

Delaware Valley CHS

Charter Annual Report

07/01/2012 - 06/30/2013

School Profile

Demographics

Logan Place - Suite A
5201 Old York Road
Philadelphia, PA 19141
(215)455-2550

Phase:

CEO Name:

CEO E-mail address:

Phase 2

Ernest Holiday

eholiday@dvchs.net

Governance and Staff

Leadership Changes

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

Board member Thomas Munson was elected Board President, Frank Sciara is Board Vice President, Micheal Griffith is Treasurer, and Sherrie Davis is Secretary. Rebecca Davenport-Bey is a board member.

Board of Trustees Meeting Schedule

Location	Date and Time
Delaware Valley Charter HS	7/16/2013 3:30 PM
Delaware Valley Charter HS	8/20/2013 3:30 PM
Delaware Valley Charter HS	9/17/2013 3:30 PM
Delaware Valley Charter HS	10/15/2013 3:30 PM
Delaware Valley Charter HS	11/19/2013 3:30 PM
Delaware Valley Charter HS	12/17/2013 3:30 AM
Delaware Valley Charter HS	1/21/2014 3:30 PM
Delaware Valley Charter HS	2/18/2014 3:30 PM
Delaware Valley Charter HS	3/18/2014 3:30 PM
Delaware Valley Charter HS	4/15/2014 3:30 PM
Delaware Valley Charter HS	5/20/2014 3:30 PM
Delaware Valley Charter HS	6/17/2014 3:30 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
Principal	1.00	1.00				1.00
Assistant Principal	2.00	2.00				2.00
Classroom Teacher (including Master Teachers)	40.00	40.00				
Specialty Teacher (including Master Teachers)	0.00	0.00				
Special Education Teacher (including Master Teachers)	4.00	4.00				
Special Education Coordinator	1.00	1.00				
Counselor	2.00	2.00				
Psychologist	0.00					
School Nurse	1.00	1.00				
Totals	52.00	51.00	0	0	0	4.00

Further explanation:

This narrative is empty.

Fiscal Matters

Major Fundraising Activities

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

No major fundraising activities planned for the year or next year.

Fiscal Solvency Policies

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

We are monitoring payroll and making adjustments to staffing in order to stay fiscally solvent.

Fiscal Solvency Policies

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

No files have been uploaded.

Accounting System

Changes to the accounting system the charter school uses:

There were not changes to our accounting system this year.

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:	Siegal and Drossner
Date of Last Audit:	01/16/2013
Fiscal Year Last Audited:	2011-2012

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:

We have a dispute with our landlord over CAM charges. This is delaying completion of the audit. The issue should be resolved in the next couple of weeks.

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
-------------	----------

Federal Programs Consolidated Review

Basics

Title I Status:

Date of Last Federal
Programs Consolidated
Review: 12/11/2012

School Year Reviewed: 2012-2013

Federal Programs Consolidated Review Report

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

No file has been uploaded.

Citations

Federal Programs Consolidated Review citations and the corresponding Charter School responses

Description	Response
-------------	----------

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
Reading Support Teacher	Delaware Valley Charter HS	1
Special Education Director	Delaware Valley Charter HS	1
Teacher Support Assistant	Delaware Valley Charter HS	1

Special Education Contracted Services

Title	Amt. of Time per Week	Operator	Number of Students
Psychologist	1 Days	Outside Contractor	126
Speech Therapist	1 Days	Outside Contractor	20

Special Education Cyclical Monitoring

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

12/07/2010
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:

Delaware Valley Charter High School did not acquire any new facilities, Fixtures or equipment during the 2012-2013 school year.

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

\$0.00

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:

We are in the process of looking for a suitable site to develop for expansion purposes.

Memorandums of Understanding

There are no memorandums of understanding.

