Revenues and Expenditures (GAAP Basis)		\$ 904,380

E. Encumbrances Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenues fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

F. Assets, Liabilities, and Equity

Interfund Transactions:

Transfers between governmental and business-type activities on the Charter School-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Interfund Transactions: (Continued)

from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Building Improvements	20
Office & Computer Equipment	5-10

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

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Deferred Revenue:

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

Accrued Liabilities and Long-Term Obligations:

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

Net Position:

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

Fund Balance Reserves:

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

Revenues — Exchange and Non-exchange Transactions:

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

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Revenues — Exchange and Non-exchange Transactions: (Continued)

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service and fees paid for before and after school care. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accrued Salaries and Wages:

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

G. PENSIONS

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

H. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the Charter School implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Charter School is required to measure certain investments at fair value for financial reporting purposes. In addition, the Charter School is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Charter School's financial statements.

The Charter School implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Charter School's financial statements.

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Adopted Accounting Pronouncements (Continued)

The Charter School implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Charter School's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements (Continued)

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018.

Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

Deposits

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

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

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

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

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase
- c. Bonds or other obligations of the Charter School.

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Charter School had no investments as of June 30, 2016. Cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 1,021,467	\$ 44,621	\$ 72,071	\$ 1,138,159

The carrying amount of the Board’s cash and cash equivalents at June 30, 2016 was \$1,138,159 and the bank balance was \$1,333,874. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

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

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

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

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

As of June 30, 2016, the Board had funds invested and on deposit in checking accounts. These funds constitute deposits with financial institutions” as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

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

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

New Jersey Cash Management Fund (Continued)

participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2016, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2016, consisted of accounts (tuition), intergovernmental, grants, and miscellaneous.

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

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 9,848	\$ 10,137
Federal Aid	-	16,687
Gross Receivables	9,848	26,824
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	\$ 9,848	\$ 26,824

NOTE 4: INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 120,010	\$ 167,759
Special Revenue Fund	111,911	-
Proprietary Fund	290	21,631
Fiduciary Fund	7,808	50,629
Total	\$ 240,019	\$ 240,019

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Site Improvements	\$ 591,925	\$ -	\$ -	\$ 591,925
Machinery and Equipment	-	53,865	-	53,865
Totals at Historical Cost	<u>591,925</u>	<u>53,865</u>	<u>-</u>	<u>645,790</u>
Less Accumulated Depreciation For:				
Site Improvements	59,192	14,798	-	73,990
Machinery and Equipment	-	3,847	-	3,847
Total Accumulated Depreciation	<u>59,192</u>	<u>18,645</u>	<u>-</u>	<u>77,837</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>532,733</u>	<u>35,220</u>	<u>-</u>	<u>567,953</u>
Government Activity Capital Assets, Net	<u>\$ 532,733</u>	<u>\$ 35,220</u>	<u>\$ -</u>	<u>\$ 567,953</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 25,374	\$ 21,886	\$ -	\$ 47,260
Less Accumulated Depreciation	10,150	9,452	-	19,602
Enterprise Fund Capital Assets, Net	<u>\$ 15,224</u>	<u>\$ 12,434</u>	<u>\$ -</u>	<u>\$ 27,658</u>

In January 11, 2001, the New Jersey State Department of Education announced that effective July 1, 2001, the capitalization threshold used by Charter Schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense of \$18,645 was charged to an unallocated function.

NOTE 6: RENTAL LEASE

The Charter School entered into a sublease agreement with Friends of Golden Door Charter School, Inc., ("Friends") a non-profit organization, for the building located at 3044 Kennedy Boulevard, Jersey City, New Jersey. The Charter School began occupying the new building for the 2011-2012 school year. The sublease with Friends will expire on July 31, 2031. For the fiscal year ended June 30, 2016 rent expense amounted to \$878,002. Future minimum lease rental payments are as follows:

<u>School Year</u>	<u>Rent Expense</u>
2016-2017	\$890,221

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: OBLIGATIONS UNDER EQUIPMENT LEASES

On June 30, 2011, the Charter School entered into equipment lease agreements for three (3) copiers with an option to purchase for a period of five (5) years to June, 2016 with a minimum monthly payment of \$2,150. These copiers were returned upon expiration of the lease. In June 2014, the school entered into a five (5) year lease for two (2) Kyocera copiers requiring monthly payment of \$1,536 and expiring June, 2019. In June 2016, the school entered in to five (5) year lease for three (3) Kyocera copiers requiring monthly payments of \$999 and expiring in June 2021. The following is a schedule of the future minimum lease payments at June 30, 2016:

<u>Year</u>	<u>Amount</u>
2017	\$ 30,425
2018	30,425
2019	30,425
2020	11,988
2021	10,989
Total Minimum Lease Payments	<u>\$ 114,252</u>

NOTE 8: PENSION PLANS

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and required contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The charter school's contributions to PERS amounted to \$9,790 for fiscal year 2015.

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

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

At June 30, 2016, the Charter School reported a liability of \$1,919,824 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 which was rolled forward to June 30, 2015. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Charter School's proportion was 0.00855232%, which was an increase of 0.00039788% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2015, the Charter School recognized pension expense of \$67,224. At June 30, 2015, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 206,174	\$ -
Difference Between Expected and Actual Experience	45,800	0
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	-	30,867
	\$ 251,974	\$ 30,867

Amounts reported as deferred outflows of resources and deferred inflows resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 40,253
2017	40,253
2018	40,253
2019	64,109
2020	36,240
	\$ 221,107

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuations as of July 1, 2014. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40% based on age
Thereafter	3.15-5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return

Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
Core Bonds	1.75%	1.64%
Intermediate-Term Bonds	10.00%	1.79%
Mortgage	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

For the Fiscal Year Ended June 30, 2015			
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the Net Pension Liability	\$ 2,386,106	\$ 1,919,824	\$ 1,528,896

For the Fiscal Year Ended June 30, 2014			
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,920,683	\$ 1,526,734	\$ 1,195,916

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Benefit Provided

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

Tier	Descriptions
1	M Members who were enrolled prior to July 1, 2007
2	M Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	M Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	M Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	M Members who were eligible to enroll on or after June 28, 2011

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2014 and 2013, the State's pension contribution was less than the actuarially determined amount.

