

Chester CS for the Arts

Charter Annual Report

07/01/2013 - 06/30/2014

School Profile

Demographics

200 Commerce Drive
Aston, PA 19014
(610)859-3010

Phase:

Phase 2

CEO Name:

Akosua Watts

CEO E-mail address:

awatts@chestercharterschoolforthearts.org

Governance and Staff

Leadership Changes

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

The following leadership changes were executed during the past year at the Chester Charter School for the Arts:

1. Mrs. Akosua Watts transitioned and assumed the role of CCSA's new Principal/CEO
2. Zoel Zarrow, resigned from his position as a member of CCSA's Board of Trustees
3. Two (2) additional staff members were brought on as part of the school's Leadership Team:
 - Heather Green as the School's Special Education Coordinator
 - Antonio Goodman as the School's Dean of School Culture

Board of Trustees Meeting Schedule

Location	Date and Time
200 Commerce Drive Aston, PA 19014	8/20/2013 7:30 PM
200 Commerce Drive Aston, PA 19014	9/17/2013 7:30 PM
200 Commerce Drive Aston, PA 19014	10/15/2013 7:30 PM
200 Commerce Drive Aston, PA 19014	11/19/2013 7:30 AM
200 Commerce Drive Aston, PA 19014	12/10/2013 7:30 PM
200 Commerce Drive Aston, PA 19014	1/21/2014 7:30 PM
200 Commerce Drive Aston, PA 19014	2/18/2014 7:30 PM
200 Commerce Drive Aston, PA 19014	3/18/2014 7:30 PM
200 Commerce Drive Aston, PA 19014	4/15/2014 7:30 PM
200 Commerce Drive Aston, PA 19014	5/20/2014 7:30 PM
200 Commerce Drive Aston, PA 19014	6/17/2014 7:30 PM
200 Commerce Drive Aston, PA 19014	8/19/2014 7:30 PM
200 Commerce Drive Aston, PA 19014	9/16/2014 7:30 PM
200 Commerce Drive Aston, PA 19014	11/18/2014 7:30 PM
200 Commerce Drive Aston, PA 19014	12/9/2014 7:30 PM
200 Commerce Drive Aston, PA 19014	2/17/2015 7:30 PM
200 Commerce Drive Aston, PA 19014	3/17/2015 7:30 PM
200 Commerce Drive Aston, PA 19014	5/19/2015 7:30 PM

200 Commerce Drive Aston, PA 19014

6/16/2015 7:30 PM

Professional Staff Member Roster

Lisa Wilson	
PA Certified	Yes
Areas of Certification	Instructional I Reading Specialist, Instructional I Elementary K-6
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Reading Intervention
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Dorothy Dill	
PA Certified	No
Areas of Certification	LPN
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Nursing
Number of Hours Annually Worked in Assignment	1824
Percentage of Time in Certified Position	0.0
Percentage of Time in Areas Not Certified	100.0

Tiana Davis	
PA Certified	No
Areas of Certification	NA
Grades Teaching or Serving	1st
All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	0.0
Percentage of Time in Areas Not Certified	100.0

Nicola Robinson	
PA Certified	Yes
Areas of Certification	Instructional I Elementary K-6
Grades Teaching or Serving	2nd

All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Nicole DeRitis	
PA Certified	Yes
Areas of Certification	Administrative Principal I K-12, Instructional II Special Education N-12, Instructional II Early Childhood N-3, Instructional I Early Childhood N-3
Grades Teaching or Serving	2nd
All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Stacey Kucera	
PA Certified	Yes
Areas of Certification	Instructional Level II K-6
Grades Teaching or Serving	3rd
All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Mindy Nyugen-Balli	
PA Certified	Yes
Areas of Certification	Instructional I Early Childhood N-3
Grades Teaching or Serving	1st
All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Katie Petrello	
PA Certified	Yes
Areas of Certification	Elementary K-6
Grades Teaching or Serving	3rd
All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Alexis Elkins	
PA Certified	Yes
Areas of Certification	Instructional I Elementary K-6
Grades Teaching or Serving	4th
All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Alana Lafferty	
PA Certified	Yes
Areas of Certification	Instructional I Elementary K-6, Special Education N-12
Grades Teaching or Serving	5th
All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Nora Durant	
PA Certified	Yes
Areas of Certification	Instructional I Elementary K-6
Grades Teaching or Serving	5th
All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Kerri Ryan	
PA Certified	Yes
Areas of Certification	Instructional I Elementary K-6
Grades Teaching or Serving	6th
All Areas of Assignment, Subject Areas Teaching, or Services Provided	English and Social Studies
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Theresa Cummings	
PA Certified	Yes
Areas of Certification	Instructional II Mid-Level Mathematics 7-9, Instructional II Elementary K-6
Grades Teaching or Serving	6th
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Math and Science
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Meghan Roach	
PA Certified	Yes
Areas of Certification	Instructional I Special Education N-12
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Special Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Heather Green	
PA Certified	Yes
Areas of Certification	Supervisory Special Education K-12, Instructional II Special Education N-12, Instructional II Elementary K-6

Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Special Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Stacey Milliken	
PA Certified	Yes
Areas of Certification	Endorsement Autism PK-12, Instructional II Elementary K-6, Instructional II Mid-Level English 7-9, Instructional II 05/01/2014
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Special Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Brian Walsh	
PA Certified	Yes
Areas of Certification	Instructional I Elementary K-6, Instructional I Mid-Level Citizen Ed 7th-9th
Grades Teaching or Serving	K
All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Kathleen Carpenter	
PA Certified	Yes
Areas of Certification	Educational Specialist I: Secondary School Counselor 7th-12th
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Guidance Counselor
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Lauren Usher	
PA Certified	Yes
Areas of Certification	Instructional I Elementary K-6
Grades Teaching or Serving	K
All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Cherron Carlton	
PA Certified	Yes
Areas of Certification	Instructional I Elementary K-6
Grades Teaching or Serving	4th
All Areas of Assignment, Subject Areas Teaching, or Services Provided	General Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Tara Park	
PA Certified	Yes
Areas of Certification	Instructional I Mid-level English 7-9 and Mid-Level Citizen Education 7-9
Grades Teaching or Serving	7th
All Areas of Assignment, Subject Areas Teaching, or Services Provided	English and Social Studies
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Heather Dembek	
PA Certified	Yes
Areas of Certification	Instructional I Mid-level Mathematics 7-9, Earth and Space Science 7-12, Biology 7-12, General Science 7-12
Grades Teaching or Serving	7th

All Areas of Assignment, Subject Areas Teaching, or Services Provided	Mathematics and Science
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Diane Funderburg	
PA Certified	Yes
Areas of Certification	Instructional II Early Childhood Education N-3, Reading Specialist K-12 and Elementary K-6
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Reading Intervention
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Jennifer Sgro	
PA Certified	Yes
Areas of Certification	Instructional II Special Education N-12, Reading Specialist K-12 and Elementary K-6
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Reading Intervention
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Kelly Nagle	
PA Certified	Yes
Areas of Certification	Instructional II English 7-12, Reading Specialist K-12 and Elementary K-6
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Reading Intervention
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Ryan Fisher	
PA Certified	Yes
Areas of Certification	Instructional I Health and Physical Education K-12
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Physical Education
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Erica Brown	
PA Certified	No
Areas of Certification	NA
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Dance Instruction
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Frank Hosking	
PA Certified	Yes
Areas of Certification	Instructional I Music K-12
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Musical Instruction
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Beverly Rigby	
PA Certified	Yes
Areas of Certification	Instructional I Elementary K-6, English 7-12
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Theatre Instruction
Number of Hours Annually Worked in Assignment	1584

Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Tristan Wilmore	
PA Certified	No
Areas of Certification	NA
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Spanish Instruction
Number of Hours Annually Worked in Assignment	1584
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

Truman Read	
PA Certified	Yes
Areas of Certification	Instructional I Art K-12, Mid-level Mathematics 7-9, Social Studies 7-12
Grades Teaching or Serving	K-7
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Visual Arts
Number of Hours Annually Worked in Assignment	1584
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

No file has been 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	0.00	0.00	0.00	1.00
Principal	1.00	1.00	0.00	0.00	0.00	1.00
Assistant Principal						