Preliminary Statement of Revenues, Expenditures & Fund Balances
Include ALL Funds
as of June 30, 2013

Name of School Delaware Valley Charter High School

Address of School 5201 Old York Road, Logan Plaza, Suite a, Philadelphia, PA 19141

CEO Signature _____

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

EXPENDITURES

1000	INSTRUCTION	
1100	REGULAR PROGRAMS - ELEMENTARY / SECONDARY	3,347,009
1200	SPECIAL PROGRAMS - ELEMENTARY / SECONDARY	103,175
1300	VOCATIONAL EDUCATION	
1400	OTHER INSTRUCTIONAL PROGRAMS - ELEMENTARY / SECONDARY	
1600	ADULT EDUCATION PROGRAMS	
1700	HIGHER EDUCATION PROGRAMS	
1800	PRE-KINDERGARTEN	
2000	SUPPORT SERVICES	
2100	SUPPORT SERVICES - PUPIL PERSONNEL	754,635
	2110 Supervision of Pupil Personnel Services	
	2120 Guidance Services	
	2130 Attendance Services	
	2140 Psychological Services	
	2150 Speech Pathology and Audiology Services	
	2160 Social Work Services	
	2170 Student Accounting Services	
	2190 Other Pupil Personnel Services	
2200	SUPPORT SERVICES - INSTRUCTIONAL STAFF	262
	2210 Supervision of Educational Media Services	
	2220 Technology Support Services	
	2230 Educational Television Services	
	2240 Computer-Assisted Instruction Support Services	
	2250 School Library Services	
	2260 Instruction and Curriculum Development Services	
	2270 Instructional Staff Professional Development Services	
	2280 Nonpublic Support Services	
2300	SUPPORT SERVICES - ADMINISTRATION	1,358,755
	2310 Board Services	
	2320 Board Treasurer Services	
	2340 Staff Relations and Negotiations Services	
	2350 Legal Services	
	2360 Office of the Superintendent (Executive Director) Services	
	2370 Community Relations Services	
	2380 Office of the Principal Services	
	2390 Other Administration Services	
2400	SUPPORT SERVICES - PUPIL HEALTH	67,356

2500		SUPPORT SERVICES - BUSINESS	113,478
	2510	Fiscal Services	
	2520	Purchasing Services	
	2530	Warehousing and Distributing Services	
	2540	Printing, Publishing and Duplicating Services	
	2590	Other Support Services - Business	
2600		OPERATION AND MAINTENANCE OF PLANT SERVICES	2,494,920
	2610	Supervision of Operation and Maintenance of Plant Services	
	2620	Operation of Buildings Services	
	2630	Care and Upkeep of Grounds Services	
	2640	Care and Upkeep of Equipment Services	
	2650	Vehicle Operations and Maintenance Services (Other than Student Transportation Vehicles)	
	2660	Security Services	
	2690	Other Operation and Maintenance of Plant Services	
2700		STUDENT TRANSPORTATION SERVICES	16,420
	2710	Supervision of Student Transportation Services	
	2720	Vehicle Operation Services	
	2730	Monitoring Services	
	2740	Vehicle Servicing and Maintenance Services	
	2750	Nonpublic Transportation	
	2790	Other Student Transportation Services	
2800		SUPPORT SERVICES - CENTRAL	42,838
	2810	Planning, Research, Development and Evaluation Services	
	2820	Information Services	
	2830	Staff Services	
	2840	Data Processing Services	
	2850	State and Federal Agency Liaison Services	
	2860	Management Services	
	2890	Other Support Services Central	
2900		OTHER SUPPORT SERVICES - CENTRAL	
	2990	Pass-Thru Funds	
3000		OPERATION OF NON-INSTRUCTIONAL SERVICES	
3100		FOOD SERVICES	
3200		STUDENT ACTIVITIES	300,133
	3210	School Sponsored Student Activities	
	3250	School Sponsored Athletics	
3300		COMMUNITY SERVICES	
	3310	Community Recreation	
	3320	Civic Services	
	3330	Public Library Services	
	3340	Custody and Child Care	
	3350	Welfare Activities	
	3390	Other Community Services	
3400		SCHOLARSHIPS AND AWARDS	
4000		FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SERVICES	
4100		SITE ACQUISITION SERVICES - ORIGINAL AND ADDITIONAL	
4200		EXISTING SITE IMPROVEMENT SERVICES	
		Charter School Annual Report - Expenditures	2

