

Bear Creek Community CS

Charter Annual Report

07/01/2013 - 06/30/2014

School Profile

Demographics

2000 Bear Creek Blvd
Wilkes-Barre, PA 18702
(570)820-4070

Phase:	Phase 1
CEO Name:	Jim Smith
CEO E-mail address:	jim.smith@bearcreekschool.com

Governance and Staff

Leadership Changes

Leadership changes during the past year on the Board of Trustees and in the school administration:

There were no changes to the Bear Creek Community Charter School's Board of Trustees or school administration during the 2013-2014 school year.

Board of Trustees Meeting Schedule

Location	Date and Time
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	8/7/2014 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	8/18/2014 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	9/4/2014 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	9/15/2014 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	10/2/2014 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	10/20/2014 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	11/6/2014 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	11/20/2014 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	12/4/2014 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	12/15/2014 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	1/8/2015 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	1/26/2015 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	2/23/2015 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	3/5/2015 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	3/16/2015 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	4/9/2015 6:00 PM

Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	4/20/2015 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	5/7/2015 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	5/18/2015 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	6/4/2015 6:00 PM
Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	6/22/2015 6:00 PM

Professional Staff Member Roster

Brian Dugas	
PA Certified	Yes
Areas of Certification	Social Studies Instructional II, Administrative Principal K-12
Grades Teaching or Serving	K-8
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Principal K-8
Number of Hours Annually Worked in Assignment	2080
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Kristen Young	
PA Certified	Yes
Areas of Certification	Social Studies Instructional II, Administrative Principal K-12
Grades Teaching or Serving	K-8
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Principal K-8
Number of Hours Annually Worked in Assignment	2080
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Bridget Deeble	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional I, Special Educaation N-12 Instructional I
Grades Teaching or Serving	K-8

All Areas of Assignment, Subject Areas Teaching, or Services Provided	Special Education Coordinator K-8
Number of Hours Annually Worked in Assignment	1720
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Renee Rutski	
PA Certified	Yes
Areas of Certification	Elementary School Counselor K-6 Educational Specialist II
Grades Teaching or Serving	K-6
All Areas of Assignment, Subject Areas Teaching, or Services Provided	School Counselor K-6
Number of Hours Annually Worked in Assignment	1720
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Rikki Hyjurick	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional II, Reading Specialist Instructional II
Grades Teaching or Serving	K-8
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Academic Intervention Specialist K-8
Number of Hours Annually Worked in Assignment	1720
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Paula Longo	
PA Certified	Yes
Areas of Certification	Early Childhood N-3 Instructional II, Elementary Education K-6 Instructional II, Environmental Education K-12 Instructional II
Grades Teaching or Serving	K-8
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Environmental Initiatives Coordinator K-8
Number of Hours Annually Worked in Assignment	1720
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Vanessa Harry	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional I
Grades Teaching or Serving	Kindergarten
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Kindergarten Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Joan Richie	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional II
Grades Teaching or Serving	Kindergarten
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Kindergarten Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Barbara Wagner	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional II
Grades Teaching or Serving	First Grade
All Areas of Assignment, Subject Areas Teaching, or Services Provided	First Grade Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Larissa Soroka	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional I
Grades Teaching or Serving	First Grade
All Areas of Assignment, Subject Areas Teaching, or Services Provided	First Grade Teacher

Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Jacqueline Yusko	
PA Certified	Yes
Areas of Certification	Early Childhood N-3 Instructional II
Grades Teaching or Serving	Second Grade
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Second Grade Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Jessica Darraugh	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional I
Grades Teaching or Serving	Second Grade
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Second Grade Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Lisa Tomolonis-Sipler	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional II
Grades Teaching or Serving	Third Grade
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Third Grade Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Susan Stoddard	
PA Certified	Yes

Areas of Certification	Early Childhood N-3 Instructional II, Elementary Education K-6 Instructional II
Grades Teaching or Serving	Third Grade
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Third Grade Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Lorie Mikielski	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional I
Grades Teaching or Serving	Fourth Grade
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Fourth Grade Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Annn Corcoran	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional II
Grades Teaching or Serving	Fourth Grade
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Fourth Grade Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Jennifer Smith	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional II, Mid Level Math 7-9 Instructional II
Grades Teaching or Serving	Grade 5 and Grade 6
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Intermediate Level (5/6) Math Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0

Percentage of Time in Areas Not Certified	0.0
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Jillian Everett	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional I; Mid Level Math 7-9 Instructional I, Mid Level Citizenship Education 7-9 Instructional I, Mid-Level English 7-9 Instructional I, English 7-12 Instructional I
Grades Teaching or Serving	Grade 5 and Grade 6
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Intermediate Level (5/6) Language Arts Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Nicole Gusditis	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional II
Grades Teaching or Serving	Grade 5 and Grade 6
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Intermediate Level (5/6) Science & Social Studies Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Melissa Albers	
PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional I
Grades Teaching or Serving	Grade 5 and Grade 6
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Intermediate Level (5/6) Reading Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Renee Novitski	
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PA Certified	Yes
Areas of Certification	Elementary Education K-6 Instructional I; Mid Level Math 7-9 Instructional I
Grades Teaching or Serving	Grade 7 and Grade 8
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Middle School (7/8) Math Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

William Barnes	
PA Certified	Yes
Areas of Certification	Social Studies Instructional I, English 7-12 Instructional I
Grades Teaching or Serving	Grade 7 and Grade 8
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Middle School (7/8) Social Studies Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Ashlee Wruble	
PA Certified	Yes
Areas of Certification	Biology 7-12 Instructional I
Grades Teaching or Serving	Grade 7 and Grade 8
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Middle School (7/8) Science Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Adria Latona	
PA Certified	Yes
Areas of Certification	English 7-12 Instructional I
Grades Teaching or Serving	Grade
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Middle School (7/8) Language Arts Teacher
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Lori Argot	
PA Certified	Yes
Areas of Certification	Early Childhood N-3 Instructional II, Elementary Education K-6 Instructional I, Mid Level Mathematics 7-9 Instructional I, Special Education N-12 Instructional I
Grades Teaching or Serving	K-6
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Special Education Teacher, Math and Reading
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Moriah Bechtold	
PA Certified	Yes
Areas of Certification	Special Education N-12 Instructional I, Mid Level English 7-9 Instructional I, Mid Level Mathematics 7-9 Instructional I
Grades Teaching or Serving	Grade 7 and Grade 8
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Special Education Teacher, Math and Reading
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Jeffrey Polanin	
PA Certified	Yes
Areas of Certification	Music K-12 Instructional I
Grades Teaching or Serving	K-8
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Music
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Maura Narkiewicz	
PA Certified	Yes

Areas of Certification	Art K-12 Instructional I, Program Specialist ESL
Grades Teaching or Serving	K-8
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Art
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Tina Vojtko	
PA Certified	Yes
Areas of Certification	Educational Specialist - School Nurse (Registered Nurse)
Grades Teaching or Serving	K-8
All Areas of Assignment, Subject Areas Teaching, or Services Provided	School Nurse
Number of Hours Annually Worked in Assignment	1560
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

The professional staff member roster as recorded originally on the PDE-414 form

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Quality of Teaching and Other Staff

Position Categories	All Employed per Category	Appropriately Certified	Promoted	Transferred	Terminated	Contracted for Following Year
Chief Academic Officer/Director	1.00	1.00				
Principal	1.00	1.00				
Assistant Principal	1.00	1.00				
Classroom Teacher (including Master Teachers)	18.00	18.00				
Specialty Teacher (including Master Teachers)	4.00	4.00				
Special Education Teacher (including Master Teachers)	2.00	2.00				
Special Education Coordinator	1.00	0.00				

Counselor	1.00	1.00				
Psychologist						
School Nurse	1.00	1.00				
Totals	30.00	29.00	0	0	0	0

Further explanation:

The Special Education Coordinator is working to complete her graduate level coursework as part of a professional development plan. Coursework completion is expected in the Spring of 2015 at which time she will take the appropriate Praxis examination and apply for the appropriate Special Education Supervisor certification.

Bear Creek Community Charter School does not have a "Chief Academic Officer/Director" but rather a Chief Executive Officer who does not require certification. A "1" was included in this category since the Comprehensive Planning Application requires it. Error message: "There must be at least one number recorded in the *All Employed per Category* column for the Chief Academic Officer/Director and the Classroom Teacher categories."

Fiscal Matters

Major Fundraising Activities

Major fundraising activities performed this year and planned for next year:

Bear Creek Community Charter School's Parent Teacher Organization undertakes various fundraising activities on an annual basis to support student activities such as Spring Festival and classroom field trips.

Bear Creek Community Charter School's Board of Trustees has undertaken a capital campaign to help support the construction of a new school campus through the Pathways to the Future Program. Individuals and businesses can make a donation and in return, have their name engraved on a paver that will be incorporated into the construction of a new school facility. Bear Creek Community Charter School's educational foundation, the Bear Creek Foundation, is an approved Educational Improvement Organization with the Pennsylvania Department of Revenue and receives donations from three area businesses as part of the Educational Improvement Tax Credit Program. The Bear Creek Foundation allocates 100% of the EITC contributions to the Bear Creek Community Charter School to support innovative educational programs relating to environmental education.

Fiscal Solvency Policies

Changes to policies and procedures to ensure and monitor fiscal solvency:

There were no significant changes to Bear Creek Community Charter School's fiscal solvency policies or procedures during the 2013-2014 school year. Bear Creek Community Charter School follows a variety of policies and procedures regarding fiscal solvency, which comply with the Government Accounting Standards Board Standards. The School follows the Principles of Accounting, Budgeting, and Financial Reporting for Pennsylvania Local Education Agencies. The School's policies and procedures cover a broad array of fiscal topics including investment, financial control, segregation of duties, ethics, financial reporting, transparency, etc. The school undertakes an independent audit on an annual basis, and no findings were reported.

