

Bucks County Montessori CS

Charter Annual Report

07/01/2012 - 06/30/2013

School Profile

Demographics

219 Tyburn Rd
Fairless Hills, PA 19030
(215)428-6700

Phase:	Phase 3
CEO Name:	Brian Long
CEO E-mail address:	blong@bcmcs.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 BCMCS Executive Committee of the Board of Trustees during the 2012-2013 school year. Al Tenaglia served as President, Ray Snyder as Vice President, and Debbie Denofa as Secretary/Treasurer. Mr. Tenaglia served the school board as Vice President for two years before taking on the role of President in 2007. Mr. Snyder is an original founder who has served on the board since November of 2004, and Mrs. Denofa, is a founder who has held the position of Secretary/Treasurer since June of 2006. Also serving on the board during the 2012-13 school year was Jeff Fogel, who has served as trustees since July 2005. Jeff Fogel will remain as a trustee for the 2013-14 school year and the Executive Committee will also remain intact for the upcoming school year.

Brian Long, who has taught at BCMCS since it's opening in 2000 and served as Vice Principal during the 2007-08 school year, assumed the role of Principal in July of 2008. Mr. Long has his 6-9 and 9-12 AMS Certification, a Masters of Education and Principal's Certification. He served at BCMCS as a Lower Elementary Teacher during the 2000-2001 school year, and an Upper Elementary Teacher during the 2001-2002 to 2008-2009 school years. During the 2007-08 school year, Mr. Long served in a dual capacity as Vice Principal and Lead Upper Elementary Teacher and during the 2008-2009 school year Mr. Long served in a dual capacity as Principal, and Lead Upper Elementary Teacher. Since the 2009-10 school year, Mr. Long has served as the school's Principal, and Chief Academic Officer, a role he will continue to maintain for the 2013-14 school year. His experience as a Montessori Teacher, coupled with his hands on experience as Assistant Principal and then Principal, has garnered a great respect from the board, teaching staff, parent community, and students, as the school's Educational Leader.

Tony Stango served as Operations Manager and Chief Administrative Officer/CEO for the 2012-13 school year and will continue to serve in this capacity during the 2013-14 school year. Mr. Stango is part of the Leadership Team of the Bucks County Montessori Charter School, who has served as Operations Manager since the 2008-09 school year. The Operations Manager oversees operational performance through undertaking or managing administration and general school operations, in order to support school achievement. As Chief Administrative Officer/CEO, Mr. Stango also serves as an adviser to the Bucks County Montessori School Board of Trustees, the school's Business Manager and Principal.

Tim Heath served as the school's Business Manager for the 2012-13 school year and will continue to serve in this capacity during the 2013-14 school year. Mr. Heath has served in this capacity since the 2004-05 school year, overseeing school facility and financial needs.

Level Head Coordinators, Shari Sissom and Lori Carpenter, who are from the teaching ranks continue to hold important positions of leadership and responsibility within the school in areas of curriculum/program planning and development, and resource management. Christopher Lutz continues to serve as the Testing Coordinator and Val Young as the Reading Coordinator. Each will continue to serve in these capacities for the upcoming 2013-14 school year.

The above leadership model has proved very successful over the past several years and will remain intact for the upcoming 2013-14 school year, as it is one that the school is committed to.

Board of Trustees Meeting Schedule

Location	Date and Time
Bucks County Montessori Charter School Library	9/5/2012 8:15 PM
BCMCS Library	9/25/2012 8:15 PM
BCMCS Library	10/24/2012 8:15 PM
BCMCS Library	12/19/2012 8:15 PM
BCMCS Library	1/23/2013 8:15 PM
BCMCS Library	2/27/2013 8:15 PM
BCMCS Library	4/3/2013 8:15 PM
BCMCS Library	5/1/2013 8:15 PM
BCMCS Library	5/22/2013 8:15 PM
BCMCS Library	6/24/2013 8:15 PM

Professional Staff Member Roster

There are no professional staff members.

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

XLSX file uploaded.

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				1.00
Principal	1.00	1.00				1.00
Assistant Principal	0.00	0.00				0.00
Classroom Teacher (including Master Teachers)	8.00	8.00				8.00
Specialty Teacher (including Master Teachers)	8.00	7.00				7.00
Special Education Teacher (including Master Teachers)	3.00	3.00				3.00
Special Education Coordinator	1.00	1.00				1.00
Counselor	0.00	0.00				0.00
Psychologist	0.00	0.00				0.00
School Nurse	1.00	1.00				1.00

Totals	23.00	22.00	0	0	0	22.00
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Further explanation:

This narrative is empty.