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

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2015, the State of New Jersey contributed \$25,138 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$148,094.

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

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

As June 30, 2016, the State's proportionate share of the net pension liability associated with the Charter School was \$17,416,590. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, Charter School's proportion was 0.0275560%, which was a increase of 0.0036952% from its proportion measured as of June 30,2014.

Table 1

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>17,416,590</u>
Total	<u><u>\$ 17,416,590</u></u>

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the Charter School in the amount of \$148,094 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 200 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
U.S. Equity Markets	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds- Multi Strategy	4.00%	4.59%
Hedge Funds- Equity Hedge	4.00%	5.68%
Hedge Funds- Distressed	4.00%	4.30%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015, respectively based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on applied to projected benefit payments after that date in determining the total pension liability.

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

For the Fiscal Year Ended June 30, 2015			
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Charter School's proportionate share of the Net Pension Liability	\$ 20,821,315	\$ 17,514,026	\$ 14,674,858

For the Fiscal Year Ended June 30, 2014			
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Charter School's proportionate share of the Net Pension Liability	\$ 15,443,426	\$ 12,840,232	\$ 10,675,055

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2015 and there were no employee contributions for the fiscal year ended June 30, 2015.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014 there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

NOTE 10: COMPENSATED ABSENCES

The Board accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10: COMPENSATED ABSENCES (CONTINUED)

contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter School's employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. Upon termination, employees are paid for accrued vacation. The Charter School's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the Charter School for the unused sick leave in accordance with the Charter School's agreements with the various employee unions.

NOTE 11: FUND BALANCE APPROPRIATED

General Fund

The General Fund fund balance of \$746,880 in the fund financial statements at June 30, 2016 is unassigned and undesignated.

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State. The table is a summary of charter school contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the charter school's expendable trust for the current and previous year:

Fiscal Year	Charter School Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ -	\$ 7,127	3,127	\$ (1,925)
2014-2015	30,025	5,737	58,527	(5,925)

**GOLDEN DOOR CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 13: SUBSEQUENT EVENTS

The Golden Door Charter School's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of the audit.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

GOLDEN DOOR CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Levy Budget:					
"Local Levy" Local Share-Charter School Aid	\$ 1,338,780	\$ 52,129	\$ 1,390,909	\$ 1,390,909	\$ -
Total Local Levy Budget	1,338,780	52,129	1,390,909	1,390,909	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	3,608,120	140,492	3,748,612	3,748,612	-
Special Education Categorical Aid	181,126	53,897	235,023	235,023	-
Security Aid	186,162	(8,927)	177,235	177,235	-
Total Categorical Aid	3,975,408	185,462	4,160,870	4,160,870	-
Revenues From Other Sources:					
Miscellaneous Revenue				90,842	90,842
On-Behalf TPAF Pension Contributions (Non-Budgeted)				489,049	489,049
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				200,753	200,753
Total Revenues From Other Sources	-	-	-	780,644	780,644
Total Revenues	5,314,188	237,591	5,551,779	6,332,423	780,644
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,920,361	23,000	1,943,361	1,931,088	12,273
Other Salaries for Instruction	219,025	65,000	284,025	283,682	343
Purchased Prof/Tech Services	10,000	2,000	12,000	11,034	966
Other Purchased Services	90,000		90,000	82,826	7,174
General Supplies	75,000	7,000	82,000	79,765	2,235
Textbooks	45,000	6,500	51,500	51,206	294
Miscellaneous	10,000	(5,100)	4,900	3,747	1,153
Total Instruction	2,369,386	98,400	2,467,786	2,443,348	24,438
Administration:					
Salaries - General Administration	323,436	30,000	353,436	335,635	17,801
Salaries of Secretarial/Clerical Assistants	611,514	6,000	617,514	579,706	37,808
Total Benefits Cost	745,000	(212,566)	532,434	446,232	86,202
Purchases Prof/Tech Services	177,500	121,566	299,066	299,066	-
Other Purchased Services	10,000	27,500	37,500	37,101	399
Communications/Telephone	80,000		80,000	27,935	52,065
Supplies and Materials	22,500	3,000	25,500	23,103	2,397
Interest on Current Loans				-	-
Miscellaneous Expenses	12,500	1,000	13,500	13,322	178
Total Administration	1,982,450	(23,500)	1,958,950	1,762,100	196,850

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

GOLDEN DOOR CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Rental of Land and Buildings	\$ 878,002	\$ 100	\$ 878,102	\$ 878,002	\$ 100
Other Purchased Services	95,000	4,000	99,000	98,586	414
Insurance for Property, Liability and Fidelity	100,000	(15,100)	84,900	82,236	2,664
Supplies and Materials	35,000		35,000	34,963	37
Energy Costs (Heat and Electricity)	108,000		108,000	93,909	14,091
Miscellaneous Expenses	10,000	4,000	14,000	13,245	755
Total Support Services	1,226,002	(7,000)	1,219,002	1,200,941	18,061
Capital Outlay:					
Instructional Equipment	25,000	(17,000)	8,000	-	8,000
Non-Instructional Equipment	16,000	94,500	110,500	109,547	953
Land Improvements	9,000	32,000	41,000	40,444	556
Total Capital Outlay	50,000	109,500	159,500	149,991	9,509
On-Behalf TPAF Pension Contributions (Non-Budgeted)			-	489,049	(489,049)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				200,753	(200,753)
Total Expenditures	5,627,838	177,400	5,805,238	6,246,182	(440,944)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(313,650)	60,191	(253,459)	86,241	339,700
FUND BALANCE, JULY 1	660,639	-	660,639	660,639	-
FUND BALANCE, JUNE 30	\$ 346,989	\$ 60,191	\$ 407,180	\$ 746,880	\$ 339,700
Recapitulation of Excess of Revenues Over Expenditures					
Budgeted Fund Balance	\$ 346,989	\$ 60,191	\$ 407,180	\$ 746,880	\$ 339,700
Total	\$ 346,989	\$ 60,191	\$ 407,180	\$ 746,880	\$ 339,700