Fiscal Solvency Policies

Charter School documents that describe policies and procedures that have been established to ensure and monitor fiscal solvency (optional if described in the narrative)

No files have been uploaded.

Accounting System

Changes to the accounting system the charter school uses:

There were no significant changes to the financial accounting system utilized by Bear Creek Community Charter School during the 2013-2014 school year. The School utilizes fund

accounting software purchased from the Central Susquehanna Intermediate Unit. The CSIU Fund Accounting application is a comprehensive package offering tools for all-inclusive tracking, storing and reporting of Fund Accounting data, accounts receivable and payable, purchase orders and budget preparation.

Preliminary Statements of Revenues, Expenditures & Fund Balances

The completed and CEO signed Fiscal Template – Preliminary Statements of Revenues, Expenditures & Fund Balances

PDF file uploaded.

Financial Audits

Basics

Audit Firm: Murphy Dougherty & Company
 Date of Last Audit: 06/30/2013
 Fiscal Year Last Audited: 2012-2013

Explanation of the Report

Detailed explanation of the report (if the previous year's report has been submitted.) Any audit report for a school year that precedes this annual report by more than 2 years is not acceptable and may be considered a material violation:

The independent audit for the 2013-2014 school year is underway but will not be completed in time to meet the deadline for filing the Charter Annual Report; therefore information from the 2012-2013 school year is being utilized for reporting purposes. Murphy, Dougherty and Company, the School's independent Certified Public Account, reported no audit findings for the audit period ending June 30, 2013. Note: Bear Creek Community Charter School had undertaken a competitive request for proposal process for independent audit services for a multi-year period and Murphy Dougherty & Company's proposal was the audit firm chosen by the Board of Trustees based on overall cost and continuity.

Financial Audit Report

The Financial Audit Report, which should include the auditor's opinion and any findings resulting from the audit

PDF file uploaded.

Citations

Financial audit citations and the corresponding Charter School responses

Description	Response
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Murphy, Dougherty and Company, the School's independent Certified Public Account, reported no audit findings for the audit period ending June 30, 2013.	Murphy, Dougherty and Company, the School's independent Certified Public Account, reported no audit findings for the audit period ending June 30, 2013; therefore a response is not required.
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Federal Programs Consolidated Review

Basics

Title I Status:	Yes
Date of Last Federal Programs Consolidated Review:	04/03/2013
School Year Reviewed:	2012-2013

Federal Programs Consolidated Review Report

The Federal Programs Consolidated Review Report, which should include the Division's opinion and any findings resulting from the audit

PDF file uploaded.

Citations

Federal Programs Consolidated Review citations and the corresponding Charter School responses

Description	Response
There were no citations issues as a result of the Federal Programs Consolidated Review.	There were no citations issues as a result of the Federal Programs Consolidated Review; therefore a response is not required.

Special Education

Chapter 711 Assurances

The LEA agrees to comply with all requirements of Special Education outlined in 22 PA Code Chapter 711 and other state and federal mandates. These include:

Implementation of a full range of services, programs and alternative placements available to the Charter School for placement and implementation of the special education programs in the Charter School.

Implementation of a child find system to locate, identify and evaluate young children and children who are thought to be a child with a disability eligible for special education residing within the Charter School's jurisdiction. Child find data is collected, maintained and used in decision-making. Child find process and procedures are evaluated for their effectiveness. The Charter School implements mechanisms to disseminate child find information to the public, organizations, agencies and individuals on at least an annual basis.

Assurances of students with disabilities are included in general education programs and extracurricular and non-academic programs and activities to the maximum extent appropriate in accordance with an Individualized Education Program.

Following the state and federal guidelines for participation of students with disabilities in state and Charter School-wide assessments including the determination of participation, the need for accommodations and the methods of assessing students for whom regular assessment is not appropriate.

Assurance of funds received through participation in the medical assistance reimbursement program, ACCESS, will be used to enhance or expand the current level of services and programs provided to students with disabilities in this local education agency.

Special Education Support Services

Support Service	Location	Teacher FTE
Special Education Coordinator	2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	1
Special Education Paraprofessionals	2000 Bear Creek Boulevard, Bear Creek Township, PA 18702	2.5

Special Education Contracted Services

Title	Amt. of Time per Week	Operator	Number of Students
Hearing Impairment Services - Luzerne Intermediate Unit #18	0.5 Days	Intermediate Unit	10 or fewer
Occupational Therapy - Luzerne Intermediate Unit #18	0.5 Days	Intermediate Unit	10 or fewer

Physical Therapy - Wyoming Valley Children's Association	0.5 Days	Outside Contractor	10 or fewer
School Psychologist (Independent Contractor)	2.5 Days	Outside Contractor	19
Speech & Language - Wyoming Valley Children's Association	3 Days	Outside Contractor	47
Vision Impairment Services - Luzerne Intermediate Unit #18	0.25 Days	Intermediate Unit	10 or fewer

Special Education Cyclical Monitoring

Date of Last Special Education Cyclical Monitoring:

05/15/2012

Link to Report (Optional):

Not Provided

Special Education Cyclical Monitoring Report

The Special Education Cyclical Monitoring Report, which should include the Bureau's findings

PDF file uploaded.

Facilities

Fixed assets acquired by the Charter School during the past fiscal year

Fixed assets acquired by the Charter School during the past fiscal year:

<u>Asset Description</u>	<u>Cost</u>
Apple iPad	19,349.00
Bretford iPad Carts	5,838.00
Vizio 60" TV	1,111.45
Podium	1,060.35
Wireless Camera	4,504.77
APC Smart UPS	1,295.42
MacBook	999.00
Dell Laptop Computers	20,080.75
Kindergarten Furniture	999.45
Construction in Progress	777,893.00
Total Additions 13/14	833,131.19

The total Charter School expenditures for fixed assets during the identified fiscal year:

\$833,131.19

Facility Plans and Other Capital Needs

The Charter School's plan for future facility development and the rationale for the various components of the plan:

With the support of our financing partner, the United States Department of Agriculture, Bear Creek Community Charter School is recently completed the design and is currently in the process of constructing a new 60,000 square foot educational facility to be constructed in Bear Creek Township, Luzerne County, Pennsylvania. The campus will include a new public school facility, outdoor play areas, soccer field, outdoor classrooms, pond, nature exploration trails, and an on-site maintenance facility. Expected completion is the fall of 2015. The School's existing facility is outdated and does not support modern educational practices and school safety protocols.

Memorandums of Understanding

Organization	Purpose
Best Western Inn and Suites	Emergency evacuation agreement.
King's College	Emergency evacuation agreement.
Pennsylvania State Police - Troop P	Safe schools protocols.
St. Elizabeth Roman Catholic Church	Emergency evacuation agreement.
Township of Bear Creek	Shared services agreement.

Charter School Annual Report Affirmations

Charter Annual Report Affirmation

I verify that all information and records in this charter school annual report are complete and accurate.

The Chief Executive Officer and the Board of Trustee President of the charter school must sign this verification.

Affirmed by David Blazejewski on 8/5/2014

President, Board of Trustees

Affirmed by Jim Smith on 8/4/2014

Chief Executive Officer

Charter School Law Affirmation

Pennsylvania's first Charter School Law was Act 22 of 1997, 24 P.S. § 17-1701-A et seq., which primarily became effective June 19, 1997, and has subsequently been amended.

The Charter School Law provides for the powers, requirements, and establishment of charter schools. The Charter School Law was passed to provide opportunities to teachers, parents, pupils and community members to establish and maintain schools that operate independently from the existing school district structure as a method to accomplish all of the following: (1) improve pupil learning; (2) increase learning opportunities for all pupils; (3) encourage the use of different and innovative teaching methods; (4) create new professional opportunities for teachers; (5) provide parents and pupils with expanded choices in types of educational opportunities that are available within the public school system; and (6) hold charter schools accountable for meeting measurable academic standards and provide the school with a method to establish accountability systems.

The charter school assures that it will comply with the requirements of the Charter School Law and any provision of law from which the charter school has not been exempted, including Federal laws and regulations governing children with disabilities. The charter school also assures that it will comply with the policies, regulations and procedures of the Pennsylvania Department of Education (Department). Additional information about charter schools is available on the Pennsylvania Department's website at: <http://www.education.state.pa.us>.

The Chief Executive Officer and Board of Trustees President of the charter school must sign this assurance.

Affirmed by David Blazejewski on 8/5/2014

President, Board of Trustees

Affirmed by Jim Smith on 8/4/2014

Chief Executive Officer

Ethics Act Affirmation

Pennsylvania's current Public Official and Employee Ethics Act (Ethics Act), Act 93 of 1998, Chapter 11, 65 Pa.C.S. § 1101 et seq., became effective December 14, 1998 and has subsequently been amended.

The Ethics Act provides that public office is a public trust and that any effort to realize personal financial gain through public office other than compensation provided by law is a violation of that trust. The Ethics Act was passed to strengthen the faith and confidence of the people of Pennsylvania in their government. The Pennsylvania State Ethics Commission (Commission) administers and enforces the provisions of the Ethics Acts and provides guidance regarding its requirements.

The regulations of the Commission set forth the procedures applicable to all proceedings before the Commission as well as for the administration of the Statement of Financial Interests filing requirements. See 51 Pa. Code § 11.1 et seq.

The charter school assures that it will comply with the requirements of the Ethics Act and with the policies, regulations and procedures of the Commission. Additional information about the Ethics Act is available on the Commission's website at: <http://www.ethics.state.pa.us>.

The Chief Executive Officer and Board of Trustees President of the charter school must sign this assurance.