Fiscal Matters

Major Fundraising Activities

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

There are three sources of Fundraising for Bucks County Montessori Charter School. The BCMCS Board of Trustees (BOT) Fundraising Committee raises funds that are directed toward the operating costs of the school and is completely separate from the fundraising activities of the school's PTA Organization. The BOT Fundraising Committee typically holds meetings throughout the school year. Notices are sent home with children making parents aware of meetings and/or upcoming fundraising activities. BOT Fundraising Committee Fundraisers include:

- Kid Stuff Coupon Book Sales
- School Spirit Wear Sales
- Year Book Sales
- Pledge Drive
- Ink Cartridge Recycling Program
- Cell Phone Recycling Program
- Boxtops For Education
- Labels For Education
- Shoprite and McCaffrey's Cash Register Receipts
- Tyson A Labels
- Target Cash Back For Schools

The Following Fundraising Programs Provided by the PTA go toward funding various programs and school activities:

- Scholastic Book Fairs
- Spring Clothing Drive
- Ladies Shopping Night
- Bounce U
- Barnes & Noble Night
- Valentine Day Candy Grams
- PTA Membership Drive
- School Store

In addition to the above two fundraising sources, our on site child care provider, Kid Time, also holds a two day annual Flea Market and a Corbi's Fundraiser with proceeds donated to the school.

Fiscal Solvency Policies

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

Pennsylvania School Law requires that public school districts provide an annual operations budget prior to the start of the fiscal year (July 1). BCMCS makes this budget available to the public for review and comment before adopting same by June 30th for the fiscal year beginning July 1 and ending June 30th of the subsequent year. The board is committed to adopting a budget each year which projects an operating surplus of at least \$125,000. The budget also contains contingencies which more than adequately provide for fiscal solvency. The school maintains more than sufficient fund balances and adequate resources are available to assist in the achievement of the school's mission, goals and academic standards.

All budgets and financial records are audited by an independent Certified Public Accountant firm in accordance with generally accepted auditing standards and a report provided to Pennsbury and PDE accordingly.

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:

The accounting system used at Bucks County Montessori Charter School is a Quick Books Pro accounting system loaded with a Chart of Accounts that mirrors that of the Pennsylvania Chart of Accounts for Pennsylvania Public Schools. Generally Accepted Accounting Principles are followed for accrual based budgeting, accounting and reporting. The school's financial and budgetary reporting is prepared in accordance with GAAP and applicable standards set by the Governance Accounting Standards Board. All budget and financial reporting requirements are completed in a timely fashion and delivered to the appropriate state departments. Additionally, the school has an outside independent accounting firm perform a full financial audit on an annual basis. The audit also includes a review of policy and procedures. Checks are presented monthly to the Board of Trustees. The BOT approves all checks written on behalf of the school. The school has always maintained a policy prohibiting school issued credit cards. Bank accounts are reconciled on a monthly basis. The school is solvent.

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: Siegal & Drossner, PC, Certified Public Accountants

Date of Last Audit: 06/27/2013
 Fiscal Year Last Audited: 2011-12

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 audit was conducted 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.

Attached is a copy of the audit for the 2011-2012 school year. The 2012-2013 audit is in the process of being completed and results of same will be forwarded to the host district once completed.

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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Federal Programs Consolidated Review

Basics

Title I Status:
 Date of Last Federal
 Programs Consolidated
 Review:
 School Year Reviewed:

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

No file has been uploaded.

Citations

Federal Programs Consolidated Review citations and the corresponding Charter School responses

Description	Response
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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
Learning & Emotional Support Teachers	BCMCS	4.5
Sped LEA	BCMCS	0.5
Sped Learning Support Administrator	BCMCS	1

Special Education Contracted Services

Title	Amt. of Time per Week	Operator	Number of Students
Psychologist	1 Days	Outside Contractor	10 or fewer
PT, OT, Speech Teachers	1 Days	Intermediate Unit	17

Special Education Cyclical Monitoring

Date of Last Special Education Cyclical Monitoring:

09/06/2010

Link to Report (Optional):

Not Provided

Special Education Cyclical Monitoring Report

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

No file has been 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:

During the 2012-13 school year BCMCS leased space located at 219 Tyburn Road in Fairless Hills, Pennsylvania. This facility located at the site provides spacious well maintained grounds, as well as large interior classrooms, more than adequate lighting, administrative offices, library, multi-purpose room and nurse's office. This facility also allows for flexible scheduling and creative science programs, and provides opportunities for the school to host school and fundraising activities on site. It also impacts favorably towards our pursuit of Montessori Accreditation. Furniture and equipment needs are identified and acquired through compliance with any established purchasing procedures. The following are a list of the acquisitions and upgrades made during the last school year:

- 1 motorized projector screen for our mult purpose room
 - 9 Asus Lap Tops for Teaching Staff
 - 26 Asus All-In-One Computers for the New Computer Lab
 - 1 Samung Slate for the Principal
- 1 D-Link 48 Switthc