Classroom Teacher (including Master Teachers)	16.00	15.00	0.00	0.00	2.00	18.00
Specialty Teacher (including Master Teachers)	5.00	4.00	0.00	0.00	1.00	5.00
Special Education Teacher (including Master Teachers)	2.00	2.00	1.00	0.00	0.00	3.00
Special Education Coordinator	1.00	1.00	0.00	0.00	1.00	1.00
Counselor	1.00	1.00	0.00	0.00	0.00	1.00
Psychologist	0.00	0.00	0.00	0.00	0.00	0.00
School Nurse	1.00	1.00	0.00	0.00	0.00	1.00
Dean of School Culture	1	0	0	0	0	1
Executive Assistant	1	0	1	0	0	0
Secretary	1	0	0	0	0	1
Grade Level Teaching Assistants	6	1	0	0	2	6
Operations Coordinator	0	0	0	0	0	1
Cultural Arts (Dance, Music, Spanish, Drama, Art, PE)	6	4	0	0	1	6
Totals	43.00	31.00	2.00	0.00	7.00	46.00

Further explanation:

This narrative is empty.

Fiscal Matters

Major Fundraising Activities

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

The Chester Charter School for the Arts raises most of its funds from its affiliate organization, the Chester Fund.

Fiscal Solvency Policies

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

Effective for the 2013-14 school year, the school adopted a policy of including a budgetary reserve line item in its annual budget to mitigate the effect of unforeseen unfavorable financial developments. In addition, the school adopted a fund balance policy resolution targeting an unassigned general fund balance of not less than five percent (5%) and not greater than ten percent (10%) of total operating expenditures.

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 school made no changes to its accounting system. It continues to use QuickBooks.

Preliminary Statements of Revenues, Expenditures & Fund Balances

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

XLS file uploaded.

Financial Audits

Basics

Audit Firm:	SD Associates
Date of Last Audit:	02/25/2014
Fiscal Year Last Audited:	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 financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major fund of the Chester Charter School for the Arts as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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
School Occupational Therapist	The Chester Charter School for the Arts	0.2
SPED Coordinator	The Chester Charter School for the Arts	100
Speech Therapist	The Chester Charter School for the Arts	0.8

Special Education Contracted Services

Title	Amt. of Time per Week	Operator	Number of Students
School Psychologist	2 Days	Outside Contractor	10 or fewer

Special Education Cyclical Monitoring

Date of Last Special Education Cyclical Monitoring:
Link to Report (Optional):

Not Provided
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:

The Chester Charter School for the Arts strives to ensure that students and staff have access to technology and classrooms are equipped in a manner that provides an organized environment. The school invested over \$26,000 to purchase furniture and fixtures to outfit new classrooms and expanded programs. To provide for increased access to technology based instructional tools, the school acquired over \$90,000 in MAC based laptops, individual iPads and iad learning labs.

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

\$117,404.00

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:

The Chester Charter School for the Arts will continue to develop the physical facility to accommodate the expansion of the school. The school will grow to include each year as the students matriculate through grade 12. The Board of Trustees is currently reviewing facility options to accomodate the high school expansion.

Memorandums of Understanding

Organization	Purpose
The Chester Township Police Department	This Memorandum establishes procedures to be followed when certain incidents occur on school property, at any school sponsored activity, or on a conveyance as described in the Safe Schools Act (such as a school bus) providing transportation to or from a school or school sponsored activity. This Memorandum does not cover incidents that are outside of those school settings and create no substantial disruption to the learning environment.

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 Donald Delson on 7/31/2014

President, Board of Trustees

Affirmed by Akosua Watts on 7/31/2014

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 Donald Delson on 7/31/2014

President, Board of Trustees

Affirmed by Akosua Watts on 7/31/2014

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 Donald Delson on 7/31/2014

President, Board of Trustees

Affirmed by Akosua Watts on 7/31/2014

Chief Executive Officer

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

Name of School Chester Charter School for the Arts

Address of School 200 Commerce Drive, Aston, PA 19014

CEO Signature _____

REVENUES

6000		REVENUE FROM LOCAL SOURCES	
6500		EARNINGS ON INVESTMENTS	
	6510	Interest on Investments and Interest-Bearing Checking Accounts	
	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	27,174
	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	27,108
	6890	Other Revenues from Intermediary Sources	
6900		OTHER REVENUE FROM LOCAL SOURCES	
	6910	Rentals	
	6920	Contributions & Donations from Private Sources / Capital Contributions	474,554
	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	4,102,832
	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	