Affirmed by David Blazejewski on 8/5/2014

President, Board of Trustees

Affirmed by Jim Smith on 8/4/2014

Chief Executive Officer



pennsylvania
DEPARTMENT OF EDUCATION

333 MARKET STREET
HARRISBURG, PA 17126-0333
www.pde.state.pa.us

August 8, 2013

Mr. Jim Smith
Chief Executive Officer
Bear Creek Community CS
200 Bear Creek Boulevard
Wilkes Barre, PA 18702

Dear Mr. Smith:

I thank you and your staff for participating in the Federal Programs Consolidated Review on April 3, 2013. This review indicates that your Title I, Title II Part A, Title III (if applicable) and Fiscal Requirements are in complete compliance with current statute, regulations, and guidance released by the United States Department of Education.

You can print off a copy of your completed Monitoring Instrument at http://www.federalmonitor.com/_pa using the same username and password that you received in your monitoring notification letter sent to you in December/January.

If you have any questions, please feel free to contact your regional coordinator at 717.783.2193. Thank you for your cooperation.

Sincerely,

for 

Susan McCrone
Chief
Division of Federal Programs

cc: Project File
Federal Programs Coordinator



December 11, 2012

Mr. James Smith
CEO
Bear Creek Community CS
2000 Bear Creek Boulevard
Wilkes-Barre, Pa 18702

Dear Mr. Smith:

I have been informed that the areas of noncompliance cited as a result of the special education compliance monitoring visit conducted on May 15, 2012 have been corrected as of November 15, 2012 by the charter school. It is with pleasure that I commend you and your staff for efforts made in achieving resolution of the noncompliance areas.

Please note, if you have improvement plans that were developed as a component of the corrective action plan, they will remain open and you are required to implement the improvement plans until the specific action for those items has been completed as approved by your adviser.

As you know, compliance monitoring is required by Federal regulations to determine a local education agency's compliance with Federal and State requirements for students identified as eligible for special education. Your response to the monitoring visit and subsequent corrective action assures the continuation of improved special education services to Pennsylvania students.

The Department of Education appreciates your cooperation and the Bureau of Special Education remains available to you should you desire further assistance in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Tommasini", with a long, sweeping horizontal line extending to the right.

John J. Tommasini
Director

Preliminary Statement of Revenues, Expenditures & Fund Balances
Include ALL Funds
as of June 30, 2014

Name of School Bear Creek Community Charter School

Address of School 2000 Bear Creek Boulevard, Wilkes-Barre, PA 18702

CEO Signature Jim Smith

REVENUES

6000		REVENUE FROM LOCAL SOURCES	
6500		EARNINGS ON INVESTMENTS	
	6510	Interest on Investments and Interest-Bearing Checking Accounts	54,981
	6520	Dividends on Investments	
	6530	Gains or Losses on Sale of Investments	
	6540	Earnings on Investments in Real Property	
	6590	Other Earnings or Investments	
6600		FOOD SERVICE REVENUE	
	6610	Daily Sales - Reimbursable Programs	41,393
	6620	Daily Sales - Non-Reimbursable Programs	35,681
	6630	Special Functions	
	6640	Non-Cash Contributions	
	6650	Price Reduction for Reduced Price and Free Meals (Debit)	
	6690	Other Food Service Revenues	13
6700		REVENUES FROM STUDENT ACTIVITIES	
	6710	Admissions	
	6720	Bookstore Sales	
	6730	Student Organization Membership Dues and Fees	
	6740	Fees	
	6750	Student Activity - Special Events	
	6790	Other Student Activity Income	
6800		REVENUES FROM INTERMEDIARY SOURCES / PASS THROUGH	
	6810	Revenue from Local Governmental Units	
	6820	Revenue from Intermediary Sources - Commonwealth Funds	
	6830	Revenues from Intermediary Sources - Federal Funds	
	6890	Other Revenues from Intermediary Sources	

6900		OTHER REVENUE FROM LOCAL SOURCES	
	6910	Rentals	
	6920	Contributions & Donations from Private Sources / Capital Contributions	
	6930	Gains or Losses on Sale of Fixed Assets (Economic Resource Measurement Focus Only)	
	6940	Tuition from Patrons	
	6941	Regular Day School Tuition	
	6942	Summer School Tuition	
	6943	Adult Education Tuition	
	6944	Receipts From Other LEAs in Pennsylvania - Education	4,761,513
	6945	Receipts from Out-of-State LEAs	
	6946	Receipts from Member Districts - AVTS / Special Program Jointure only	
	6947	Receipts from Members of Intermediate Units for Education by Withholding	
	6948	Receipts from Members of Intermediate Units for Direct Contributions	
	6949	Other Tuition from Patrons	
	6950	Unassigned	
	6960	Services Provide Other Local Governmental Units / LEAs	
	6961	Transportation Services Provided Other Pennsylvania LEAs	
	6969	All Other Services Provided Other Governments and LEAs Not Specified Above	
	6970	Services Provided Other Funds	
	6980	Revenue from Community Service Activities	
	6990	Refunds and Other Miscellaneous Revenue	
	6991	Refunds of a Prior Year Expenditure	65
	6999	Other Revenues Not Specified Above	34,163
7000		REVENUE FROM STATE SOURCES	
7100		BASIC INSTRUCTIONAL AND OPERATING SUBSIDIES	
	7150	Unassigned	
	7160	Tuition for Orphans and Children Placed in Private Homes	
	7180	Staff and Program Development	
7200		REVENUE FOR SPECIFIC EDUCATIONAL PROGRAMS	
	7210	Homebound Instruction	
	7220	Vocational Education	
	7230	Alternative Education	
	7240	Driver Education - Student	
	7250	Migratory Children	
	7260	Workforce Investment Act (WIA)	
	7270	Specialized Education of Exceptional Pupils	
	7280	Adult Literacy	

	7290	Additional Educational Program Revenues	
7300		REVENUES FOR NON-EDUCATIONAL PROGRAMS	
	7310	Transportation (Regular and Additional)	
	7320	Rental and Sinking Fund Payments / Building Reimbursement Subsidy	95,703
	7330	Health Services (Medical, Dental, Nurse, Act 25)	7,944
	7340	Unassigned	
	7350	Sewage Treatment Operations / Environmental Subsidies	
	7360	Safe Schools	
7400		VOCATIONAL TRAINING OF THE UNEMPLOYED	
7500		STATE REVENUE NOT LISTED ELSEWHERE IN THE 7000 SERIES OF ACCOUNTS	
	7502	Dual Enrollment Grants	
	7503	Project 720/High School Reform	
	7599	Other State Revenue Not Listed Elsewhere in the 7000 Series	
7600		REVENUE FOR MILK, LUNCH AND BREAKFAST PROGRAMS	7,668
7800		REVENUE FOR THE COMMONWEALTH'S SHARE OF PAID BENEFITS	
	7810	State Share of Social Security and Medicare Taxes	
	7820	State Share of Retirement Contributions	226,134
7900		REVENUE FOR TECHNOLOGY	
	7910	Educational Technology	
	7990	Other Technology Grants	
8000		REVENUE FROM FEDERAL SOURCES	
8100		UNRESTRICTED GRANTS-IN-AID DIRECT FROM THE FEDERAL GOVERNMENT	
	8110	Payments for Federally Impacted Areas - P.L. 81-874	
	8190	Other Unrestricted Federal Grants-in-Aid Direct from the Federal Government	
8200		UNRESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH	
8300		RESTRICTED GRANTS-IN-AID DIRECTLY FROM THE FEDERAL GOVERNMENT	
	8310	Payments for Federally Impacted Areas - P.L. 81-815	
	8320	Energy Conservation Grants - TA and ECM	

	8390	Other Restricted Federal Grants-in-Aid Directly from the Federal Government	
8500		RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA), NO CHILD LEFT BEHIND (NCLB), VOCATIONAL EDUCATION, CHILD NUTRITION AND CAREER EDUCATION PROGRAMS	
	8510	Individuals with Disabilities Education Act (IDEA) and No Child Left Behind (NCLB)	237,761
	8520	Vocational Education	
	8530	Child Nutrition Program	100,744
	8540	Nutrition Education and Training	
	8560	Federal Block Grants	
	8570	Unassigned	
	8580	Child Care and Development Block Grants	
	8590	Unassigned	
8600		RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR DRIVER EDUCATION, ADULT EDUCATION, CETA, HEADSTART, ENERGY CONSERVATION, WORKFORCE INVESTMENT ACT AND OTHER PROGRAMS	
	8610	Homeless Assistance Act	
	8620	Adult Basic Education	
	8640	Headstart	
	8650	Unassigned	
	8660	Workforce Investment Act (WIA)	
	8670	Unassigned	
	8680	Unassigned	
	8690	Other Restricted Federal Grants-in-Aid through the Commonwealth	
8800		MEDICAL ASSISTANCE REIMBURSEMENTS	2,362
9000		OTHER FINANCING SOURCES	
9100		SALE OF BONDS	
	9110	Bond Issue Proceeds (Gross)	
	9120	Proceeds from Refunding of Bonds	
9200		PROCEEDS FROM EXTENDED TERM FINANCING	
9300		INTERFUND TRANSFERS	
	9310	General Fund Transfers	
	9320	Special Revenue Fund Transfers	

	9330	Capital Projects Funds Transfers	
	9340	Debt Service Fund Transfers	
	9350	Enterprise Fund Transfers	
	9360	Internal Service Fund Transfers	
	9370	Trust and Agency Fund	
	9380	Activity Fund Transfers	
	9390	Permanent Fund Transfers	
9400		SALE OF OR COMPENSATION FOR LOSS OF FIXED ASSETS	
9500		Unassigned	
9600		Unassigned	
9700		TRANSFERS INVOLVING COMPONENT UNITS AND PRIMARY GOVERNMENTS	
	9710	Transfers from Component Units	
	9720	Transfers from Primary Governments	
9800		INTRAFUND TRANSFERS IN	
	9810	General Fund Intrafund Transfers	
	9820	Special Revenue Intrafund Transfers	
	9840	Debt Service Intrafund Transfers	
	9850	Enterprise Intrafund Transfers	
	9860	Internal Service Intrafund Transfers	
	9870	Trust and Agency Intrafund Transfers	
	9880	Activity Interfund Transfers	
TOTAL REVENUES			5,606,125