4300	ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS DEVELOPMENT - ORIGINAL AND ADDITIONAL	
4400	ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS - IMPROVEMENTS	
4500	BUILDING ACQUISITION AND CONSTRUCTION SERVICES - ORIGINAL AND ADDITIONAL	
4600	EXISTING BUILDING IMPROVEMENT SERVICES	
5000	OTHER EXPENDITURES AND FINANCING USES	
5100	DEBT SERVICE / OTHER EXPENDITURES AND FINANCING USES	
5200	FUND TRANSFERS	
5300	TRANSFERS INVOLVING COMPONENT UNITS	
5400	INTRAFUND TRANSFERS OUT	
5800	SUSPENSE ACCOUNT	
5900	BUDGETARY RESERVE	
TOTAL EXPENDITURES		8,598,981

SUB TOTAL - REVENUE LESS EXPENDITURES CURRENT YEAR (\$82,197)

SUB TOTAL - FUND BALANCE AT JUNE 30, 2012 (\$436,998)

CURRENT FUND BALANCE AS OF JUNE 30, 2013 (\$519,195)

TOTAL REVENUES MINUS TOTAL EXPENDITURES = CURRENT FUND BALANCE AS OF JUNE 30, 2013 (\$519,195)

Delaware Valley Charter High School

**Financial Statements
And
Independent Auditors' Report**

Year Ended June 30, 2011

Delaware Valley Charter High School
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Year Ended June 30, 2011

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Independent Auditor's Report

To the Board of Trustees
Delaware Valley Charter High School
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major fund of Delaware Valley Charter High School (the School), as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Delaware Valley Charter High 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 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 financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Delaware Valley Charter High School as of June 30, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2012, on our consideration of Delaware Valley Charter High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Delaware Valley Charter High School. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Siegel & Drossner, P.C.

Certified Public Accountants
Elkins Park, Pennsylvania

October 11, 2012

Delaware Valley Charter High School Management's Discussion and Analysis June 30, 2011

The Board of Trustees of Delaware Valley Charter High 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, 2011. 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 general fund deficit of \$462,301. This balance was the result of a \$30,368 deficit for the year ended June 30, 2011.
- The School's cash balance at June 30, 2011 was \$133,783, representing an increase of \$15,673 from June 30, 2010.
- Notes payable totaling \$1,473,819 for building improvements, and long-term accounts payable totaling \$81,493 for prior accrued rent and CAM were forgiven as of 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 four components: Management's Discussion and Analysis (this section), the basic financial statements, supplementary information, and single audit requirements.

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.

In the statement of net assets 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 charges students a reduced fee for breakfast and lunch.

**Delaware Valley Charter High School
Management's Discussion and Analysis
June 30, 2011**

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 Assets 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.

	<u>2011</u>	<u>2010</u>
Assets		
Other assets	\$ 742,986	\$ 550,615
Capital assets, net	<u>2,394,011</u>	<u>2,481,973</u>
	3,136,997	3,032,588
Liabilities	<u>1,342,057</u>	<u>3,046,240</u>
Net Assets	<u>\$1,794,940</u>	<u>\$ (13,652)</u>

**Delaware Valley Charter High School
Management's Discussion and Analysis
June 30, 2011**

Government-Wide Financial Analysis (Continued)

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 \$1,794,940 as of June 30, 2011, an increase of \$1,808,592 from June 30, 2010.

The School's revenues are predominately the Philadelphia School District's funds based on the student enrollment. For the year ended June 30, 2011, the School's total revenues of \$9,403,651 exceeded expenditures of \$7,595,059 by \$1,808,592, an increase of \$1,891,885 as compared to the preceding year.