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

Name of School Chester Charter School for the Arts

Address of School 200 Commerce Drive, Aston, PA 19014

CEO Signature _____

REVENUES

	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	4,657
	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	12,073
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	
7900		REVENUE FOR TECHNOLOGY	
	7910	Educational Technology	
	7990	Other Technology Grants	

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

Name of School Chester Charter School for the Arts

Address of School 200 Commerce Drive, Aston, PA 19014

CEO Signature _____

REVENUES

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)	311,361
	8520	Vocational Education	
	8530	Child Nutrition Program	216,421
	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	8,020
9000		OTHER FINANCING SOURCES	
9100		SALE OF BONDS	
	9110	Bond Issue Proceeds (Gross)	

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

Name of School Chester Charter School for the Arts

Address of School 200 Commerce Drive, Aston, PA 19014

CEO Signature _____

REVENUES

	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			5,184,200

Chester Charter School for the Arts

**Financial Statements
And
Independent Auditor's Report**

Year Ended June 30, 2013

Chester Charter School for the Arts
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Year Ended June 30, 2013

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Independent Auditor's Report

To the Board of Trustees
Chester Charter School for the Arts
Aston, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major fund of Chester Charter School for the Arts (the School), 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major fund of Chester Charter School for the Arts as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 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 Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2014, on our consideration of Chester Charter School for the Arts' 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 Chester Charter School for the Arts' internal control over financial reporting and compliance.

SD Associates P.C.

Certified Public Accountants
Elkins Park, Pennsylvania

February 25, 2014

Chester Charter School for the Arts Management's Discussion and Analysis June 30, 2013

The Board of Trustees of Chester Charter School for the Arts (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, 2013. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

- Total revenues were approximately \$4,265,000 for the year ended June 30, 2013.
- At the close of the current fiscal year, the School reports an ending general fund balance of \$417,025. This balance was the result of a \$412,025 surplus for the year ended June 30, 2013.
- The School's cash balance at June 30, 2013 was \$409,783.

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

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

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

In the statement of net position and the statement of activities, the School is divided into two kinds of activities:

Governmental activities - Most of the School's basic services are reported here.

Business-type activities - The School offers breakfast and lunch to the students.

Chester Charter School for the Arts Management's Discussion and Analysis June 30, 2013

Overview of the Financial Statements (Continued)

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's two kinds of funds, governmental and proprietary, use different accounting approaches.

Most of the School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are 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.

When the School charges students for services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the School's enterprise fund (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

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. A comparative analysis will be presented in future years when prior year data is available.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$655,548 as of June 30, 2013

The School's revenues are predominately local school district's funds based on the student enrollment. For the year ended June 30, 2013, the School's total revenues of \$4,265,030 exceeded expenditures of \$3,614,482 by \$650,548.

**Chester Charter School for the Arts
Management's Discussion and Analysis
June 30, 2013**

Governmental Fund

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

The School's governmental fund (the General Fund) reported an ending fund deficit of \$417,025.

Budget Variations

The actual revenues represent an increase from budgeted revenues of \$202,170 due mainly to increased contributions .

Actual expenditures were \$140,880 higher than the budget due to increases (decreases) as follows:

Instruction	\$ 4,253
Support services	69,466
Noninstruction services	6,212
Capital outlay	74,119
Debt service	(13,170)
	<u>\$ 140,880</u>

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2013, the School's investment in capital assets for its governmental activities totaled \$243,810 (net of accumulated depreciation). This investment in capital assets includes furniture and fixtures, equipment, and leasehold improvements.

Major capital assets purchases during the year included the following:

- Capital expenditures of \$138,304 for equipment.
- Capital expenditures of \$49,853 for furniture and fixtures.
- Capital expenditures of \$85,962 for building improvements.

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

Long-Term Debt

The School does not have any long-term liabilities at this time.

**Chester Charter School for the Arts
Management's Discussion and Analysis
June 30, 2013**

Economic Factors and Next Year's Budgets and Rates

The School's primary source of revenue, the per student subsidy provided by local school districts, will increase by approximately \$1,000,000 for fiscal year 2013-2014 due to increased enrollment and district allotment, and additional contributions.

Future Events that will Financially Impact the School

Except as listed in the above economic factors, there are no known additional 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 CEO, Chester Charter School for the Arts, 200 Commerce Drive, Aston, PA 19014.