Preliminary Statement of Revenues, Expenditures & Fund Balances
Include ALL Funds
as of June 30, 2014

Name of School Bear Creek Community Charter School

Address of School 2000 Bear Creek Boulevard, Wilkes-Barre, PA 18702

CEO Signature Jim Smith

Note-Expenditures may be submitted EITHER as accrual or cash basis

EXPENDITURES

1000	INSTRUCTION	
1100	REGULAR PROGRAMS - ELEMENTARY / SECONDARY	1,838,556
1200	SPECIAL PROGRAMS - ELEMENTARY / SECONDARY	349,925
1300	VOCATIONAL EDUCATION	
1400	OTHER INSTRUCTIONAL PROGRAMS - ELEMENTARY / SECONDARY	5,085
1600	ADULT EDUCATION PROGRAMS	
1700	HIGHER EDUCATION PROGRAMS	
1800	PRE-KINDERGARTEN	
2000	SUPPORT SERVICES	
2100	SUPPORT SERVICES - PUPIL PERSONNEL	
	2110 Supervision of Pupil Personnel Services	
	2120 Guidance Services	66,777
	2130 Attendance Services	
	2140 Psychological Services	33,000
	2150 Speech Pathology and Audiology Services	
	2160 Social Work Services	507
	2170 Student Accounting Services	
	2190 Other Pupil Personnel Services	
2200	SUPPORT SERVICES - INSTRUCTIONAL STAFF	

	2210	Supervision of Educational Media Services	
	2220	Technology Support Services	
	2230	Educational Television Services	
	2240	Computer-Assisted Instruction Support Services	
	2250	School Library Services	
	2260	Instruction and Curriculum Development Services	79,422
	2270	Instructional Staff Professional Development Services	3,151
	2280	Nonpublic Support Services	
2300		SUPPORT SERVICES - ADMINISTRATION	
	2310	Board Services	1,750
	2320	Board Treasurer Services	
	2340	Staff Relations and Negotiations Services	1,683
	2350	Legal Services	39,072
	2360	Office of the Superintendent (Executive Director) Services	154,044
	2370	Community Relations Services	
	2380	Office of the Principal Services	332,364
	2390	Other Administration Services	30
2400		SUPPORT SERVICES - PUPIL HEALTH	101,350
2500		SUPPORT SERVICES - BUSINESS	
	2510	Fiscal Services	172,684
	2520	Purchasing Services	
	2530	Warehousing and Distributing Services	
	2540	Printing, Publishing and Duplicating Services	
	2590	Other Support Services - Business	
2600		OPERATION AND MAINTENANCE OF PLANT SERVICES	
	2610	Supervision of Operation and Maintenance of Plant Services	
	2620	Operation of Buildings Services	606,137
	2630	Care and Upkeep of Grounds Services	37,463
	2640	Care and Upkeep of Equipment Services	2,126
	2650	Vehicle Operations and Maintenance Services (Other than Student Transportation Vehicles)	2,169
	2660	Security Services	
	2690	Other Operation and Maintenance of Plant Services	7,907
2700		STUDENT TRANSPORTATION SERVICES	
	2710	Supervision of Student Transportation Services	
	2720	Vehicle Operation Services	
	2730	Monitoring Services	
	2740	Vehicle Servicing and Maintenance Services	

	2750	Nonpublic Transportation	
	2790	Other Student Transportation Services	
2800		SUPPORT SERVICES - CENTRAL	
	2810	Planning, Research, Development and Evaluation Services	115,387
	2820	Information Services	10,630
	2830	Staff Services	38,189
	2840	Data Processing Services	
	2850	State and Federal Agency Liaison Services	
	2860	Management Services	
	2890	Other Support Services Central	
2900		OTHER SUPPORT SERVICES - CENTRAL	
	2990	Pass-Thru Funds	
3000		OPERATION OF NON-INSTRUCTIONAL SERVICES	
3100		FOOD SERVICES	170,978
3200		STUDENT ACTIVITIES	
	3210	School Sponsored Student Activities	24,958
	3250	School Sponsored Athletics	11,828
3300		COMMUNITY SERVICES	
	3310	Community Recreation	
	3320	Civic Services	426
	3330	Public Library Services	
	3340	Custody and Child Care	
	3350	Welfare Activities	
	3390	Other Community Services	522
3400		SCHOLARSHIPS AND AWARDS	
4000		FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SERVICES	
4100		SITE ACQUISITION SERVICES - ORIGINAL AND ADDITIONAL	777,893
4200		EXISTING SITE IMPROVEMENT SERVICES	
4300		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS DEVELOPMENT - ORIGINAL AND ADDITIONAL	
4400		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS - IMPROVEMENTS	

4500	BUILDING ACQUISITION AND CONSTRUCTION SERVICES - ORIGINAL AND ADDITIONAL	
4600	EXISTING BUILDING IMPROVEMENT SERVICES	
5000	OTHER EXPENDITURES AND FINANCING USES	
5100	DEBT SERVICE / OTHER EXPENDITURES AND FINANCING USES	
5200	FUND TRANSFERS	
5300	TRANSFERS INVOLVING COMPONENT UNITS	
5400	INTRAFUND TRANSFERS OUT	
5800	SUSPENSE ACCOUNT	
5900	BUDGETARY RESERVE	
TOTAL EXPENDITURES		4,986,013

TOTAL REVENUES MINUS TOTAL EXPENDITURES = CURRENT FUND

620,112

BEAR CREEK COMMUNITY CHARTER SCHOOL

BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

AND

REPORT OF INDEPENDENT

CERTIFIED PUBLIC ACCOUNTANTS

AND

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

The Board of Trustees
Bear Creek Community Charter School
Wilkes-Barre, Pennsylvania

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 Bear Creek Community Charter School, Wilkes-Barre, Pennsylvania as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bear Creek Community Charter School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

(BEAR CREEK COMMUNITY CHARTER SCHOOL)
(INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION-CONTINUED)

expressing an opinion on the effectiveness of the Bear Creek Community Charter School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include financial data for the School's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the School's primary government unless the School also issues financial statements for the financial reporting entity that include the financial data for its component unit. The School has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component unit would have been reported as \$2,187,679, \$66,612, \$2,121,067, \$385,343, and \$158,739, respectively as of and for the year ended December 31, 2012.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of the Bear Creek Community Charter School as of June 30, 2013, or the changes in financial position thereof for the year then ended.

Unmodified 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 for the primary government of the Bear Creek Community Charter School, Wilkes-Barre, Pennsylvania, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

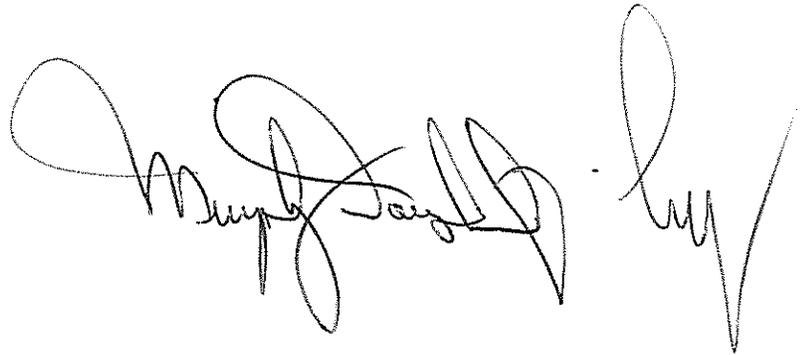
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the budgetary comparison information on page 33, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

(BEAR CREEK COMMUNITY CHARTER SCHOOL)
(INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION-CONTINUED)

appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Governmental Auditing Standards

In accordance with "Government Auditing Standards", we have also issued our report dated November 5, 2013 on our consideration of the Bear Creek Community Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Bear Creek Community Charter School's internal control over financial reporting and compliance.

A large, stylized handwritten signature in black ink, appearing to read "M. J. ...".

November 5, 2013
Moscow, Pennsylvania

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The discussion and analysis of Bear Creek Community Charter School's (the "School") financial performances provides an overall review of the school's financial activities for the year ended June 30, 2013. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the independent auditors' report, the notes to the basic financial statements and the financial statements to enhance their understanding of the School's financial performance.

USING THIS GENERAL ACCEPTED ACCOUNTING PRINCIPALS (GAAP) REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 School, presenting both an aggregate view of the School's finances and a long-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 funds remain for future spending. The Fund financial statements also provide an overview of the School's individual funds, the General Fund and the Food Service Fund.

As management of the School, we provide readers of the financial statements of the School this narrative overview and analysis summarizing the financial activities of the School for the year ended June 30, 2013.

FINANCIAL HIGHLIGHTS

- The School's General Fund revenues increased by a total of \$139,033 for the fiscal year ending June 30, 2013. A detail of the revenue sources for the years ended June 30, 2012 and 2013 as well as the related increases are summarized below.

<u>Revenue Source</u>		<u>2013</u>		<u>2012</u>		<u>Increase</u>
Federal	\$	225,182	\$	173,782	\$	51,400
State		169,318		158,989		10,329
School Districts		4,340,171		4,278,060		62,111
Other		82,045		66,852		15,193
Total Revenue	\$	<u>4,816,716</u>	\$	<u>4,677,683</u>	\$	<u>139,033</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

- The School's General Fund expenditures increased by a total of \$3,243 for the fiscal year ending June 30, 2013. A detail of the expenditures for the years ended June 30, 2012 and 2013 as well as the related increases and decreases are summarized below.