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

\$26,072.00

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:

BCMCS leases the facility at 219 Tyburn Road under a long term lease agreement which provides for a permanent location until the end of the existing charter. With the demand evidenced by our wait list of students wanting to enroll at Bucks County Montessori Charter School, consideration continues to be given to possible future expansion. Our present facility has expansion capabilities, should it be determined that additional space is needed and the school has budgeted for and has adequate financial resources to accommodate future expansion. At this point we are still in the exploration stage, with the hope of adding up to 7500 sq. ft of space to our present facility to accommodate additional classrooms and multi-purpose facilities. The educational goal of Bucks County Montessori Charter School is to provide our students with an individualized educational experience consistent with Montessori pedagogy and principles which support 'learning' by 'doing.' In the technology sector, computer equipment and related skill based programs relate to our core principles and methodologies presenting various opportunities for our students to participate in activities in agreement to applied experiences in the classroom. The technology lessons and activities at BCMCS foster the pursuit of abundant

integrated learning experience. Our technology program's central purpose is to empower students to locate information that they can use for knowledge, comprehension, application, and analysis in order to synthesize and evaluate their learning and overall understanding. To physically achieve this purpose, BCMCS supplies, provides and makes available apparatus such as computers, networks, secured connectivity to the Internet, scanners, digital cameras, and appropriate software applications.

BCMCS educators, administration, BOT, parents, students and community recognize that technology and improved learning are inseparable. Our school facility currently has a computer lab where computer classes take place and where students have access to the internet for research. The computer lab was upgraded and expanded from 14 desktop computers to 26 touch screen All In One computers, for the 2012-13 school year.

There are also at least two desk top computers in each Lower Elementary classroom and six lap tops in each Upper Elementary Classroom, all connecting to a robust infrastructure which enhances immediate learning needs.

It is our intent that the BCMCS web site remains an accurate resource for parents, students, staff and community, becoming an informational tool that shares our Montessori values and informs the school community of all pertinent, relevant and significant current administrative and classroom information. Administratively, we continue to maintain our objective to branch all elements of the school's infrastructure into a programmed system that includes progress reports and purchase order forms, student and staff attendance records, alpha list directories, teacher lesson plans, calendars and behavioral reports through a centralized processing unit. We continue to make great strides in fulfilling this objective.

During the 2012-2013 school year, the bulk of our capital expenditures went toward the following purchases:

- 26 All In One Touch Screen Computers for the computer lab;
- 9 Lap Top Computers for Lead Teacher use;
- 1 Asus Transformer tablet to be utilized by Principal during daily teacher/classroom observations.

For the upcoming school year, our IT direction is heading toward a sustainable environment where 1 to 1 integration may someday, relatively soon, be possible, especially with future inclusions of a BYOD infrastructure ([Windows in the Classroom initiative](#)).

To fulfill the identified needs of our Upper Elementary, as well as our reading and cultural subjects, 15 Windows Surface RT tablets with Office Suite are being purchased. In addition to the tablets, we plan to add a desktop projector with screen to one of our Upper Elementary classrooms. Netgear Push 2 TV adapters will also be installed on all classroom projectors, allowing teachers to walk freely around their classroom while presenting on their white boards. We are also presently exploring options to fulfill the identified needs in Lower Elementary.

Memorandums of Understanding

Organization	Purpose
Falls Township	In accordance with the memorandum of understanding (MOU) between the school entity and the local law enforcement (LLE), this agreement is between each the Chief School Administrator and Local Enforcement

	Agency having jurisdiction over school property of the school entity during time of emergency.
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Preliminary Statement of Revenues, Expenditures & Fund Balances
Include ALL Funds
as of June 30, 2013

Name of School Bucks County Montessori Charter School

Address of School 219 Tyburn Rd., Fairless Hills, PA 19030

CEO Signature **Tony Stango** *Tony Stango*

REVENUES

6000		REVENUE FROM LOCAL SOURCES	2464822
6500		EARNINGS ON INVESTMENTS	
	6510	Interest on Investments and Interest-Bearing Checking Accounts	8820
	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	
	6620	Daily Sales - Non-Reimbursable Programs	
	6630	Special Functions	
	6640	Non-Cash Contributions	
	6650	Price Reduction for Reduced Price and Free Meals (Debit)	
	6690	Other Food Service Revenues	
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	12790
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	
	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	
	6999	Other Revenues Not Specified Above	
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	
	7330	Health Services (Medical, Dental, Nurse, Act 25)	
	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	
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	62034
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	329
	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	22363
	8510	Individuals with Disabilities Education Act (IDEA) and No Child Left Behind (NCLB)	
	8520	Vocational Education	
	8530	Child Nutrition Program	
	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	
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			2571158

Bucks County Montessori Charter School

**Financial Statements
And
Independent Auditors' Report**

Year Ended June 30, 2012

Bucks County Montessori Charter School
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Year Ended June 30, 2012

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Independent Auditors' Report

To the Board of Trustees
Bucks County Montessori Charter School
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of the governmental activities and each major fund of Bucks County Montessori Charter School (the School), as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bucks County Montessori Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Bucks County Montessori Charter School as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2013 on our consideration of Bucks County Montessori Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of law, 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 and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic 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.