	<u>2011</u>	<u>2010</u>
Revenues		
Program revenues		
Local educational agency assistance	\$6,210,156	\$5,773,537
State sources	393,203	391,436
Federal sources	676,388	1,299,543
Food service	448,348	428,594
General revenues		
Contributions	1,520,426	-
Other revenues	155,130	139,043
Total revenues	<u>9,403,651</u>	<u>8,032,153</u>
 Expenditures		
Instruction	3,240,369	3,576,341
Support services	3,364,681	3,524,144
Noninstructional services	693,748	697,803
Depreciation and amortization	181,705	184,492
Interest expense	114,556	132,666
Total expenditures	<u>7,595,059</u>	<u>8,115,446</u>
 Change in net assets	1,808,592	(83,293)
Net assets, beginning	<u>(13,652)</u>	<u>69,641</u>
 Net assets, ending	<u>\$1,794,940</u>	<u>\$ (13,652)</u>

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 \$462,301.

**Delaware Valley Charter High School
Management's Discussion and Analysis
June 30, 2011**

Budget Variations

The actual revenues represent an increase from budgeted revenues of \$189,773 due mainly to increases in other sources and tuition revenue.

Actual expenditures increased \$112,739 from the budget, due to increases (decreases) as follows:

Instructional services	\$ 46,599
Support services	(29,061)
Noninstructional services	98,250
Capital outlay	(8,436)
Debt service	5,387
	<u>\$ 112,739</u>

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2011, the School's investment in capital assets for its governmental activities totaled \$2,394,011 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements and renovations, classroom and office furniture, vehicles and computer equipment.

Major capital assets purchased during the year included the following:

- Capital expenditures of \$71,605 for leasehold improvements and renovations.
- Capital expenditures of \$39,959 for computer equipment and furniture and fixtures.

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

Long-Term Debt

The School has a note payable of \$54,670 (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 Philadelphia School District, will increase by approximately \$200,000 for fiscal year 2011-2012 due to increased per-student rates and an increase in the student population.

Future Events that will Financially Impact the School

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

**Delaware Valley Charter High School
Management's Discussion and Analysis
June 30, 2011**

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, Delaware Valley Charter High School, 5201 Old York Road, Philadelphia, Pennsylvania 19141.

Delaware Valley Charter High School
Statement of Net Assets (Deficit)
June 30, 2011

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 133,783	\$ -	\$ 133,783
Local receivable	215,000	-	215,000
State subsidies receivable	132,860	-	132,860
Federal subsidies receivable	-	44,130	44,130
Prepaid expenses	158,147	-	158,147
Total current assets	639,790	44,130	683,920
Property and equipment, net	2,349,458	44,553	2,394,011
Deposits	59,066	-	59,066
	<u>3,048,314</u>	<u>88,683</u>	<u>3,136,997</u>
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	1,161,157	50,730	1,211,887
Current maturities of long-term debt	-	26,942	26,942
Total current liabilities	1,161,157	77,672	1,238,829
Accrued compensated absences	75,500	-	75,500
Long-term debt, net of current maturities	-	27,728	27,728
	<u>1,236,657</u>	<u>105,400</u>	<u>1,342,057</u>
Net Assets (Deficit)			
Unrestricted	(537,801)	(16,717)	(554,518)
Invested in capital assets, net of related debt	2,349,458	-	2,349,458
	<u>\$ 1,811,657</u>	<u>\$ (16,717)</u>	<u>\$ 1,794,940</u>

See accompanying notes to financial statements.

Delaware Valley Charter High School
Statement of Activities
Year Ended June 30, 2011

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities						
Instruction	\$ 3,240,369	\$ -	\$ 3,890,895	\$ 650,526	\$ -	\$ 650,526
Support services	3,364,681	-	3,385,989	21,308	-	21,308
Noninstructional services	220,490	93,496	2,863	(124,131)	-	(124,131)
Depreciation and amortization	181,705	-	-	(181,705)	-	(181,705)
Interest expense	114,556	-	-	(114,556)	-	(114,556)
Total governmental activities	7,121,801	93,496	7,279,747	251,442	-	251,442
Business-Type Activities						
Food service	473,258	-	448,348	-	(24,910)	(24,910)
	\$ 7,595,059	\$ 93,496	\$ 7,728,095	251,442	(24,910)	226,532
General Revenues						
Contributions				1,520,426	-	1,520,426
Other				61,634	-	61,634
Transfers				(107,402)	107,402	-
Change in net assets				1,726,100	82,492	1,808,592
Net Assets (Deficit) - Beginning of Year				85,557	(99,209)	(13,652)
Net Assets (Deficit) - End of Year				\$ 1,811,657	\$ (16,717)	\$ 1,794,940

See accompanying notes to financial statements.