<u>Expenditures</u>	<u>2013</u>	<u>2012</u>	<u>Increase/(Decrease)</u>
Instructional	\$ 2,102,266	\$ 2,169,380	\$ (67,114)
Support	1,729,883	1,812,337	(82,454)
Non-Instructional	40,983	35,826	5,157
Capital Outlay	348,414	200,760	147,654
Total Revenue	\$ <u>4,221,546</u>	\$ <u>4,218,303</u>	\$ <u>3,243</u>

- The Food Service Fund includes funding from lunch and breakfast sales, federal subsidies, state subsidies and a minimal amount of other funding. The School's Food Service Fund revenues decreased by a total of \$5,427 for the fiscal year ending June 30, 2013. A detail of the revenue sources for the years ended June 30, 2012 and 2013 as well as the related increases and decreases are summarized below.

<u>Revenue Source</u>	<u>2013</u>	<u>2012</u>	<u>Increase/(Decrease)</u>
Sales	\$ 75,227	\$ 85,267	\$ (10,040)
State Subsidies	11,706	11,389	317
Federal Subsidies	98,293	93,418	4,875
Other	124	703	(579)
Total Funding	\$ <u>185,350</u>	\$ <u>190,777</u>	\$ <u>(5,427)</u>

- In the year ended June 30, 2012, net transfers from the General Fund were \$15,212. There were no transfers for the year ending June 30, 2013. The amount due to the General Fund at June 30, 2013 was \$9,186.
- The School's Government-Wide cash and cash equivalents balance at June 30, 2013 was \$6,132,269. This balance consisted of the following:

<u>Source</u>	<u>2013</u>	<u>2012</u>	<u>Increase/(Decrease)</u>
Checking	\$ 168,192	\$ 761,196	\$ (593,004)
Money Market	5,467,150	4,625,556	841,594
Certificates of Deposit	496,427	490,000	6,427
Cash on Hand	500	321	179
Total Funding	\$ <u>6,132,269</u>	\$ <u>5,877,073</u>	\$ <u>255,196</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

- As of June 30, 2013 and 2012 the assets of the School exceeded liabilities by \$7,161,724 and \$6,275,468 respectively. A summary of net assets is below.

<u>Source</u>	<u>2013</u>	<u>2012</u>	<u>Increase/(Decrease)</u>
Invested in capital assets, net of related debt	\$ 718,738	\$ 422,767	\$ 295,971
Unrestricted	6,442,986	5,852,701	590,285
Total Funding	<u>\$ 7,161,724</u>	<u>\$ 6,275,468</u>	<u>\$ 886,256</u>

- The School had capital asset additions totaling \$383,701 in the General Fund and \$2,985 in the Food Service Fund for the year ended June 30, 2013. For the year ended June 30, 2012, the School had capital asset additions totaling \$306,544 in the General Fund and no additions in the Food Service Fund. None of the capital asset additions were financed for the year ended June 30, 2013 or June 30, 2012.
- The Government-Wide financial statements include a write-off of \$238,568 for costs associated with a construction project abandoned during the year ended June 30, 2012. Additionally, \$20,205 of assets were disposed of resulting in a \$2,736 loss. For the year ended June 30, 2103, fully depreciated assets totaling \$6,601 were disposed resulting in neither a gain nor a loss.

OVERVIEW OF FINANCIAL STATEMENTS

The purpose of the management's discussion and analysis is to introduce our readers to the School's basic financial statements. The School's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements.

Government-Wide Financial Statements

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

The statement of net position (deficit) presents information on all of the School's assets and liabilities, with the difference between assets and liabilities reported as net assets (deficit). Tracking increases and decreases in net position serves as a useful indicator of improvement or deterioration in the financial position of the School.

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The statement of activities presents changes in the School's net assets (deficit) during the most recent fiscal year.

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will result in cash flows in future periods (e.i. salaries and benefits earned but unpaid as of year end).

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by per pupil operating revenue. The governmental activities of the School include instruction and supporting services.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School, like most charter schools or other governmental units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School maintains one Governmental Fund and one Proprietary Fund.

Governmental Fund

The Governmental Fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

In particular, fund balance may serve as a useful measure of the School's net resources available for program purposes at the end of the fiscal year. For the fiscal year ended June 30, 2013, the School's Governmental Fund reported a surplus of \$6,445,782.

Because the focus of the Governmental Fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the Governmental Fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions.

Both the Governmental Fund balance sheet and the Governmental Fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the Governmental Fund and governmental activities.

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Information is presented in the Governmental Fund balance sheet and in the Governmental Fund statement of revenues, expenditures and changes in fund balance for the general operating fund.

The School adopts an annual appropriated budget for its General Fund to demonstrate compliance with the budget.

Proprietary Fund

The School maintains one Proprietary Fund, the Food Service Fund. The Food Service Fund is a business-type activity. Similar to the Government-Wide financial statements, Proprietary Fund financial statements focus on the long term and like private industry, focus on net income. Fixed assets are capitalized and depreciation is included in operating expenses in the fund financial statements. The fund financial statements also include a Statement of Cash Flows.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator in tracking changes in the School's financial position. In this case, the School's assets exceeded liabilities by \$7,161,724 as of June 30, 2013 and \$6,275,468 as of June 30, 2012.

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets	\$ 7,064,003	\$ 6,409,244
Capital assets	<u>718,738</u>	<u>422,767</u>
TOTAL ASSETS	<u>\$ 7,782,741</u>	<u>\$ 6,832,011</u>
 TOTAL LIABILITIES	 <u>\$ 621,017</u>	 <u>\$ 556,543</u>
 NET POSITION		
Invested in capital assets, Net of related debt	\$ 718,738	\$ 422,767
Unrestricted	<u>6,442,986</u>	<u>5,852,701</u>
TOTAL NET POSITION	<u>\$ 7,161,724</u>	<u>\$ 6,275,468</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The School's net position reflect its investment in capital assets (e.g., buildings and equipment), less any related debt used to acquire those assets that is still outstanding. There was no related debt used to acquire these assets for the years ended June 30, 2013 and June 30, 2012.

Comparison to Budget

Significant variances between the adopted budget and the actual results in the General Fund are as follows:

- The budget for State source revenue included a \$47,877 estimate for revenue derived from the Charter School Lease Reimbursement program. As of June 30, 2013, the school is uncertain of the continuity of this program and thus has not recorded a receivable.

- IDEA and Title I allocations to the school for the fiscal year ended June 30, 2013 were more than expected. These revenues vary from year to year and are unknown until the beginning of the new school year. IDEA revenue received was \$30,061 more than the budgeted amount and Title I revenue was \$30,376 more than the budgeted amount.

- Regular and Special Instructional expenditures were less than expected; the majority of which is due to savings resulting from payroll. Positions that became vacant immediately prior to the start of school and during the school year were filled with new personnel at the School's starting salary rate for each position. In these cases, salaries were significantly less than the average wage increases used to prepare the budget. Corresponding payroll taxes and benefits were also under budget because they are directly related to the salaries.

- Operation and Maintenance of Plant Services was \$35,619 under the budgeted amount. The budget included contingencies for snow plowing services and lot sealing both of which were not needed during the school year. Additionally, a part-time employee resigned and was not replaced during the school year.

- Capital Outlay included an estimate of costs associated with the new construction. The \$4,151,586 not expended for the year ended June 30, 2013 along with the net change in fund balance was carried into the assigned balance for capital projects in the next fiscal year.

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, investors and creditors, with a general overview of the School's finances and to demonstrate the School's accountability. If you have any questions about this report or need additional information, please contact Mr. James Smith, Chief Executive Officer at (570) 820-4070 or by mail at the Bear Creek Community Charter School, 2000 Bear Creek Boulevard, Wilkes-Barre, PA 18702.

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 6,129,058	\$ 3,211	\$ 6,132,269
Intergovernmental Receivables	728,535	5,172	733,707
Prepaid Expenses	112,665	-	112,665
Internal Receivable	9,186	-	9,186
Other Current Assets	76,166	10	76,176
Total Current Assets	<u>7,055,610</u>	<u>8,393</u>	<u>7,064,003</u>
 <u>NON-CURRENT ASSETS</u>			
Construction in Progress	459,860		459,860
Leasehold Improvements	52,749		52,749
Fixtures and equipment	731,392	55,012	786,404
Accumulated Depreciation	<u>(539,070)</u>	<u>(41,205)</u>	<u>(580,275)</u>
Total Non-current Assets	<u>704,931</u>	<u>13,807</u>	<u>718,738</u>
 TOTAL ASSETS	 <u>7,760,541</u>	 <u>22,200</u>	 <u>7,782,741</u>
 <u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	100,894	-	100,894
Accrued Salaries & Benefits	492,137	-	492,137
Internal Payable	-	9,186	9,186
Other Current Liabilities	16,797	2,003	18,800
Total Current Liabilities	<u>609,828</u>	<u>11,189</u>	<u>621,017</u>
 <u>NET POSITION</u>			
Invested in capital assets, net of related debt	704,931	13,807	718,738
Unrestricted	<u>6,445,782</u>	<u>(2,796)</u>	<u>6,442,986</u>
TOTAL NET POSITION	<u>\$ 7,150,713</u>	<u>\$ 11,011</u>	<u>\$ 7,161,724</u>

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

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF NET ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2013