SD Associates P.C.

Certified Public Accountants
Elkins Park, Pennsylvania

June 27, 2013

Bucks County Montessori Charter School

Management's Discussion and Analysis

June 30, 2012

The Board of Trustees of Bucks County Montessori Charter School (the School) offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

- At the close of the current fiscal year, the School reports an ending governmental fund balance of \$1,489,369. This balance was the result of a \$369,508 surplus for the year ended June 30, 2012.
- The School's cash balance at June 30, 2012 was \$1,443,110 representing an increase of \$454,202 from June 30, 2011.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements as presented comprise three components: Management's Discussion and Analysis (this section), the basic financial statements, and supplementary information.

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

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

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

Fund Financial Statements

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

**Bucks County Montessori Charter School
Management's Discussion and Analysis
June 30, 2012**

Overview of the Financial Statements (Continued)

Fund Financial Statements (Continued)

Most of the School's basic services are reported in the general fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. The fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. Such information is useful in assessing the School's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year. The special revenue fund represents the activities of BCMCS-RE, Inc. (BCMCS-RE), a component unit which owns and operates the School's facility.

Notes to the Financial Statements

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

Supplementary Information

The governmental fund budgetary comparison schedule is presented for purposes of additional analysis.

Government-Wide Financial Analysis

Management has adopted Governmental Accounting Standards Board (GASB) Statement 34 which requires a comparative analysis of current and prior periods.

	2012	2011
Assets		
Other assets	\$ 1,702,257	\$ 1,285,075
Capital assets, net	5,301,030	5,447,638
	7,003,287	6,732,713
 Liabilities	 3,178,542	 3,255,083
 Net Assets	 \$ 3,824,745	 \$ 3,477,630

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$3,824,745 as of June 30, 2012, an increase of \$347,115 from June 30, 2011.

The School's revenues are predominately received from the local area school districts based on the student enrollment. For the year ended June 30, 2012, the School's total revenues of \$2,559,785 exceeded expenditures of \$2,212,670 by \$347,115, an increase of \$3,784 as compared to the preceding year.

**Bucks County Montessori Charter School
Management's Discussion and Analysis
June 30, 2012**

Government-Wide Financial Analysis (Continued)

	2012	2011
Revenues		
Program Revenues		
Local educational agency assistance	\$ 2,447,682	\$ 2,391,818
Federal sources	22,363	43,416
State sources	68,218	68,668
Other sources	12,515	7,558
General Revenues		
Interest income	9,007	15,732
Total revenues	2,559,785	2,527,192
Expenditures		
Instruction	1,118,174	1,126,024
Support services	656,492	621,632
Noninstructional services	61,710	52,138
Depreciation and amortization	168,933	168,127
Interest expense	207,361	215,941
Total expenditures	2,212,670	2,183,862
Change in net assets	347,115	343,330
Net assets, beginning	3,477,630	3,134,300
Net assets, ending	\$ 3,824,745	\$ 3,477,630

Governmental Funds

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

The School's governmental funds reported a combined ending fund balance of \$1,489,369.

Budget Variations

The actual revenues represent an increase from budgeted revenues of \$47,591 due mainly to increases in local educational agency assistance and interest income of \$146,495 and decreases in other sources of income (primarily contributions and donations) of \$89,485.

Actual expenditures decreased \$218,010 from the budget, due mainly to a decrease in instruction services of \$89,326, a decrease in support services of \$40,509 and a decrease in capital outlay of \$77,675.

Bucks County Montessori Charter School Management's Discussion and Analysis June 30, 2012

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2012, the School's investment in capital assets for its governmental activities totaled \$5,301,030 (net of accumulated depreciation and amortization). This investment in capital assets includes a building and improvements, land, furniture, equipment, and software.

Major capital asset purchases during the year included the following:

- Capital expenditures of \$22,325 for equipment

Additional information on the School's capital assets can be found in Note 4 of this report.

Long-Term Debt

BCMCS-RE, Inc. has mortgages payable of \$2,965,654 (see Note 5)

Economic Factors and Next Year's Budgets and Rates

The School's primary source of revenue, the per student subsidy provided by the local area school districts, will remain consistent for fiscal year 2012-2013, due primarily to level enrollment and level per student subsidy.

Future Events that will Financially Impact the School

Except as listed above, there are no known future events that will financially impact the School.