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

GOLDEN DOOR CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 439,695		\$ 439,695	\$ 415,931	\$ (23,764)
State Sources	659,868	(6,612)	653,256	488,449	(164,807)
Total Revenues	1,099,563	(6,612)	1,092,951	904,380	(188,571)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	499,325	(38,253)	461,072	427,657	33,415
Other Salaries for Instruction	92,407		92,407	91,159	1,248
Purchased Prof/Tech Services	13,037	(3,037)	10,000	9,667	333
Other Purchased Services	10,000		10,000	1,595	8,405
General Supplies	43,403	(2,963)	40,440	27,949	12,491
Total Instruction	663,172	(37,053)	626,119	558,027	68,092
Support Services:					
Support Salaries	9,849	13,551	23,400	23,400	-
Salaries of Program Directors	33,059		33,059	33,059	-
Salaries of Other Professional Staff	7,967		7,967	7,967	-
Salaries of Secretarial and Clerical Assistants	6,466		6,466	6,466	-
Other Salaries	30,954		30,954	30,954	-
Personal Services - Employee Benefits	200,448		200,448	200,448	-
Purchased Prof/Ed Services	10,000		10,000		10,000
Purchased Technical Services	33,972	13,349	47,321	35,350	11,971
Other Purchased Services	22,500	45,411	67,911		67,911
Supplies and Materials	5,000	(4,000)	1,000		1,000
Total Support Services	375,215	66,811	442,026	337,644	104,382
Capital Outlay:					
Instructional Equipment		11,500	11,500	8,709	2,791
Non-Instructional Equipment	61,176	(6,613)	54,563		54,563
Total Capital Outlay	61,176	4,887	66,063	8,709	57,354
Total Expenditures	1,099,563	34,645	1,134,208	904,380	229,828
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ (41,257)	\$ (41,257)	\$ -	\$ 41,257

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

GOLDEN DOOR CHARTER SCHOOL
 Budgetary Comparison Schedule
 Budget To GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2016

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Sources/Inflows of Resources			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 6,332,423	[C-2] \$ 904,380	
 Difference - Budget to GAAP			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	<hr/>	<hr/>	-
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>6,332,423</u>	[B-2] \$ <u>904,380</u>	
 Uses/Outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 6,246,182	[C-2] \$ 904,380	
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>6,246,182</u>	[B-2] \$ <u>904,380</u>	

REQUIRED SUPPLEMENTARY INFORMATION – PART iii

SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

GOLDEN DOOR CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 3 FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
Charter School's proportion of the net pension liability	0.00815444%	0.009354055%	0.008552318%
Charter School's proportionate share of the net pension liability	\$ 1,526,734	\$ 1,787,622	\$ 1,919,824
Charter School's covered employees payroll	\$ 797,990	\$ 959,454	\$ 920,041
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	191%	186%	209%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**GOLDEN DOOR CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 3 FISCAL YEARS
UNAUDITED**

	Fiscal Year Ending June 30,		
	2014	2015	2016
Contractually required contribution	67224	\$ 70,476	\$ 69,790
Contributions in relation to the contractually required contribution	(67,224)	(70,476)	(69,790)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	797990	\$ 959,454	\$ 920,041
Contributions as a percentage of covered employee payroll	8.42%	7.35%	7.59%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**GOLDEN DOOR CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S PENSION AND ANNUITY FUND
LAST 3 FISCAL YEARS
UNAUDITED**

	Fiscal Year Ending June 30,		
	2014	2015	2016
State's proportion of the net pension liability attributable of the Charter School	0.0238608%	0.0247612%	0.02755603%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 12,752,824	\$ 12,514,075	\$ 17,416,590
Charter School's covered employees payroll	\$ 2,539,268	\$ 2,505,755	\$ 2,838,804
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	502.22%	499.41%	613.52%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

GOLDEN DOOR CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2016

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015.
The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

GOLDEN DOOR CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2016

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

OTHER SUPPLEMENTAL INFORMATION

**SECTION E - SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

GOLDEN DOOR CHARTER SCHOOL

Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis

For the Fiscal Year Ended June 30, 2016

	Title I	Part A	IDEA	IDEA Pre-School	IDEA	Preschool Education Aid	Total
REVENUES:							
Federal Sources	\$ 271,261	\$ 35,350	\$ 103,320	6,000	\$ -		\$ 415,931
State Sources					488,449		488,449
Total Revenues	\$ 271,261	\$ 35,350	\$ 103,320	\$ 6,000	\$ 488,449		\$ 904,380
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 196,715	\$ -	\$ 82,000		\$ 148,942		\$ 427,657
Other Salaries for Instruction					91,159		91,159
Purchased Prof/Tech Services					9,667		9,667
Other Purchased Services					1,595		1,595
General Supplies					27,949		27,949
Total Instruction	196,715	-	82,000	-	279,312		558,027
Support Services:							
Support Salaries	23,400						23,400
Salaries of Program Directors					33,059		33,059
Salaries of Other Professional Staff					7,967		7,967
Salaries of Secretarial and Clerical Assistants					6,466		6,466
Other Salaries					30,954		30,954
Employee Benefits			21,320		127,982		200,448
Purchased Technical Services		35,350					35,350
Total Support Services	74,546	35,350	21,320	-	206,428		337,644
Capital Outlay:							
Instructional Equipment					6,000	2,709	8,709
Total Capital Outlay	-	-	-	6,000	2,709		8,709
Total Expenditures	\$ 271,261	\$ 35,350	\$ 103,320	\$ 6,000	\$ 488,449		\$ 904,380