	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE) AND CHANGES IN NET ASSETS</u>		
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>GOVERNMENTAL ACTIVITIES</u>						
<u>INSTRUCTION:</u>						
Regular	\$ 1,734,404	\$ 3,142,340	\$ 240,731	\$ 1,648,667	\$ -	\$ 1,648,667
Special	336,256	1,197,831	19,526	881,101	-	881,101
Other	4,907	-	300	(4,607)	-	(4,607)
TOTAL INSTRUCTIONAL SERVICES	<u>2,075,567</u>	<u>4,340,171</u>	<u>260,557</u>	<u>2,525,161</u>	<u>-</u>	<u>2,525,161</u>
<u>SUPPORT SERVICES:</u>						
Pupil Personnel	100,614		36,072	(64,542)	-	(64,542)
Instructional Staff	88,777		40,524	(48,253)	-	(48,253)
Administration	521,120		25,066	(496,054)	-	(496,054)
Pupil Health	92,334		11,393	(80,941)	-	(80,941)
Business	156,571		7,730	(148,841)	-	(148,841)
Operation and Maintenance of Plant Services	621,844		8,562	(613,282)	-	(613,282)
Central	140,035		4,361	(135,674)	-	(135,674)
Unallocated Depreciation Expense	86,087			(86,087)	-	(86,087)
TOTAL SUPPORT SERVICES	<u>1,807,382</u>	<u>-</u>	<u>133,708</u>	<u>(1,673,674)</u>	<u>-</u>	<u>(1,673,674)</u>
<u>OPERATION OF NON-INSTRUCTIONAL SERVICES</u>						
	<u>40,983</u>	<u>-</u>	<u>235</u>	<u>(40,748)</u>	<u>-</u>	<u>(40,748)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>3,923,932</u>	<u>4,340,171</u>	<u>394,500</u>	<u>810,739</u>	<u>-</u>	<u>810,739</u>
<u>BUSINESS TYPE ACTIVITY</u>						
FOOD SERVICE	<u>191,878</u>	<u>75,227</u>	<u>109,999</u>	<u>-</u>	<u>(6,652)</u>	<u>(6,652)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,115,810</u>	<u>\$ 4,415,398</u>	<u>\$ 504,499</u>	<u>\$ 810,739</u>	<u>\$ (6,652)</u>	<u>\$ 804,087</u>
<u>GENERAL REVENUES</u>						
Investment earnings				48,738	4	48,742
Miscellaneous income				33,307	120	33,427
TOTAL GENERAL REVENUES				<u>82,045</u>	<u>124</u>	<u>82,169</u>
Change in Net Position				892,784	(6,528)	886,256
NET POSITION, BEGINNING OF YEAR				<u>6,257,929</u>	<u>17,539</u>	<u>6,275,468</u>
NET POSITION, END OF YEAR				<u>\$ 7,150,713</u>	<u>\$ 11,011</u>	<u>\$ 7,161,724</u>

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

BEAR CREEK COMMUNITY CHARTER SCHOOL
BALANCE SHEET
GENERAL FUND
JUNE 30, 2013

	<u>GENERAL</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 6,129,058
Intergovernmental Receivables	728,535
Due from Food Service Fund	9,186
Prepaid Expenses	112,665
Other Current Assets	76,166
 TOTAL ASSETS	 7,055,610
 <u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES</u>	
Accounts Payable	100,894
Accrued Salaries & Benefits	492,137
Other Current Liabilities	16,797
 TOTAL LIABILITIES	 609,828
 <u>FUND BALANCES</u>	
Nonspendable:	
Prepaid Expenses	112,665
Assigned for:	
Capital Projects	4,990,000
Unassigned	1,343,117
 TOTAL FUND BALANCES	 6,445,782
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 7,055,610

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

BEAR CREEK COMMUNITY CHARTER SCHOOL
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

General Fund Balance \$ 6,445,782

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Construction in Progress	459,860	
Leasehold Improvements	52,749	
Furniture and Equipment	731,392	
Accumulated Depreciation	<u>(539,070)</u>	
Total Capital Assets		<u>704,931</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 7,150,713

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

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- GENERAL FUND
FOR THE YEAR ENDING JUNE 30, 2013

REVENUES

Local Sources	\$ 4,422,216
State Sources	169,318
Federal Sources	<u>225,182</u>
TOTAL REVENUES	<u>4,816,716</u>

EXPENDITURES

Instructional Services

Regular	1,761,103
Special	336,256
Other Instructional Programs	<u>4,907</u>
Total Instructional Services	<u>2,102,266</u>

Support Services

Pupil Personnel	100,614
Instructional Staff	88,777
Administration	521,120
Pupil Health	92,334
Business	156,571
Operation and Maintenance of plant services	621,844
Central	<u>148,623</u>
Total Support Services	1,729,883

Operation of Non-Instructional Services	40,983
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Capital Outlay	<u>348,414</u>
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TOTAL EXPENDITURES	<u>4,221,546</u>
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NET CHANGE IN FUND BALANCE	595,170
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FUND BALANCE-BEGINNING	<u>5,850,612</u>
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FUND BALANCE-ENDING	<u>\$ 6,445,782</u>
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The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2013

Net change in Fund Balance- General Fund \$ 595,170

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Adjustments in the current period are as follows:

Capital outlay	383,701	
Depreciation expense	<u>(86,087)</u>	
Net change		<u>297,614</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 892,784

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

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF NET POSITION
FOOD SERVICE FUND
JUNE 30, 2013

<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 3,211
Intergovernmental Receivables	5,172
Other Current Assets	<u>10</u>
Total Current Assets	8,393
Furniture & Equipment	55,012
Accumulated Depreciation	<u>(41,205)</u>
Total Non-Current Assets	<u>13,807</u>
TOTAL ASSETS	<u><u>22,200</u></u>
Due to General Fund	9,186
Prepayments	<u>2,003</u>
TOTAL LIABILITIES	<u><u>11,189</u></u>
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	13,807
Unrestricted (deficit)	<u>(2,796)</u>
TOTAL NET POSITION	<u><u>\$ 11,011</u></u>

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

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS- FOOD SERVICE FUND
FOR THE YEAR ENDING JUNE 30, 2013

OPERATING REVENUE

Food service revenue \$ 75,227

OPERATING EXPENSES

Salaries 49,557
Employee benefits 16,780
Purchased Professional & Technical Services 175
Purchased property services 2,900
Other purchased services -
Supplies 117,789
Property -
Other 49
Depreciation 4,628

Total Operating Expenses 191,878

Operating Income(Loss) (116,651)

NON-OPERATING REVENUES (EXPENSES)

Earnings on investments 4
Other 120
State sources 11,706
Federal sources 98,293

Total Non-Operating Revenue (Expenses) 110,123

Change in net position (6,528)

NET POSITION, BEGINNING OF YEAR 17,539

NET POSITION, END OF YEAR \$ 11,011

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

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOOD SERVICE FUND
FOR THE YEAR ENDING JUNE 30, 2013

	<u>FOOD SERVICE</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers	\$ 75,183
Cash payments to suppliers for goods and services	<u>(176,987)</u>
Net Cash Used for Operating Activities	<u>(101,804)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING SOURCES</u>	
State sources	11,439
Federal sources	94,722
Other	<u>120</u>
Net Cash Provided by Non-capital Financing Activities	<u>106,281</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Equipment	<u>(2,985)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(2,985)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Earnings on investments	<u>4</u>
Net Cash Provided by Investing Activities	<u>4</u>
Net Increase in Cash and Cash Equivalents	1,496
CASH AND CASH EQUIVALENTS, BEG. OF YEAR	<u>1,715</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,211</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</u>	
Operating Loss	(116,651)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	
Depreciation	4,628
Decrease in other prepaid assets	1,077
Decrease in other current assets	4
Increase in due to General Fund	9,186
Decrease in prepayments	<u>(48)</u>
Total Adjustments	<u>14,847</u>
CASH USED FOR OPERATING ACTIVITIES	<u>\$ (101,804)</u>

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

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bear Creek Community Charter School (the School) located in Wilkes-Barre, Pennsylvania, operates a charter school under an approved charter received from the Wilkes-Barre Area School District, acting pursuant to authority conferred under the Public School Code of 1949, as amended by Act 22 of 1997, the Charter School Law, 24 P.S. sections 17-1701-A et seq. The School provides a full range of educational services appropriate to grade levels kindergarten through 8th grade to students living in the greater Wilkes-Barre – Scranton area. Educational Services include regular education and special education programs for gifted and handicapped children. The School has a nine-member appointed board of trustees and an appointed Chief Executive Officer and Principal who oversee the daily operations of the School.

The School is organized as a not-for-profit organization and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The initial charter established September 27, 2004 was for a five year period and was renewed with the Wilkes-Barre Area School District on March 11, 2009 for a five year period ending on August 30, 2014.

The accounting policies of Bear Creek Community Charter School conform with generally accepted accounting principles as applicable to governmental units. The following is a summary of the School's significant accounting policies:

A. REPORTING ENTITY

Consistent with guidance contained in Statement No. 39 of the Governmental Accounting Standards Board (GASB), Determining Whether Organizations are Component Units-an amendment of GASB Statement No. 14, The Financial Reporting Entity, the criteria used by the School to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the School reviews the applicability of the following criteria: The School is financially accountable for:

- * Organizations that make up the School's legal entity.
- * Legally separate organizations if School officials appoint a majority of the organization's governing body and the School is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the School as defined below.

Impose Its Will – If the School can significantly influence the programs, projects or activities of, or the level of services performed or provided by the organization.

Financial Benefit or Burden – If the School (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to the organization or (3) is obligated in some manner for the debt of the organization.

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

(NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED)

- * Organizations that are fiscally dependent on the School. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approval of the School.

As defined, the Bear Creek Foundation, Inc. is a component unit of the Bear Creek Community Charter School (the primary government) and is considered a part of the reporting entity. The Bear Creek Foundation, Inc. is a legally separate organization that owns property which is leased to the Bear Creek Community Charter School. The School appoints the members to the Foundation's three member board of directors and can remove them at will. The Foundation's main source of revenue is derived from the lease with the School. These financial statements present only the data of the Bear Creek Community Charter School (the primary government) and do not include the data of the Bear Creek Foundation, Inc. (component unit). Reporting in conformity with generally accepted accounting principles would require the inclusion of the Bear Creek Foundation, Inc. (component unit) in the Bear Creek Community Charter School (primary government) thus these financial statements do not conform with generally accepted accounting principles. Requests for financial statements of the Bear Creek Foundation, Inc. should be addressed to the Treasurer, Bear Creek Foundation, Inc., 1776 Bear Creek Boulevard, Wilkes-Barre, PA 18702.