Contacting the School's Financial Management

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the Chief Executive Officer, Bucks County Montessori Charter School, 219 Tyburn Road, Fairless Hills, PA 19030.

Bucks County Montessori Charter School
Statement of Net Assets
June 30, 2012

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 1,443,110
Local school districts receivable	197,146
State subsidies receivable	39,638
Federal subsidies receivable	22,363
Total current assets	1,702,257
Property and equipment, net	5,301,030
Total assets	7,003,287
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	212,888
Current portion of mortgages payable	457,863
Total current liabilities	670,751
Long-term portion of mortgages payable	2,507,791
Total liabilities	3,178,542
Net Assets	
Unrestricted	1,489,369
Invested in capital assets, net of related debt	2,335,376
Total net assets	\$ 3,824,745

See accompanying notes to financial statements.

Bucks County Montessori Charter School
Statement of Activities
Year Ended June 30, 2012

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Assets</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities			
Instruction	\$ 1,118,174	\$ 1,278,649	\$ 160,475
Support services	656,492	1,259,614	603,122
Noninstructional services	61,710	-	(61,710)
Depreciation and amortization	168,933	-	(168,933)
Interest expense	207,361	-	(207,361)
Total governmental activities	<u>\$ 2,212,670</u>	<u>\$ 2,538,263</u>	325,593
		General Revenues	
		Contributions and other income	12,515
		Interest income	<u>9,007</u>
		Change in net assets	347,115
		Net Assets - Beginning of Year	<u>3,477,630</u>
		Net Assets - End of Year	<u>\$ 3,824,745</u>

See accompanying notes to financial statements.

Bucks County Montessori Charter School
Balance Sheet-Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,221,832	\$ 221,278	\$ 1,443,110
Local school districts receivable	197,146	-	197,146
State subsidies receivable	39,638	-	39,638
Federal subsidies receivable	22,363	-	22,363
	<u>1,480,979</u>	<u>221,278</u>	<u>1,702,257</u>
Note receivable	<u>1,733,562</u>	<u>(1,733,562)</u>	<u>-</u>
Total assets	<u>\$ 3,214,541</u>	<u>\$ (1,512,284)</u>	<u>\$ 1,702,257</u>
Liabilities			
Accounts payable and accrued expenses	<u>177,058</u>	<u>35,830</u>	<u>212,888</u>
	<u>177,058</u>	<u>35,830</u>	<u>212,888</u>
Fund Balance (Deficit)			
Unassigned	<u>3,037,483</u>	<u>(1,548,114)</u>	<u>1,489,369</u>
Total fund balance (deficit)	<u>3,037,483</u>	<u>(1,548,114)</u>	<u>1,489,369</u>
Total liabilities and fund balance (deficit)	<u>\$ 3,214,541</u>	<u>\$ (1,512,284)</u>	<u>\$ 1,702,257</u>

See accompanying notes to financial statements.

**Bucks County Montessori Charter School
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 June 30, 2012**

Total Fund Balance for Governmental Funds		\$ 1,489,369
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Building and improvements	5,913,061	
Equipment	356,736	
Accumulated depreciation and amortization	<u>(968,767)</u>	
		5,301,030

Long-term liabilities that pertain to governmental funds, including notes payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. Balances at year end are:

Mortgages payable		<u>(2,965,654)</u>
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Total Net Assets of Governmental Activities		<u>\$ 3,824,745</u>
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Bucks County Montessori Charter School
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Funds
Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Local education agency assistance	\$ 2,447,682	\$ -	\$ 2,447,682
Federal sources	22,363	-	22,363
State sources	68,218	-	68,218
Rental income	-	457,656	457,656
Interest income	65,451	274	65,725
Other sources	12,515	-	12,515
	<u>2,616,229</u>	<u>457,930</u>	<u>3,074,159</u>
Expenditures			
Instruction	1,118,174	-	1,118,174
Support services	1,114,148	-	1,114,148
Noninstructional services	-	118,428	118,428
Capital outlay	22,325	-	22,325
Debt service	-	331,576	331,576
	<u>2,254,647</u>	<u>450,004</u>	<u>2,704,651</u>
Revenues in Excess of Expenditures	361,582	7,926	369,508
Fund Balance (Deficit) - Beginning of Year	<u>2,675,901</u>	<u>(1,556,040)</u>	<u>1,119,861</u>
Fund Balance (Deficit) - End of Year	<u>\$ 3,037,483</u>	<u>\$ (1,548,114)</u>	<u>\$ 1,489,369</u>

See accompanying notes to financial statements.

**Bucks County Montessori Charter School
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the
 Statement of Activities
 Year Ended June 30, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ 369,508

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

Capital outlays	22,325	
Depreciation and amortization expense	<u>(168,933)</u>	(146,608)

The governmental funds report note proceeds as financing sources, while repayment of note principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. The net effect of these differences in the treatment of notes payable is as follows:

Repayment of mortgage principal	<u>124,215</u>	<u>124,215</u>
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Change in Net Assets of Governmental Activities \$ 347,115

See accompanying notes to financial statements.