GOLDEN DOOR CHARTER SCHOOL
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 182,357	\$ 148,942	\$ 33,415
Other Salaries for Instruction	92,407	91,159	1,248
Purchased Prof/Tech Services	10,000	9,667	333
Other Purchased Services	10,000	1,595	8,405
General Supplies	40,000	27,949	12,051
Other Objects	5,000		5,000
Total Instruction	339,764	279,312	60,452
Support Services:			
Salaries of Program Directors	33,059	33,059	-
Salaries of Other Professional Staff	7,967	7,967	-
Salaries of Secretarial and Clerical Assistants	6,466	6,466	-
Other Salaries	30,954	30,954	-
Personal Services - Employee Benefits	127,982	127,982	-
Purchased Prof/Ed Services	10,000		10,000
Purchased Professional Services	27,500		27,500
Rentals			
Other Purchased Services	7,500		7,500
Supplies and Materials	1,000		1,000
Miscellaneous Expenditures	1,000		1,000
Total Support Services	253,428	206,428	47,000
Facilities Acquisition and Construction Services:			
Instructional Equipment	5,500	2,709	2,791
Non-Instructional Equipment	54,564		54,564
Total Facilities Acquisition and Construction Services	60,064	2,709	57,355
Total Expenditures	\$ 653,256	\$ 488,449	\$ 164,807

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2015-2016 Preschool Education Aid Allocation	\$ 653,256
Add: Actual ECPA/PEA Carryover (June 30, 2015)	-
Add: Budgeted Transfer from the General Fund 2015-2016	-
Total Preschool Education Aid Funds Available for 2015-2016 Budget	653,256
Less: 2015-2016 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	(653,256)
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-
Add: June 30, 2016 Unexpended Preschool Education Aid	164,807
Less: June 30, 2016 Commissioner-approved Transfer to the General Fund	-
2015-2016 Carryover - Preschool Education Aid/Preschool	<u>\$ 164,807</u>
2015-2016 Preschool Education Aid Carryover Budgeted for Preschool Programs 2015-2016	<u>\$ -</u>

**SECTION G – PROPRIETARY FUND
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – The fund provides for the operation of food services in all schools within the school district.

Child Care Program – This fund provides for the operation of a before and after school child care program within the school.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND
B-6.**

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school for a specific purpose.

Unemployment Insurance Compensation Trust Fund – This expendable trust fund is used to account for deductions from employee’s salaries which are utilized to pay unemployment compensation claims as they arise.

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

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – this agency fund is used to account for payroll transactions of the school district.

GOLDEN DOOR CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Position
 June 30, 2016

	Trust	Agency			Total Agency Funds
	Unemployment Compensation Insurance	Payroll Agency	Net Payroll	Student Activities	
ASSETS:					
Cash and Cash Equivalents	\$ 603	\$ 63,523	\$ -	\$ 15,753	\$ 79,276
Interfund Accounts Receivable		-	7,808		7,808
Total Assets	603	\$ 63,523	\$ 7,808	\$ 15,753	\$ 87,084
LIABILITIES:					
Cash Overdraft	\$ -	\$ -	\$ 7,808	\$ -	\$ 7,808
Interfund Accounts Payable	2,496	44,575	-	3,558	48,133
Accounts Payable	32	-	-	-	-
Payroll Deductions and Withholdings Due to Student Groups		18,948		12,195	18,948 12,195
Total Liabilities	2,528	\$ 63,523	\$ 7,808	\$ 15,753	\$ 87,084
NET POSITION:					
Reserved for Unemployment Claims (Deficit)	(1,925)				
Total Net Position (Deficit)	\$ (1,925)				

GOLDEN DOOR CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

	<u>Unemployment Compensation Insurance</u>
ADDITIONS:	
Contributions	
Employee	\$ 7,127
Employer	<u>0</u>
Total Additions	<u>7,127</u>
DEDUCTIONS:	
Unemployment Claims Paid	3,077
Miscellaneous	<u>50</u>
Total Deductions	<u>3,127</u>
CHANGE IN NET POSITION	4,000
NET POSITION, JULY 1	<u>(5,925)</u>
NET POSITION (DEFICIT), JUNE 30	<u><u>\$ (1,925)</u></u>

GOLDEN DOOR CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
Cash	\$ 18,394	\$ 35,174	\$ 37,815	\$ 15,753
Total	<u>\$ 18,394</u>	<u>\$ 35,174</u>	<u>\$ 37,815</u>	<u>\$ 15,753</u>

GOLDEN DOOR CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and Cash Equivalents	\$ 83,151	\$ 1,754,109	\$ 1,773,737	\$ 63,523
Total Assets	<u>\$ 83,151</u>	<u>\$ 1,754,109</u>	<u>\$ 1,773,737</u>	<u>\$ 63,523</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 16,463	\$ 28,112	\$ -	\$ 44,575
Payroll Deductions and Withholdings	66,688	1,725,997	1,773,737	18,948
Total Liabilities	<u>\$ 83,151</u>	<u>\$ 1,754,109</u>	<u>\$ 1,773,737</u>	<u>\$ 63,523</u>

**STATISTICAL SECTION
(UNAUDITED)**

GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

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Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