B. BASIS OF PRESENTATION, FUND ACCOUNTING

The accounts of the School are organized on the basis of funds or account groups, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The following fund types and account groups are used by the School:

GOVERNMENTAL FUND TYPES

Governmental Funds are those through which most governmental functions of the School are financed. The acquisition, use and balances of the School's expendable financial resources and the related liabilities are accounted for through governmental funds. The School has one Governmental Fund, the General Fund.

GENERAL FUND

The General Fund accounts for the general operations of the School and all financial transactions not properly accounted for in another fund.

PROPRIETARY FUND TYPES

Proprietary Fund Types account for operations that are financed and operated in a manner similar to private business enterprises. The School has one Proprietary Fund, the Food Service Fund.

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

(NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED)

FOOD SERVICE FUND

The Food Service Fund accounts for all financial resources associated with the operations of the cafeteria.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the School as a whole excluding fiduciary activities such as the trust and agency fund. The primary government and component unit are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by School general revenues, from business-type activities, generally financed in whole or in part with fees charged for services.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the School's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. State and local aid and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the School are prepared in accordance with accounting principles generally accepted in the United States of America. The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide, proprietary fund and component unit financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

(NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED)

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using the same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 120 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: intergovernmental revenues, investment income, rent and certain miscellaneous revenues. In general, other revenues are recognized when cash is received. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the School; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

E. BUDGETARY DATA

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting. The School utilizes the Executive Budget approach to budgetary control. This approach requires the Chief Executive Officer to prepare and submit a plan of financial operation to the School's Board of Trustees.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisting of cash, certificates of deposit and liquid asset funds, are all carried at cost, which approximates fair value.

G. CAPITAL ASSETS AND DEPRECIATION

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary fund capital assets are also reported in their fund financial statements. Donated assets are stated at fair value on the date donated. The School generally capitalizes assets with a cost of \$1,000 or more for a single item and \$2,500 for a group of items, as purchase and construction outlays occur. The costs of

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

(NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED)

normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are generally as follows:

Buildings and building improvements	20-50 years
Furniture, fixtures & equipment	3-10 years

H. FUNDING

The School is funded primarily by the Pennsylvania Department of Education, receiving an amount equal to the calculation of selected expenditures per average daily membership for each pupil attending the School. Additional funding is received under state and federal grants and subsidies. Funding is recognized as revenue as it is earned.

I. PENSION PLAN

Substantially all full-time and part-time employees of the School participate in a cost-sharing multiple employer defined benefit pension plan. The School recognizes annual pension expenditures or expenses equal to its contractually required contributions, subject to the modified accrual basis of accounting in governmental funds. (That is, if contributions from governmental funds are required but not made, the difference would not be reported as an expenditure until payable with expendable, available financial resources.) The School made all required contributions for the year ended June 30, 2013 and has recognized them as expenditures and expenses in the governmental and proprietary funds, respectively.

J. UNEARNED REVENUES

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. On governmental fund financial statements the unearned revenues represent federal and state grant funds that have been received but have not been spent by June 30, 2013. It is expected that the grant funds will be expended in the subsequent fiscal year.

K. NET POSITION

Net position represents the difference between assets and liabilities. Assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

(NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED)

The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. USE OF 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. ALLOCATION OF INDIRECT EXPENSES

The District does not allocate any indirect expenses including depreciation.

N. FUND BALANCES

Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" was implemented during fiscal year 2011. The statement establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned.

In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Fund balances are classified as follows:

Nonspendable- Amounts that cannot be spent because they are either in a) nonspendable form or b) legally or contractually required to be maintained in tact.

Restricted- Amounts which can be spent only for specific purposes because of state and federal laws, or externally imposed conditions by grantors or creditors.

Committed- Amounts which can be spent only for specific purposes determined by the Board of Trustees' formal action through a resolution.

Assigned- Amounts which can be spent only for specific purposes determined by a committee or individual authorized by the Board of Trustees.

Unassigned- All amounts not included in other spendable classifications.

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

(NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED)

O. ADOPTION OF NEW ACCOUNTING GUIDANCE

The School implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The adoption of this pronouncement has no material effect on the financial statements.

The School implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. The adoption of this pronouncement has no material effect on the financial statements.

P. DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board (GASB) has issued Statement No. 65, Items Previously Reported as Asset and Liabilities (GASB 65). Under GASB 65, in addition to liabilities the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a decrease in net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The School has no items that qualify for reporting in this category.

Q. DEFERRED OUTFLOWS OF RESOURCES

The Government Accounting Standards Board (GASB) has issued Statement No. 65, Items Previously Reported as Asset and Liabilities (GASB 65). Under GASB 65, in addition to assets the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a increase in net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expenditure) until then. The School has no items that qualify for reporting in this category.

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 2013 the bank balance of the School's deposits with financial institutions including cash equivalent investments was \$6,147,453 compared to the carrying amounts of \$6,132,269. The total bank balance that was secured by Federal Depository Insurance was \$500,000. The remaining bank balance was covered by securities pledged by the financial institutions for such funds but not in the School's name.

Under Section 440.1 of the Public School Code of 1949, as amended, the School is permitted to invest funds in the following types of investments:

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

(NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS– CONTINUED)

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

The deposit and investment policy of the School adheres to state statutes. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School.

NOTE 3 – DUE FROM OTHER GOVERNMENTS

A summary of the receivables due from other governments at June 30, 2013 is as follows:

<u>Funding Source</u>	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Federal grants	\$ 9,798	\$ 4,788	\$ 14,586
State subsidies	52,388	384	52,772
Other	666,349	-	666,349
Total Revenue	\$ <u>728,535</u>	\$ <u>5,172</u>	\$ <u>733,707</u>

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

NOTE 4 – CAPITAL ASSETS

A summary of changes in the capital assets is as follows:

	<u>BALANCE</u> <u>2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>2013</u>
Governmental activities:				
Construction in progress	\$ 111,446	\$ 348,414	\$ -	\$459,860
Leasehold Improvements	52,749	-	-	52,749
Equipment & furniture	<u>702,706</u>	<u>35,287</u>	<u>6,601</u>	<u>731,392</u>
Total Historical Cost	<u>\$ 866,901</u>	<u>\$ 383,701</u>	<u>\$ 6,601</u>	<u>\$ 1,244,001</u>
Less: Accumulated depreciation:				
Leasehold Improvements	\$ 3,261	\$ 1,538	\$ -	\$ 4,799
Equipment & furniture	<u>456,323</u>	<u>84,549</u>	<u>6,601</u>	<u>534,271</u>
Total Accumulated depreciation	<u>\$ 459,584</u>	<u>\$ 86,087</u>	<u>\$ 6,601</u>	<u>\$ 539,070</u>
Governmental Activities , net	<u>\$ 407,317</u>	<u>\$ 297,614</u>	<u>\$ -</u>	<u>\$ 704,931</u>
Business-type Activities:				
Equipment & furniture	\$ 52,027	\$ 2,985	\$ -	\$ 55,012
Less: Accumulated Depreciation	<u>36,577</u>	<u>4,628</u>	<u>-</u>	<u>41,205</u>
	<u>\$ 15,450</u>	<u>\$ (1,643)</u>	<u>\$ -</u>	<u>\$ 13,807</u>

NOTE 5 – RETIREMENT PLAN

The pension program is wholly administered, in Pennsylvania, by the statewide, autonomous Commonwealth of Pennsylvania Public School Employees Retirement System (“The System”) with offices in Harrisburg, Pennsylvania. The School has no responsibility or authority for the operation and administration of the pension program, nor has it any related liability except for the current contribution requirements.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by written request to Barbara D. Flurie, Office of Financial Management & Budget, Public School Employees Retirement System, P.O. Box 125, Harrisburg, PA 17108-0125. The report is also available in the publications section of the PSERS site on the Internet.

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

(NOTE 5 – RETIREMENT PLAN– CONTINUED)

A. Benefits

Under the provisions of the 1975 revision of the Code by the Pennsylvania General Assembly, members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. The Internal Revenue Code (IRC) limitation on the annual benefits for a defined benefit plan was \$205,000 for 2013 and \$200,000 for 2012.

Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service. Active members may purchase credit for various types of school and non-school service on a lump-sum, installment purchase basis, or through an actuarially calculated benefit reduction. Class T-E and Class T-F members must purchase Non Qualifying Part Time service and most other types of non-school or non-state service credit at full actuarial cost.

In addition to regular retirement benefits, the System also provides for disability retirement benefits and death benefits. Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death. Benefits may be distributed for a deceased member by a nonspouse beneficiary via a direct trustee-to-trustee transfer to an Individual Retirement Account (IRA), which is treated as an inherited account.

Members with credited service in the Commonwealth of Pennsylvania State Employees' Retirement System (SERS) may elect to transfer service to the Public School Employees' Retirement System upon commencement of employment in the public school system. Similarly, a member with credited service in the System may transfer such service to SERS upon becoming a member of that system.

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

(NOTE 5 – RETIREMENT PLAN– CONTINUED)

All members are fully vested in their individual balance in the Members' Savings Account. All non-vested members may receive a refund of their individual balance of member contributions and interest from the Members' Savings Account upon termination of public school employment. Vested members who enrolled prior to July 1, 2011 may elect to receive a return of their accumulated contributions and interest upon their retirement which results in a reduced monthly annuity. Vested Class T-E and Class T-F members cannot withdraw their individual balance from the Members' Savings Account upon their retirement.