Bucks County Montessori Charter School
Notes to Financial Statements
June 30, 2012

Note 1 Background and Summary of Significant Accounting Policies

Bucks County Montessori Charter School (the School) is a nonprofit organization in Pennsylvania to operate a charter school in accordance with Pennsylvania Act 22 of 1997, whereby a charter is granted for a five-year period and may be renewed for additional five-year periods upon expiration. The mission of the School is to provide students from kindergarten through sixth grade with individualized educational experience consistent with Montessori principles. The School is located in Fairless Hills, Pennsylvania.

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

Reporting Entity

As defined by GASB No. 39, the financial reporting entity consists of the primary government, as well as its component unit, BCMCS-RE, Inc (BCMCS-RE). Although it is legally separate from the School, BCMCS-RE is reported as a special revenue fund of the primary government because its sole purpose is to manage the facility occupied by the School, and the School is a guarantor of BCMCS-RE's line of credit note.

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements:

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

Bucks County Montessori Charter School
Notes to Financial Statements
June 30, 2012

Note 1 Background and Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 90 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The funds utilized by the School and brief descriptions of their accounting purposes are as follows:

Governmental Fund - The funds listed below are the funds through which most governmental functions are furnished.

General Fund - The General Fund is the operating fund of the School and accounts for all revenues and expenditures of the School.

Special Revenue Fund - The Special Revenue Fund represents the activities of BCMS-RE.

Amounts reported as program revenues include a per-student subsidy from local school districts as well as federal and state grants. Internally dedicated resources are reported as general revenues rather than as program revenues.

Method of Accounting

The School has adopted the provision of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements – and Managements' Discussion and Analysis – for State and Local Governments.*" Statement 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of activities and changes in net assets. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These calculations are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Bucks County Montessori Charter School
Notes to Financial Statements
June 30, 2012

Note 1 Background and Summary of Significant Accounting Policies (Continued)

Method of Accounting (Continued)

- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed for the included program.

Fund Balances - Governmental Funds

The School elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Type Definition* during the year ended June 30, 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - included amounts restricted by external sources, such as creditors or grantors, or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees.
- Assigned - includes amounts that the School intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.
- Unassigned - includes all amounts that are not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Bucks County Montessori Charter School
Notes to Financial Statements
June 30, 2012

Note 1 Background and Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual budget is adopted for the General Fund.

The Budgetary Comparison Schedule should present both the original and the final appropriated budgets for the reporting period. The School only has a general fund budget; therefore, the original budget filed and accepted by the Pennsylvania Department of Education is the final budget as well.

Use of Estimates

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

Concentration of Credit Risk

Periodically, the School may maintain deposits in excess of the Federal Deposit Insurance Corporation's limit of \$250,000, with financial institutions.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Capital assets of the School are depreciated using the straight-line method over the useful lives of the assets; building and improvements (15-39 years) and furniture and equipment (5-7 years).

Advertising Costs

All costs associated with advertising and promotions are recorded as expenditures in the year incurred.

Bucks County Montessori Charter School
Notes to Financial Statements
June 30, 2012

Note 1 Background and Summary of Significant Accounting Policies (Continued)

Income Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. The School adopted the provisions of ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management evaluated the School's tax positions and concluded that the School had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The School files a Return of Organizations Exempt from Income Tax annually. The School's returns for 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Note 2 Cash and Cash Equivalents

The School's cash and cash equivalents balance at June 30, 2012, was \$1,443,110. The actual amount of cash on deposit in the School's bank accounts at June 30, 2012 was \$1,535,397. Of the amount held at various banks, \$500,000 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$1,035,397 was uninsured and uncollateralized at June 30, 2012.

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School's uninsured deposits may not be returned. The School does not have a policy for custodial credit risk.

Note 3 Receivables

Receivables as of June 30, 2012 consist primarily of subsidies from federal, state and local authorities. All receivables are considered collectible due to the stable condition of these programs.

Note 4 Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance, 7/1/11	Additions	Deletions	Balance, 6/30/12
Building and improvements	\$ 5,913,062	\$ -	\$ -	\$ 5,913,062
Equipment	334,410	22,325	-	356,735
	6,247,472	22,325	-	6,269,797
Accumulated depreciation and amortization	799,834	168,933	-	968,767
	\$ 5,447,638	\$ (146,608)	\$ -	\$ 5,301,030

Depreciation and amortization expense for the year ended June 30, 2012 was \$168,933.