GOLDEN DOOR CHARTER SCHOOL
 Net Assets/Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net Investment in Capital Assets/ Invested in capital assets, net of related debt Unassigned (Deficit)	\$ 567,953 (1,044,054)	\$ 532,733 (1,102,670)	\$ 547,531 194,408	\$ 562,329 426,528	\$ 577,127 406,847	\$ 471,476 586,847	\$ 204,340 792,593	\$ 14,951 846,355	\$ 25,562 774,213	\$ 36,173 682,581
Total Governmental Activities Net Assets/Position	<u>\$ (476,101)</u>	<u>\$ (569,937)</u>	<u>\$ 741,939</u>	<u>\$ 988,857</u>	<u>\$ 983,974</u>	<u>\$ 1,058,323</u>	<u>\$ 996,933</u>	<u>\$ 861,306</u>	<u>\$ 799,775</u>	<u>\$ 718,754</u>
Business-Type Activities										
Unassigned	\$ 52,210	\$ 48,398	\$ 20,299	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-Type Activities Net Assets	<u>\$ 52,210</u>	<u>\$ 48,398</u>	<u>\$ 20,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School-wide										
Invested in capital assets, net of related debt Unassigned (Deficit)	\$ 567,953 (991,844)	\$ 532,733 (1,054,272)	\$ 547,531 214,707	\$ 562,329 426,528	\$ 577,127 406,847	\$ 471,476 586,847	\$ 204,340 792,593	\$ 14,951 846,355	\$ 25,562 774,213	\$ 36,173 682,581
Total Charter School-Wide Net Position (Deficit)	<u>\$ (423,891)</u>	<u>\$ (521,539)</u>	<u>\$ 762,238</u>	<u>\$ 988,857</u>	<u>\$ 983,974</u>	<u>\$ 1,058,323</u>	<u>\$ 996,933</u>	<u>\$ 861,306</u>	<u>\$ 799,775</u>	<u>\$ 718,754</u>

GOLDEN DOOR CHARTER SCHOOL
 Changes in Net Assets/Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities:										
Instruction	\$ 3,967,506	\$ 3,704,501	\$ 3,429,244	\$ 3,736,914	\$ 3,718,304	\$ 3,536,663	\$ 3,521,680	\$ 3,313,098	\$ 3,503,251	\$ 3,234,071
Administration	1,549,115	1,462,314	668,444	717,876	710,054	688,466	624,880	491,028	554,155	1,379,434
Support Services	1,502,866	1,478,626	2,010,259	2,071,479	1,940,656	1,947,931	2,120,439	2,176,087	1,836,082	1,046,833
Capital Outlay	104,835	71,720	14,200	-	50,335	0	4,149	11,965	0	11,954
Unallocated	18,645	14,798	14,798	14,798	14,798	4,340	10,611	10,611	10,611	10,611
Total Governmental Activities Expenses	7,142,967	6,731,959	6,136,945	6,541,067	6,434,147	6,177,400	6,281,759	6,002,789	5,904,099	5,682,903
Business-Type Activities:										
Food Service and After Care	213,320	205,663	246,994	261,852	247,003	270,682	274,779	260,327	241,494	226,316
Total Business-Type Activities Expenses	213,320	205,663	246,994	261,852	247,003	270,682	274,779	260,327	241,494	226,316
Total Charter School Expenses	\$ 7,356,287	\$ 6,937,622	\$ 6,383,939	\$ 6,802,919	\$ 6,681,150	\$ 6,448,082	\$ 6,556,538	\$ 6,263,116	\$ 6,145,593	\$ 5,909,219
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 235,023	\$ 154,177	\$ 121,728	\$ 142,876	\$ 93,535	\$ 118,949	\$ 106,512	\$ 124,203	\$ 131,254	\$ 132,810
Total Governmental Activities Expenses	235,023	154,177	121,728	142,876	93,535	118,949	106,512	124,203	131,254	132,810
Business-Type Activities:										
Charges for Services	43,263	51,719	41,478	28,131	29,472	37,373	41,255	18,526	51,582	38,299
Operating Grants and Contributions	173,869	182,043	159,267	163,014	150,090	175,458	200,713	135,403	176,956	183,555
Total Business-Type Activities Expenses	217,132	233,762	200,745	191,145	179,562	212,831	241,968	153,929	228,538	221,854
Total Charter School Program Revenue	\$ 452,155	\$ 387,939	\$ 322,473	\$ 334,021	\$ 273,097	\$ 331,780	\$ 348,480	\$ 278,132	\$ 359,792	\$ 354,664
Net (Expense)/Revenue										
Governmental Activities	\$ (6,907,944)	\$ (6,577,782)	\$ (6,015,217)	\$ (6,398,191)	\$ (6,340,612)	\$ (6,058,451)	\$ (6,175,247)	\$ (5,878,586)	\$ (5,772,845)	\$ (5,550,093)
Business-Type Activities	3,812	28,099	(46,249)	(70,707)	(67,441)	(57,851)	(32,811)	(106,398)	(12,956)	(4,462)
Total Charter School Net Expense	\$ (6,904,132)	\$ (6,549,683)	\$ (6,061,466)	\$ (6,468,898)	\$ (6,408,053)	\$ (6,116,302)	\$ (6,208,058)	\$ (5,984,984)	\$ (5,785,801)	\$ (5,554,555)
General Revenues										
Governmental Activities:										
General Purposes	\$ 1,390,909	\$ 1,407,257	\$ 1,367,895	\$ 1,376,101	\$ 1,252,744	\$ 1,154,107	\$ 3,900,775	\$ 3,758,455	\$ 1,448,001	\$ 1,137,076
Federal and State Aid Not Restricted	5,520,029	5,522,535	4,393,141	5,001,971	4,974,408	4,956,835	2,382,135	2,157,548	4,380,372	4,384,359
Investment Earnings	-	-	-	302	1,612	4,450	15,221	24,114	24,548	37,641
Miscellaneous Income	90,842	56,512	7,263	24,700	37,499	4,449.00	12,743	0	945.00	-
Total Governmental Activities	7,001,780	6,986,304	5,768,299	6,403,074	6,266,263	6,119,841	6,310,874	5,940,117	5,853,866	5,559,076
Business-Type Activities:										
Miscellaneous Income	-	-	66,548	70,707	67,441	57,851	32,811	106,398	12,956	4,462
Total Business-Type Activities Expenses	-	-	66,548	70,707	67,441	57,851	32,811	106,398	12,956	4,462
Total Charter School Wide	\$ 7,001,780	\$ 6,986,304	\$ 5,834,847	\$ 6,473,781	\$ 6,333,704	\$ 6,177,692	\$ 6,343,685	\$ 6,046,515	\$ 5,866,822	\$ 5,563,538
Change in Net Assets/Position										
Governmental Activities	\$ 93,836	\$ 408,522	\$ (246,918)	\$ 4,883	\$ (74,349)	\$ 61,390	\$ 135,627	\$ 61,531	\$ 81,021	\$ 8,983
Business-Type Activities	3,812	28,099	20,299	-	-	-	-	-	-	-
Total Charter School	\$ 97,648	\$ 436,621	\$ (226,619)	\$ 4,883	\$ (74,349)	\$ 61,390	\$ 135,627	\$ 61,531	\$ 81,021	\$ 8,983