Chester Charter School for the Arts
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 409,783	\$ -	\$ 409,783
Receivable from local school districts	202,924	-	202,924
State subsidies receivable	37,275	695	37,970
Federal subsidies receivable	2,486	11,562	14,048
Other receivables	14,063		14,063
Prepaid expenses	50,159	-	50,159
Total current assets	716,690	12,257	728,947
Property and equipment, net	243,810	-	243,810
Security deposits	100,000	-	100,000
	1,060,500	12,257	1,072,757
Liabilities			
Current liabilities			
Accounts payable	35,693	17,544	53,237
Accrued expenses	361,741	-	361,741
Deferred revenue	2,231	-	2,231
Total current liabilities	399,665	17,544	417,209
Net Position			
Invested in capital assets, net of related debt	243,810	-	243,810
Restricted	43,807		43,807
Unrestricted	373,218	(5,287)	367,931
	\$ 660,835	\$ (5,287)	\$ 655,548

See accompanying notes to financial statements.

**Chester Charter School for the Arts
Statement of Activities
Year Ended June 30, 2013**

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities						
Instruction	\$ 1,926,441	\$ 1,921,962	\$ 95,741	\$ 91,262	\$ -	\$ 91,262
Support services	1,381,567	1,378,355	37,275	34,063	-	34,063
Noninstructional services	6,212	11,954	-	5,742	-	5,742
Depreciation and amortization	30,309	-	-	(30,309)	-	(30,309)
Interest expense	330	-	-	(330)	-	(330)
Total governmental activities	3,344,859	3,312,271	133,016	100,428	-	100,428
Business-Type Activities						
Food service	269,623	-	186,336	-	(83,287)	(83,287)
	\$ 3,614,482	\$ 3,312,271	\$ 319,352	100,428	(83,287)	17,141
General Revenues						
Contributions				633,407		
Transfers				(78,000)	78,000	
Change in net position				655,835	(5,287)	650,548
Net Position - Beginning of Year				5,000	-	5,000
Net Position - End of Year				\$ 660,835	\$ (5,287)	\$ 655,548

See accompanying notes to financial statements.

Chester Charter School for the Arts
Balance Sheet-Governmental Funds
June 30, 2013

	General Fund
Assets	
Cash and cash equivalents	\$ 409,783
Receivable from local school districts	202,924
State subsidies receivable	37,275
Federal subsidies receivable	2,486
Other receivables	14,063
Prepaid expenses	50,159
Security deposits	100,000
Total assets	\$ 816,690
Liabilities	
Accounts payable	\$ 35,693
Accrued expenses	361,741
Deferred revenue	2,231
Total liabilities	399,665
Fund Balances	
Nonspendable	150,159
Restricted	43,807
Committed	150,000
Unassigned	73,059
Total fund balances	417,025
	\$ 816,690

See accompanying notes to financial statements.

Chester Charter School for the Arts
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2013

Total Fund Balance for Governmental Funds	\$	417,025
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the general fund. These assets consist of:

Furniture and equipment	188,157	
Leasehold improvements	85,962	
Accumulated depreciation	<u>(30,309)</u>	
		<u>243,810</u>

Total Net Position of Governmental Activities	\$	<u>660,835</u>
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See accompanying notes to financial statements.

Chester Charter School for the Arts
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Funds
Year Ended June 30, 2013

	General Fund
Revenues	
Local education agency assistance	\$ 3,300,317
Federal sources	95,741
State sources	37,275
Other sources	645,361
Total revenues	4,078,694
Expenditures	
Instruction	1,926,441
Support services	1,381,567
Noninstructional services	6,212
Capital outlay	274,119
Debt service	330
Total expenditures	3,588,669
Revenues in Excess of Expenditures	490,025
Other Financing Uses	
Interfund transfers out	(78,000)
Excess of Revenues Over Expenditures and Other Financing Uses	412,025
Fund Balance - Beginning of Year	5,000
Fund Balance - End of Year	\$ 417,025

See accompanying notes to financial statements.

**Chester Charter School for the Arts
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the
 Statement of Activities
 Year Ended June 30, 2013**

Net Change in Fund Balances - Total Governmental Funds **\$ 412,025**

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	274,119	
Depreciation expense	(30,309)	
	243,810	243,810

Change in Net Position of Governmental Activities **\$ 655,835**

Chester Charter School for the Arts
Statement of Net Position
Proprietary Fund
June 30, 2013

	Enterprise Fund
	Food Service Fund
Assets	
Current assets	
Federal and state grants receivable	\$ 12,257
Total current assets	12,257
Liabilities	
Current liabilities	
Accounts payable	17,544
Total current liabilities	17,544
Net Position	
Unrestricted	(5,287)
	\$ (5,287)

See accompanying notes to financial statements.