Bucks County Montessori Charter School
Notes to Financial Statements
June 30, 2012

Note 5 Mortgages payable

A mortgage note between BCMCS-RE and Beneficial Mutual Savings Bank (the Bank) of \$2,606,577 is payable at June 30, 2012. The mortgage is payable \$23,939 monthly including interest at 225 basis points above the Federal Home Loan Bank of Pittsburgh's Amortizing Five Year Long-Term Fixed Rate (7.37% at June 30, 2012) and is expected to mature in 2027. The mortgage is secured by the real estate and all other assets, and assignment of all present and future rents. This mortgage is expected to be refinanced in 2013.

A line of credit note (the line) between BCMCS-RE and Beneficial Mutual Savings Bank (the Bank) of \$359,077 is payable at June 30, 2012. The line is payable "interest only" and was due and payable October 1, 2012. Interest is payable at the Wall Street Journal Prime Rate (3.25% at June 30, 2012) and the Bank has approved and is in the process of finalizing an extension of the line for an additional year. The line is guaranteed by the School and is secured by a second position on the real estate, the assignment of all present and future rents and all School assets. Although the line is payable "interest only", BCMCS-RE (with the bank's approval) pays monthly principal and interest of \$4,028. The outstanding principle balance of the line, \$359,077, was paid in full by BCMCS-RE on July 27, 2012.

Interest expense was \$207,361 for the year ended June 30, 2012. Interest expense and interest income of \$56,718 from the note between the School and BCMS-RE have been eliminated in the Statement of Activities (see Note 7).

Changes in mortgages payable are as follows:

Balance, July 1, 2011	\$ 3,089,869
Additions	-
Repayments of principal	(124,215)
<hr/>	
Balance, June 30, 2012	\$ 2,965,654

The annual maturities of long-term debt are as follows as of June 30, 2012:

Year ending June 30,	
2013	\$ 457,863
2014	106,323
2015	114,434
2016	123,165
2017	132,562
Thereafter	2,031,307
<hr/>	
	\$ 2,965,654

Note 6 Funding

The School receives funding from the local area school districts on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis.

Bucks County Montessori Charter School
Notes to Financial Statements
June 30, 2012

Note 6 Funding (Continued)

The Commonwealth of Pennsylvania makes contributions on behalf of the charter school for the employer's share of retirement payments and social security payments. The School also receives federal funding under various title programs.

Note 7 Commitments

In February 2006, the School sold twelve acres of open land in Fairless Hills PA, which it had purchased in 2003, to BCMCS-RE, Inc. BCMCS-RE was contracted to build the new school facility which was completed September, 2007. During the construction, the School loaned BCMCS-RE \$1,261,390 (note receivable) which included the land purchase of \$375,000. The note receivable is suppose to be payable \$7,374 monthly including interest at 5% through July, 2032 but no payments were made during the year. As of June 30, 2012, \$1,333,562 is outstanding at June 30, 2012, which includes accrued interest of \$56,718. During the period August, 2007 through June 30, 2009 the School advanced BCMCS-RE additional construction costs of \$400,000 which is evidenced by noninterest bearing promissory demand notes. The aggregate note balance of \$1,733,562 at June 30, 2012 was eliminated on the Statement of Net Assets.

The School's operating lease agreement with BCMCS-RE was for a period of 25 years and will expire July, 2032. In addition to the basic monthly rent of \$38,138, the School is required to pay all real estate taxes, occupancy, insurance, and maintenance. Rent expense was \$457,656 for the year ending June 30, 2012. During the year, BCMCS-RE paid certain occupancy costs approximating \$60,000 on behalf of the School.

Minimum annual rentals for each subsequent to June 30, 2012 are as follows:

Year Ending June 30,	Rental Income (BCMCS-RE)	Rental Expense (School)
2013	\$ 458,000	\$ 458,000
2014	458,000	458,000
2015	458,000	458,000
2016	458,000	458,000
2017	458,000	458,000
Thereafter	6,870,000	6,870,000
Total	\$ 9,160,000	\$ 9,160,000

Bucks County Montessori Charter School
Notes to Financial Statements
June 30, 2012

Note 8 Retirement Plan

The School contributes to the Public School Employees' Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Pennsylvania Public School Employees' Retirement System, which provides retirement and disability benefits, legislatively mandated ad hoc cost-of-living adjustments, and health care insurance premium assistance to qualifying annuitants. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 PA.C.S. 8101-8535) assigns the authority to establish and amend benefit provisions to the System. 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 writing to the Office of Financial Management, Public School Employees' Retirement System, PO Box 125, Harrisburg, PA 17108-0125. This publication is also available on the Public School Employees' Retirement System website at www.pser.state.pa.us/publications/cafr/index.htm.