GOLDEN DOOR CHARTER SCHOOL
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund Unreserved	\$ 746,880	\$ 660,639	\$ 194,408	\$ 426,528	\$ 406,847	\$ 586,847	\$ 792,593	\$ 846,355	\$ 774,213	\$ 682,581
Total General Fund	\$ 746,880	\$ 660,639	\$ 194,408	\$ 426,528	\$ 406,847	\$ 586,847	\$ 792,593	\$ 846,355	\$ 774,213	\$ 682,581

GOLDEN DOOR CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Local Sources	1,481,751	1,463,769	\$ 1,375,158	\$ 1,401,103	\$ 1,291,855	\$ 1,158,557	\$ 3,928,739	\$ 3,782,569	\$ 1,473,494	\$ 1,174,717
State Sources	5,339,121	5,276,134	4,161,728	4,737,334	4,588,709	4,546,215	1,785,585	1,760,356	4,059,423	4,049,781
Federal Sources	415,931	400,578	353,141	407,513	479,234	529,569	703,062	521,395	452,203	467,388
Total Revenues	7,236,803	7,140,481	5,890,027	6,545,950	6,359,798	6,234,341	6,417,386	6,064,320	5,985,120	5,691,886
Expenditures:										
Instruction	3,001,375	2,709,585	2,741,488	2,805,305	2,836,077	2,725,560	2,783,966	2,704,751	2,877,785	2,591,855
Administration	2,451,902	2,414,319	1,476,781	1,797,822	1,730,160	1,375,779	1,304,108	1,194,629	1,241,795	1,304,701
Support Services	1,538,585	1,478,626	1,889,678	1,923,142	1,802,777	1,899,992	2,021,186	2,080,833	1,773,908	1,752,031
Capital Outlay	158,700	71,720	14,200	-	170,784	271,476	204,149	11,965	0	11,954
Total Expenditures	7,150,562	6,674,250	6,122,147	6,526,269	6,539,798	6,272,807	6,313,409	5,992,178	5,893,488	5,660,541
Net Change in Fund Balance	\$ 86,241	\$ 466,231	\$ (232,120)	\$ 19,681	\$ (180,000)	\$ (38,466)	\$ 103,977	\$ 72,142	\$ 91,632	\$ 31,345

GOLDEN DOOR CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Donations	Interest Income	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2016	\$ -	\$ -	\$ -	\$ 90,842	\$ 90,842
2015	-	19	-	56,493	56,512
2014	32,566	46	-	7,263	39,875
2013	24,700	302	-	-	25,002
2012	5,937	1,612	31,562	-	39,111
2011	4,449	4,450	-	-	8,899
2010	-	15,221	12,743	-	27,964
2009	-	24,114	-	-	24,114
2008	-	24,548	945	-	25,493
2007	-	37,641	-	-	37,641

Source: Charter School records

OPERATING INFORMATION

GOLDEN DOOR CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Ten Fiscal Years
 (Unaudited)

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	48	46	45	40	40	40	N/A	N/A	N/A	N/A
Administrative	5	5	6	5	5	5	N/A	N/A	N/A	N/A
Support Services	11	11	8	13	13	13	N/A	N/A	N/A	N/A
Food Service	0	0	3	3	3	3	N/A	N/A	N/A	N/A
Total	64	62	62	61	61	61	-	-	-	-

GOLDEN DOOR CHARTER SCHOOL

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2016	545	\$ 6,981,862	\$ 12,829	6.48%	48	N/A	N/A	11:1	547	514	1.50%	93.97%
2015	548	6,602,530	12,048	-2.55%	42	N/A	N/A	11:1	539	490	10.43%	90.91%
2014	494	6,107,947	12,364	-8.30%	40	N/A	N/A	12:1	488	445	0.83%	91.11%
2013	484	6,526,269	13,484	0.99%	40	N/A	N/A	12:1	484	455	1.47%	94.01%
2012	477	6,369,014	13,352	5.24%	40	N/A	N/A	12:1	477	452	0.85%	94.76%
2011	473	6,001,331	12,688	1.97%	N/A	N/A	N/A	12:1	473	452	-3.67%	95.56%
2010	491	6,109,260	12,442	2.78%	N/A	N/A	N/A	N/A	491	488	-0.61%	99.39%
2009	494	5,980,213	12,106	2.29%	N/A	N/A	N/A	N/A	494	472	-0.80%	95.55%
2008	498	5,893,488	11,834	3.71%	N/A	N/A	N/A	N/A	498	477	0.61%	95.78%
2007	495	5,648,587	11,411	3.54%	N/A	N/A	N/A	N/A	495	468	-0.80%	94.55%
2007	499	5,499,490	11,021	N/A	N/A	N/A	N/A	N/A	499	469	2.46%	93.99%

Sources: Charter School records

Note: Enrollment based on annual October Charter School count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certified staff.

c Average daily enrollment and average daily attendance are obtained from School Register Summary (SRS).