B. Contributions

The contribution policy is set by the Code and requires contributions by active members, employers, and the Commonwealth. The System's funding policy provides for periodic employer and Commonwealth contributions at actuarially determined rates, expressed as a percentage of annual covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay retirement benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. This method determines the amount of contributions necessary to (1) fully fund all current costs, (also known as normal cost), which represents the estimated amount necessary to pay for the benefits earned by the employees during the current service year; and (2) liquidate the prior service cost for service earned prior to the current service year and subsequent benefit increases, which represents the amount necessary to fund accrued liabilities over the appropriate amortization periods.

Contribution rates for active members are set by law (redefined with the provisions of Act 9 of 2001 and Act 120) and are dependent upon membership class. The Internal Revenue Code limitation on the annual compensation for a defined benefit plan was \$250,000 for 2012 and \$255,000 for 2013.

Active members who enrolled between July 1, 2001, the effective date of Act 9, and June 30, 2011 are Membership Class T-D (Class T-D). The contribution rates for all members in Class T-D were effective January 1, 2002. For Act 120 members, all new members automatically become Class T-E members. New members, however, have a one-time opportunity to elect Class T-F within 45 days of receiving written notification from PSERS. Failure to elect Class T-F at time of original eligibility will make the member ineligible for Class T-F forever. Act 120 introduced a shared risk program that could affect Class T-E and Class T-F members' contribution rates in future fiscal years. With the shared risk program Class T-E and Class T-F members benefit when investments of the fund are doing well and share some of the risk when investments underperform. The member contribution rate will stay within the specified range allotted for Class T-E or Class T-F; but could increase or decrease by .5% every three years starting July 1, 2015, dependent on investment performance of PSERS. The member contribution rate will never go below the base rate of 7.5% for Class T-E and 10.3% for Class T-F members, or above 9.5% for Class T-E and 12.3% for Class T-F members.

The total contribution rate for the employers and the Commonwealth was 12.36% and 8.65% of qualified compensation for the years ended June 30, 2013 and 2012, respectively.

Act 120 suppresses the employer contribution rate by using rate caps in future years to keep the rate from rising too high, too fast for budgetary purposes.

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

(NOTE 5 – RETIREMENT PLAN– CONTINUED)

The rate caps limit the amount the pension component of the employer contribution rate can increase over the prior year's rate as follows:

FY 2012 - not more than 3.0% plus the premium assistance contribution rate

FY 2013 - not more than 3.5% plus the premium assistance contribution rate

FY 2014 and thereafter - not more than 4.5% plus the premium assistance contribution rate

The rate cap remains at 4.5% until the rate cap no longer applies, i.e. the rise in the employer contribution rate is less than the rate cap in effect at that time. Once the rate caps no longer apply, the employer normal cost becomes the contribution rate floor.

According to requirements established in Act 29 of 1994, the Commonwealth reimburses school entity employers a portion of the employer contributions paid to the System. All school entity employers are reimbursed by the Commonwealth at least 50% of the total employer contributions based on the total contribution rate. The Commonwealth reimburses certain school entity employers at a rate greater than 50% based upon non-pension criteria which stipulate that the entity must have a Commonwealth Department of Education calculated Market Value / Personal Income Aid Ratio in excess of .5000. The Commonwealth remits 50% of the total employer contributions for employers other than school entities directly to the System.

A portion of each employer and Commonwealth contribution to the System is set aside for the funding of the Health Insurance Premium Assistance (PA) Program. The PA Program contribution rate is set at a level necessary to establish reserves sufficient to provide PA Program payments for all participating eligible members for the subsequent fiscal year. The portion of the total contribution rate for employers and the Commonwealth used to fund the PA Program was 0.86% and 0.65% for the years ended June 30, 2013 and 2012, respectively.

The Bear Creek Community Charter School contributed \$265,755, \$188,733, and \$116,820, respectively, for the years ended June 30, 2013, 2012, and 2011.

NOTE 6 – CONTINGENT LIABILITIES

The School participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of non-compliance which would result in the disallowance of program expenditures.

The School is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of the School solicitor, the ultimate disposition of any matters outstanding at June 30, 2013 will not have a material effect on the School's financial position.

(NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED)

NOTE 7 – RISK MANAGEMENT

Other Risks

The School is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School has purchased various insurance policies to safeguard the assets of the School from risk of loss.

NOTE 8-OPERATING LEASES

In May 2008, the School entered into a lease agreement with the Bear Creek Foundation, Inc. to lease buildings and other real estate to provide educational, administrative, and extra-curricular activities. The lease requires current monthly payments of \$26,928. The lease terms include an annual escalation of three (3) percent, plus utilities, insurance and all maintenance costs for use of the property and will expire in April 2038. The lease expense for the year ended June 30, 2013 was \$315,296. The following is a schedule of future minimum rents under the lease as of June 30, 2013:

<u>Year End</u>		
2014	\$	324,752
2015		334,496
2016		344,530
2017		354,866
2018		365,514
2019-2038		<u>10,003,538</u>
Total	\$	<u>11,727,696</u>

In January 2012, the School entered into an additional lease agreement with the Bear Creek Foundation, Inc. to lease administrative offices located at 1776 Bear Creek Boulevard. The lease requires current monthly payments of \$1,675. The lease terms include an annual escalation of three (3) percent, plus utilities, insurance and all maintenance costs for use of the property and will expire in November 2041. The lease expense for the year ended June 30, 2013 was \$19,806. The following is a schedule of future minimum rents under the lease as of June 30, 2013:

<u>Year End</u>		
2014	\$	20,400
2015		21,012
2016		21,642
2017		22,290
2018		22,962
2019-2038		<u>787,277</u>
Total	\$	<u>895,583</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET(NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDING JUNE 30, 2013

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Local Sources	\$ 4,435,194	\$ 4,435,194	\$ 4,422,216	\$ (12,978)
State Sources	221,027	221,027	169,318	(51,709)
Federal Sources	<u>157,257</u>	<u>157,257</u>	<u>225,182</u>	<u>67,925</u>
TOTAL REVENUES	<u>4,813,478</u>	<u>4,813,478</u>	<u>4,816,716</u>	<u>3,238</u>
 <u>EXPENDITURES</u>				
Instructional Services				
Regular	1,887,441	1,887,441	1,761,103	126,338
Special	357,222	357,222	336,256	20,966
Other Instructional Programs	<u>11,000</u>	<u>11,000</u>	<u>4,907</u>	<u>6,093</u>
TOTAL INSTRUCTIONAL SERVICES	<u>2,255,663</u>	<u>2,255,663</u>	<u>2,102,266</u>	<u>153,397</u>
Support Services				
Pupil Personnel	98,660	98,660	100,614	(1,954)
Instructional Staff	91,737	91,737	88,777	2,960
Administration	528,006	528,006	521,120	6,886
Pupil Health	83,004	83,004	92,334	(9,330)
Business	155,817	155,817	156,571	(754)
Operation and Maintenance of plant services	657,463	657,463	621,844	35,619
Central	<u>164,002</u>	<u>164,002</u>	<u>148,623</u>	<u>15,379</u>
TOTAL SUPPORT SERVICES	<u>1,778,689</u>	<u>1,778,689</u>	<u>1,729,883</u>	<u>48,806</u>
Operation of Non-Instructional Services	51,941	51,941	40,983	10,958
Capital Outlay	<u>4,500,000</u>	<u>4,500,000</u>	<u>348,414</u>	<u>4,151,586</u>
TOTAL EXPENDITURES	<u>8,586,293</u>	<u>8,586,293</u>	<u>4,221,546</u>	<u>4,364,747</u>
NET CHANGE IN FUND BALANCE	(3,772,815)	(3,772,815)	595,170	<u>\$ 4,367,985</u>
FUND BALANCES-BEGINNING	<u>5,850,612</u>	<u>5,850,612</u>	<u>5,850,612</u>	
FUND BALANCES-ENDING	<u>\$ 2,077,797</u>	<u>\$ 2,077,797</u>	<u>\$ 6,445,782</u>	

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

MURPHY, DOUGHERTY & COMPANY

Certified Public Accountants

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

Board of Trustees
Bear Creek Community Charter School
Wilkes-Barre, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bear Creek Community Charter School as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Bear Creek Community Charter School's basic financial statements and have issued our report thereon dated November 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bear Creek Community 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 Bear Creek Community Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bear Creek Community 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 a reasonable possibility that a material misstatement of the Bear Creek Community Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

(BEAR CREEK COMMUNITY CHARTER SCHOOL – AUDITORS’ REPORT – CONTINUED)

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

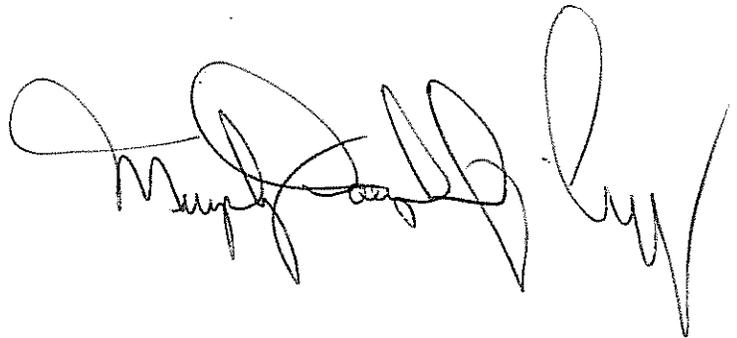
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bear Creek Community Charter School’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under “Government Auditing Standards”.

Purpose of this Report

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

November 5, 2013
Moscow, Pennsylvania

A large, stylized handwritten signature in black ink, likely belonging to the auditor or a representative of the auditing firm.

BEAR CREEK COMMUNITY CHARTER SCHOOL
SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

* NO PRIOR FINDINGS NOTED.