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth. The rate of contribution for employees ranges from 5.25% - 7.5% depending upon classification and elections of employees. The School's contribution is 8.65%. In accordance with Act 29 of 1994, the Commonwealth of Pennsylvania will pay school entities for contributions made to the System based on the formula in Act 29 of 1994, but not less than one-half of the school entities contributions. The School's contributions to the Plan were \$92,816, \$54,995 and \$56,349, for the years ended June 30, 2012, 2011 and 2010, respectively, which equals 100% of the contractually required contribution as set by State statutes.

Note 9 Grants

The School participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2012 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 10 Risk Management

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

Supplementary Information

**Bucks County Montessori Charter School
Governmental Fund Budgetary Comparison Schedule
Year Ended June 30, 2012**

	Budget	Actual Revenues/ Expenditures	Variance With Budget
Revenues			
Local educational agency assistance	\$ 2,359,138	\$ 2,447,682	\$ 88,544
Federal sources	24,000	22,363	(1,637)
State sources	76,000	68,218	(7,782)
Interest income	7,500	65,451	57,951
Other sources	102,000	12,515	(89,485)
	<u>2,568,638</u>	<u>2,616,229</u>	<u>47,591</u>
Total revenues			
Expenditures			
Instruction	1,207,500	1,118,174	89,326
Support services	1,154,657	1,114,148	40,509
Noninstructional services	10,500	-	10,500
Capital outlay	100,000	22,325	77,675
	<u>2,472,657</u>	<u>2,254,647</u>	<u>218,010</u>
Total expenditures			
Revenues in Excess of Expenditures	95,981	361,582	265,601
Fund Balance, Beginning of Year	<u>2,675,901</u>	<u>2,675,901</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,771,882</u>	<u>\$ 3,037,483</u>	<u>\$ 265,601</u>

See accompanying notes to financial statements.

Other Reports Required By Government Auditing Standards

**Independent Auditors' Report on Compliance
and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Trustees
Bucks County Montessori Charter School
Philadelphia, Pennsylvania

We have audited the financial statements of the governmental activities and each major fund of Bucks County Montessori Charter School (the School) as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements and have issued our report thereon, dated June 27, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures 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 School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SD Associates P.C.

Certified Public Accountants
Elkins Park, Pennsylvania

June 27, 2013

CERTIFICATION VERIFICATION FORM__

PDE-414 (Bucks County Montessori Charter School) (2012-2013) (07/27/2013)

Complete the following information for all professional staff members.

Staff No.	Name of employee (List all names in alphabetical order)	PPID# /Certificate # DO NOT ENTER	Areas of Certification Type of Certificate	Grades Teaching or Serving	All Areas of Assgiment Subject Areas Teaching or Services Provided	Number of Hours Worked in Assignment	Percentage of Time Certified in Position	Percentage of Time in Areas Not Certified
1	Bernheim, Audrey		Instructional II Elementary	1st to 3rd	Primary Elementary	1006.25	100	0
2	Carpenter, Lori		Instructional II Elementary	1st to 3rd	Primary Elementary	1006.25	100	0
3	Dietmeir, Sandra		Instructional I	1st to 3rd	Primary Elementary	1006.25	100	0
4	Duffner, Jean		Dual Cert.	1st to 3rd	Primary Elementary	1006.25	100	0
5	Erickson, Kelly		Instructional II Elementary	K-6	Special Ed Elementary	1006.25	100	0
6	Fani, Jordyn		Dual Cert.	1st to 3rd	Primary Elementary	1006.25	100	0
7	Freiling, Michelle		SE Instructional I	4th to 6th	Intermediate Elementary	1006.25	100	0
8	Long, Brian		Admin I	K-6	Principal	1006.25	100	0
9	Lutz, Christopher		Instructional I	1st to 3rd	Primary Elementary	1006.25	100	0
10	Mahan, Christina		Dual Cert.	1st to 3rd	Special Ed Elementary	931	100	0
11	McDevitt, Kathrine		Dual Cert.	4th to 6th	Intermediate Elementary	1006.25	100	0
12	Ramus, Jessica		Instructional I	1st to 3rd	Primary Elementary	1006.25	100	0
13	Russell, Marina		Instructional I	K	KF5	1006.25	100	0
14	Sissom, Shari		Instructional I	4th to 6th	Intermediate Elementary	1006.25	100	0
15	Titlow, Jessica		Instructional I	4th to 6th	Intermediate Elementary	1006.25	100	0
16	Walter, Sherry		Instructional II Elementary	K-6	Special Ed Elementary	1006.25	100	0
17	Wittcoff, Stephanie		NA	4th to 6th	Intermediate Elementary	1006.25	0	100
18	Young, Valerie		Instructional I	4th to 6th	Intermediate Elementary	1006.25	100	0
0								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								

Total Number of Administrators (do not include CEO)__1

Total Number of Teachers_13_ Counselors_ School Nurses_ Others

Total Number of Professional Staff 14