Chester Charter School for the Arts
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2013

	Enterprise Fund
	Food Service Fund
Operating Income	\$ -
Operating Expenses	
Food service management	268,921
Other	702
	269,623
Operating loss	(269,623)
Nonoperating Revenues	
Federal and state grants	186,336
	186,336
Loss before interfund transfers	(83,287)
Interfund transfers in	78,000
	78,000
Change in Net Position	(5,287)
Net Position - Beginning of Year	-
Net Position - End of Year	\$ (5,287)

See accompanying notes to financial statements.

Chester Charter School for the Arts
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2013

	Enterprise Fund
	Food Service Fund
Cash Flows From Operating Activities	
Payments to food service contractor	\$ (251,377)
Other payments	(702)
	(252,079)
Cash Flows From Noncapital Financing Activities	
Cash received from federal and state grants	174,079
Transfer from other fund	78,000
	252,079
Net increase in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating loss	\$ (269,623)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Accounts payable	17,544
	17,544
Net cash used in operating activities	\$ (252,079)

See accompanying notes to financial statements.

Chester Charter School for the Arts
Notes to Financial Statements
June 30, 2013

Note 1 Background and Summary of Significant Accounting Policies

Chester Charter School for the Arts (the School) is organized as a nonprofit corporation in Pennsylvania to operate a charter school in accordance with Pennsylvania Act 22 of 1997. The School is operating under a charter school contract ending on June 30, 2017.

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 of the School's accounting policies are described below.

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. 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.

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 fund listed below is the fund through which most governmental functions are furnished.

Chester Charter School for the Arts
Notes to Financial Statements
June 30, 2013

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

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

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

Proprietary Fund - The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the School:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services, and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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 position and a statement of activities. It requires the classification of net position 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 position consists of capital assets, including restricted capital assets, net of accumulated depreciation 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.

Chester Charter School for the Arts
Notes to Financial Statements
June 30, 2013

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

Method of Accounting (Continued)

- Restricted – This component of net position consists of constraints placed on assets use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This component of net position typically includes unrestricted liquid assets.

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 implemented GASB No. 54, *Fund Balance Reporting and Governmental Type Definition*. 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. The School classified prepaid expenses and security deposits as being nonspendable as these items are not expected to be converted to cash.
- 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. The School committed \$150,000 for future expenditures associated with the expansion of the School to serve grades nine through twelve.
- 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.

Chester Charter School for the Arts
Notes to Financial Statements
June 30, 2013

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

Fund Balances - Governmental Funds

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.

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.

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.

Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

The School's cash and cash equivalents is considered to be cash on hand and demand deposits.

Chester Charter School for the Arts
Notes to Financial Statements
June 30, 2013

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 FASB 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 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

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; furniture and fixtures (7 years), equipment (4 - 15 years), and building improvements (25 years).

Advertising Costs

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

Note 2 Cash

The School's cash and cash equivalents balance at June 30, 2013, was \$409,783. The actual amount of cash on deposit in the School's bank accounts at June 30, 2013 was \$414,923. Of the amount held at the bank, \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$164,923 was uninsured and uncollateralized at June 30, 2013

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, 2013 consists primarily of tuition from local school districts and subsidies from federal and state authorities. All receivables are considered collectible due to the stable condition of these programs.

Chester Charter School for the Arts
Notes to Financial Statements
June 30, 2013

Note 4 Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance, 7/1/2012	Additions	Deletions	Balance, 6/30/13
Building improvements	\$ -	\$ 85,962	\$ -	\$ 85,962
Equipment	-	138,304	-	138,304
Furniture and fixtures	-	49,853	-	49,853
	-	274,119	-	274,119
Less: accumulated depreciation	-	30,309	-	30,309
	\$ -	\$ 243,810	\$ -	\$ 243,810

Depreciation and amortization expense was \$30,309 for the year ended June 30, 2013.