GOLDEN DOOR CHARTER SCHOOL
Insurance Schedule
June 30, 2016

	Coverage	Deductible
COMMERCIAL PACKAGE		
<i>Commercial General Liability - NJ School Boards Assoc. Insurance Group</i>		
Products-completed operations aggregate limit	\$ 1,000,000	
Personal and advertising injury		
Aggregate limit	1,000,000	
Per occurrence	1,000,000	
Employee benefits liability	16,000,000	\$ 1,000
Child molestation/sexual abuse	4,000,000	
Premises medical payments		
Per person	1,000	100
Per accident	10,000	
<i>Commercial Property - NJSBA Insurance Group</i>		
Blanket real and personal property	1,228,098	1,000
Per occurrence	300,000	
Blanket extra expense	250,000	
Blanket valuable papers and records	50,000	
<i>EDP Coverage - NJSBA Insurance Group</i>		
Blanket hardware	63,000	1,000
<i>Business Automobile Coverage - NJSBA Insurance Group</i>		
Combined single limit for bodily injury and property damage		
Per accident	16,000,000	
<i>Crime Coverage - NJSBA Insurance Group</i>		
Faithful performance limit	500,000	1,000
<i>Errors and Omissions - NJSBA Insurance Group</i>		
Aggregate limit	16,000,000	100,000
<i>Excess Liability - Umbrella Form - NJSBA Insurance Group</i>		
Aggregate limit	4,000,000	
Self-insured retention	10,000	
<i>Workman's Compensation - NJSBA Insurance Group</i>		
Each accident	2,000,000	
Disease		
Each employee	2,000,000	
Policy limit	2,000,000	
<i>Boiler and Machinery - NJSBA Insurance Group</i>		
Combined single limit for property damage and extra expense	100,000,000	1,000

Source: Charter School's Records

GOLDEN DOOR CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2014	2015	2016	Source
	Audit	Audit	Audit	
Cash	\$ 436,885	\$ 792,695	\$ 1,066,088	Audit: Exhibit A-1
Current Assets (includes CASH)	516,926	988,398	1,205,113	Audit: Exhibit A-1
Total Assets	1,084,756	1,584,364	1,800,724	Audit: Exhibit A-1
Current Liabilities	322,518	294,585	433,681	Audit: Exhibit A-1
Total Liabilities	322,518	579,169	2,353,505	Audit: Exhibit A-1
Net Assets	762,238	(521,539)	(423,891)	Audit: Exhibit A-1
Total Revenue	6,157,320	7,374,243	7,453,935	Audit: Exhibit A-2
Total Expenses	6,383,939	6,937,622	7,356,287	Audit: Exhibit A-2
Change in Net Assets	(226,619)	436,621	97,648	Audit: Exhibit A-2
Depreciation Expense	14,798	14,798	18,645	Financial Statements/Audit Workpapers
Interest Expense	N/A	N/A	N/A	Financial Statements/Audit Workpapers
Principal Payments	N/A	N/A	N/A	Financial Statements/Audit Workpapers
Interest Payments	N/A	N/A	N/A	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	494.00	548.00	547.00	DOE Enrollment Reports
March, 30th Budgeted Enrollment	0	0	0	Charter School Budget

RATIOS ANALYSIS...					Changes
Near Term Indicators	2013	2014	2015	3 YR CUM	Target
1a. Current Ratio	1.60	3.36	2.78	Source: Current Assets/Current Liabilities	> 1.1
1b. Unrestricted Days Cash	24.98	41.71	52.90	Cash/(Total Expenses/365)	30-60
1c. Enrollment Variance	0%	0%	0%	Average Daily Enrollment/Budgeted Enrollment	>95%
1d.* Default	N/A	N/A	N/A	Audit	not in default
Sustainability Indicators					
2a. Total Margin	-4%	6%	1%	Change in Net Assets/Total Revenue	positive
2b. Debt to Asset	0.30	0.37	1.31	Total Liabilities/Total Assets	<.9
2c.** Cash Flow	(133,458)	355,810	273,393	Net change in cash flow from prior years	3 yr cum positive
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	>1.10

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 ** 2016 = 2016 Cash - 2015 Cash; 2015 = 2015 Cash - 2014 Cash; 2014 = 2014 Cash - 2013 Cash

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR’S REPORT

Honorable President and
Members of the Board of Trustees
Golden Door Charter School
County of Hudson
Jersey City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Golden Door Charter School (Charter School), in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements, as listed in the table of contents, and have issued our report thereon dated November 21, 2016.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is 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.

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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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free 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 matter that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We also noted other matters that we reported to the Board of Trustees of the Golden Door Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated November 21, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and 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.


Barre & Company, CPA's
Union, New Jersey


Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's
Union, New Jersey

November 21, 2016

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED NEW
JERSEY CIRCULAR 15-08 OMB**

Honorable President and
Members of the Board of Trustees
Golden Door Charter School
County of Hudson
Jersey City, New Jersey

Report on Compliance for Each Major State Program

We have audited Golden Door Charter School’s compliance with the types of compliance requirements described in the New Jersey Compliance Manual “State Grant Compliance Supplement” that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016. Golden Door Charter School’s major state programs are identified in the Summary of Auditor’s Results Section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

The Charter School’s management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey*; New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey Circular 15-08

OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Golden Door Charter School, in the County of Hudson, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Golden Door Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 Uniform Guidance and New Jersey Circular 15-08 OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

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

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey Circular 15-08 OMB

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Golden Door Charter School, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated November 21, 2016, which contained unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey Circular 15-08 OMB are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 and schedule of relation to the basic financial statements as a whole.