Note 5 Interfund Transfers

Operating transfers in/out to other funds consists of the following:

	Transfer In	Transfer Out
General fund	\$ -	\$ 78,000
Food service fund	78,000	-
	\$ 78,000	\$ 78,000

Note 6 Line of Credit

The School maintains a \$300,000 line of credit agreement (line) with Meridian Bank expiring September 2014, which accrues interest at the Wall Street Journal prime rate plus 1%, with a 5% floor. The line is for working capital purposes and is collateralized by School assets. As of June 30, 2013, the entire amount was available to be drawn upon.

Line of credit activity for the year ended June 30, 2013 was as follows:

Balance, July 1, 2012	\$ -
Borrowings	125,000
Repayments	(125,000)
Balance, June 30, 2013	\$ -

Interest expense was \$330 for the year ended June 30, 2013.

Chester Charter School for the Arts
Notes to Financial Statements
June 30, 2013

Note 7 Funding

The School received funding from various local school districts on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis. The Commonwealth of Pennsylvania makes contributions on behalf of the charter school for the employer's share of retirement payments and social security payments.

Note 8 Operating Lease

The School leases its facility in Aston, Pennsylvania under an operating leases expiring on August 31, 2017. In addition to the basic rent, the School is required to pay its proportionate share of taxes, occupancy, insurance, and maintenance. Rent expense was \$354,919 for the year ended June 30, 2013.

Future minimum lease payments as of June 30, 2013 are as follows:

Year ended June 30,	Total
2014	\$ 478,226
2015	535,305
2016	579,303
2017	609,032
2018	101,902
	\$ 2,303,768

Note 9 Retirement Plan

The School provides pension benefits for all of its employees through the Chester Charter School for the Arts 403(b) Plan. Employees are required to participate from the date of employment, with a mandatory minimum contribution of 5%. The School will match the employees' contributions dollar for dollar up to 6% of their compensation. Contributions to the plan for the year ended June 30, 2013 totaled \$163,736, which consisted of \$78,942 contributed by employees and \$89,794 contributed by the School.

Note 10 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, 2013 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.

Chester Charter School for the Arts
Notes to Financial Statements
June 30, 2013

Note 11 Major Contributor

For the year ended June 30, 2013, contributions of \$633,407 were received from one donor which represented 15% of the School's total revenue.

Note 12 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.

Note 13 Litigation

The School is, from time to time, involved in claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, at this time, the ultimate resolution of these matters will not have an adverse effect of the financial position of the School.

Supplementary Information

**Chester Charter School for the Arts
Governmental Fund Budgetary Comparison Schedule
Year Ended June 30, 2013**

	Original/ Final Budget	Actual Revenues/ Expenditures	Variance With Budget
Revenues			
Local educational agency assistance	\$ 3,303,724	\$ 3,300,317	\$ (3,407)
Other sources	424,000	645,361	221,361
State sources	44,800	37,275	(7,525)
Federal sources	104,000	95,741	(8,259)
Total revenues	<u>3,876,524</u>	<u>4,078,694</u>	<u>202,170</u>
Expenditures			
Instruction	1,922,188	1,926,441	(4,253)
Support services	1,312,101	1,381,567	(69,466)
Noninstructional services	-	6,212	(6,212)
Capital outlay	200,000	274,119	(74,119)
Debt service	13,500	330	13,170
Total expenditures	<u>3,447,789</u>	<u>3,588,669</u>	<u>(140,880)</u>
Excess of Revenues Over Expenditures	<u>428,735</u>	<u>490,025</u>	<u>61,290</u>
Other Financing Uses			
Interfund transfers out	-	(78,000)	(78,000)
Excess of Revenues Over Expenditures and Other Financing Uses	428,735	412,025	(16,710)
Fund Balance, Beginning	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 433,735</u>	<u>\$ 417,025</u>	<u>\$ (16,710)</u>

See accompanying notes to financial statements.

Other Reports Required By Government Auditing Standards

**Independent Auditor's 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***

To the Board of Trustees
Chester Charter School for the Arts
Aston, 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, and the major fund of Chester Charter School for the Arts (the School) 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 and have issued our report thereon, dated February 25, 2014.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted certain matters that we reported to management of Chester Charter School for the Arts in a separate letter dated February 25, 2014.

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 of the effectiveness of the 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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "SD Associates P.C." in a cursive, slightly slanted font.

Certified Public Accountants
Elkins Park, Pennsylvania

February 25, 2014