Purpose of this Report

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



Barre & Company, CPA's
Union, New Jersey



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's
Union, New Jersey

November 21, 2016

GOLDEN DOOR CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2015	Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2016 Deferred Revenue	Due to Grantor
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
No Child Left Behind Cluster:													
84-010A Title I Part A	NCLB - 6915 - 16		\$ 271,261	7/1/15 6/30/16	\$ -	\$ -	271,261	(271,261)		\$ -	\$ -	\$ -	
84-10A Title I Part A Carryover	NCLB - 6915 - 15		58,453	7/1/15 6/30/16	(63,433)		93,453						
84-367A Title II Part A	NCLB - 6915 - 16		17,500	7/1/15 6/30/16	(17,500)		17,500	(35,350)					
84-367A Title II Part A Carryover	NCLB - 6915 - 15		367,544	7/1/15 6/30/16	(60,933)		367,544	(306,611)					
Total No Child Left Behind Cluster													
Individuals with Disabilities Cluster:													
84-027 IDEA - Part B Basic	IDEA - 6915 - 16		103,320	7/1/15 6/30/16			103,320	(103,320)					
84-173 IDEA - Preschool	IDEA - 6915 - 16		6,000	7/1/15 6/30/16			6,000	(6,000)					
Total Individuals with Disabilities Cluster													
Total Special Revenue Fund													
U.S. Department of Agriculture													
Passed-through State Department of Agriculture													
Enterprise Fund:													
10-553 School Breakfast Program	N/A		24,039	7/1/15 6/30/16			21,703	(24,039)			(2,336)		
10-553 School Breakfast Program	N/A		2,722	7/1/14 6/30/15	(2,722)		2,722						
10-555 National School Lunch Program	N/A		139,668	7/1/15 6/30/16			125,908	(139,668)			(13,760)		
10-555 National School Lunch Program	N/A		13,443	7/1/14 6/30/15	(13,443)		13,443						
10-558 Child Care Food Program	N/A		7,227	7/1/15 6/30/16			6,636	(7,227)			(591)		
Total Enterprise Fund													
Sub-Total Federal Financial Awards													
\$ (97,098) \$ 667,276 \$ (586,865) \$ (16,687) \$ (16,687) \$ -													

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

GOLDEN DOOR CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015		Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance at June 30, 2016		MEMO
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Deferred Revenue/ Interfund Payable	
State Department of Education												
General Fund:												
State Aid Public Cluster												
"Local Levy" State Share - Equalization Aid	16-495-034-5120-071	\$ 3,748,612	7/1/15	6/30/16	\$ -	\$ -	\$ 3,748,612	\$ (3,748,612)	\$ -	\$ -	\$ -	\$ 3,748,612
Special Education Categorical Aid	16-495-034-5120-089	235,023	7/1/15	6/30/16	-	235,023	(235,023)	(235,023)	-	-	-	235,023
Security Aid	16-495-034-5120-084	177,235	7/1/15	6/30/16	-	177,235	(177,235)	(177,235)	-	-	-	177,235
Total State Aid Public Cluster						4,160,870	(4,160,870)					4,160,870
On-Behalf TPAF Pension Contributions	16-495-034-5085-006	489,049	7/1/15	6/30/16		489,049	(489,049)	(489,049)				489,049
Reimbursed TPAF - Social Security	16-495-034-5085-002	200,753	7/1/15	6/30/16	(9,928)	190,305	(200,753)	(200,753)	(9,848)		9,848	200,753
Reimbursed TPAF - Social Security	15-495-034-5085-002	-	7/1/14	6/30/15	(9,928)	9,928	-	-	(9,848)		9,848	-
Total General Fund						4,850,752	(4,850,672)	(4,850,672)			9,848	4,850,672
Special Revenue Fund:												
Preschool Education Aid	16-495-034-5120-086	594,892	7/1/15	6/30/16	5,468	594,892	(488,449)	(488,449)		11,911		488,449
Total Special Revenue Fund						594,892	(488,449)	(488,449)		11,911		488,449
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (State Share)	16-100-010-3350-023	2,935	7/1/15	6/30/16	(288)	2,646	(2,835)	(2,835)	(289)		289	2,935
National School Lunch Program (State Share)	15-100-010-3350-023	-	7/1/14	6/30/15	(288)	288	-	-	(289)		289	-
Total Enterprise Fund						2,934	(2,835)	(2,835)	(289)		289	2,935
Total All Funds						5,448,578	(5,342,056)	(5,342,056)	(10,137)	11,911	10,137	5,342,056
State Financial Assistance Not Subject to Major Program Determination:												
General Fund:												
On-Behalf TPAF Pension Contributions	16-495-034-5085-006	489,049	7/1/15	6/30/16	-	(489,049)	489,049	489,049	-	-	-	(489,049)
Total General Fund						(489,049)	489,049	489,049	-	-	-	(489,049)
Total State Financial Assistance Subject to Major Program Determination						4,959,529	(4,853,007)	(4,853,007)	\$ -	11,911	\$ 10,137	4,853,007

GOLDEN DOOR CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2016

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Trustees, Golden Door Charter School. The Board of Trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 (CFR) Part 200 -Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent

Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2016

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ -	4,850,672	\$ 4,850,672
Special Revenue Fund	415,931	488,449	904,380
Food Service Fund	170,934	2,935	173,869
Total Awards & Financial Assistance	\$ 586,865	\$ 5,342,056	\$ 5,928,921

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

Golden Door Charter School has no loan balances outstanding at June 30, 2016.

GOLDEN DOOR CHARTER SCHOOL
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2016

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's basic financial statements and the amount subject to State single audit and major program determination.

GOLDEN DOOR CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	___X___ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	___X___ None Reported
Noncompliance material to basic financial statements noted?	_____ Yes	___X___ No

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	___X___ Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	___X___ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	___X___ None Reported
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with NJ Circular 15-08 OMB?	_____ Yes	___X___ No
Identification of major state programs:		

GMIS Number(s)	Name of State Program
_____	STATE AID-PUBLIC CLUSTER:_____
_____16-495-034-5120-071_____	_____EQUALIZATION AID_____
_____16-495-034-5120-089_____	_____SPECIAL EDUCATION CATEGORICAL AID_____
_____16-495-034-5120-084_____	_____SECURITY AID_____

GOLDEN DOOR CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a NJOMB Circular 15-08. See paragraphs 13. 15 and 13, 35.

Finding

There were no matters reported.

GOLDEN DOOR CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

***Section III – Federal Awards and State Financial Assistance
Findings and Questioned Costs***

This section identifies audit findings required to be reported by NJ Circular 15-08 OMB.

STATE AWARDS

Findings

There were no matters reported.

GOLDEN DOOR CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2016

STATUS OF PRIOR-YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, NJ's Circular 04-04 or 15-08 OMB as applicable.

Findings

There were no matters reported.