Delaware Valley Charter High School
Balance Sheet-Governmental Funds
June 30, 2011

	General Fund
Assets	
Cash and cash equivalents	\$ 133,783
Local receivable	215,000
State subsidies receivable	132,860
Prepaid expenses	158,147
Total current assets	639,790
Deposits	59,066
	\$ 698,856
Liabilities	
Accounts payable and accrued expenses	\$ 1,161,157
Total current liabilities	1,161,157
Fund Balances	
Nonspendable	217,213
Unassigned	(679,514)
	(462,301)
	\$ 698,856

See accompanying notes to financial statements.

**Delaware Valley Charter High School
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2011**

Total Fund Balance for Governmental Funds \$ (462,301)

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

Building and leasehold improvements	2,587,690	
Computer equipment	417,561	
Furniture and fixtures	110,501	
Science lab	74,736	
Vehicles	57,677	
Accumulated depreciation and amortization	<u>(898,707)</u>	2,349,458

Long-term liabilities that pertain to governmental funds, including notes payable and capital lease obligations, 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:

Accrued compensated absences	<u>(75,500)</u>
------------------------------	-----------------

Total Net Assets of Governmental Activities	<u>\$ 1,811,657</u>
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Delaware Valley Charter High School
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Funds
Year Ended June 30, 2011

	General Fund
Revenues	
Local education agency assistance	\$ 6,210,156
Federal sources	676,388
State sources	393,203
Other sources	155,130
Total revenues	7,434,877
Expenditures	
Instruction	3,240,369
Support services	3,412,290
Noninstructional services	220,490
Capital outlay	111,564
Debt service	373,130
Total expenditures	7,357,843
Revenues in Excess of Expenditures	77,034
Other Financing Uses	
Interfund transfers out	(107,402)
Excess of Revenues Over Expenditures and Other Financing Uses	(30,368)
Fund Deficit - Beginning of Year	(431,933)
Fund Deficit - End of Year	\$ (462,301)

See accompanying notes to financial statements.

**Delaware Valley Charter High 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, 2011**

Net Change in Fund Balances - Total Governmental Funds \$ (30,368)

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	111,564	
Depreciation and amortization expense	<u>(181,705)</u>	(70,141)

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 and other long-term liabilities are as follows:

Accounts payable, long-term	41,908	
Forgiveness of debt	1,520,426	
Change in accrued compensated absences	5,700	
Principal payments on long-term debt	<u>258,575</u>	<u>1,826,609</u>

Change in Net Assets of Governmental Activities **\$ 1,726,100**

Delaware Valley Charter High School
Statement of Net Assets
Proprietary Fund
June 30, 2011

	Enterprise Fund
	Food Service Fund
Assets	
Current assets	
Accounts receivable	\$ 44,130
Total current assets	44,130
Property and equipment, net	44,553
	88,683
Liabilities	
Current liabilities	
Current maturity of capital lease obligation	26,942
Accounts payable and accrued expenses	50,730
Total current liabilities	77,672
Capital lease obligation	27,728
	105,400
Net Assets	
Unrestricted	\$ (16,717)

See accompanying notes to financial statements.

Delaware Valley Charter High School
Statement of Revenues, Expenditures, and Changes in Net Assets
Proprietary Fund
Year Ended June 30, 2011

	Enterprise Fund
	Food Service Fund
Operating Revenues	\$ -
Operating Expenses	
Food	445,919
Depreciation expense	17,821
	463,740
Loss from operations	(463,740)
Nonoperating Revenues and Expenses	
Federal and state grants	448,348
Interest expense	(9,518)
	438,830
Loss before interfund transfers	(24,910)
Interfund transfers in	107,402
Change in Net Assets	82,492
Net Assets - Beginning of Year	(99,209)
Net Assets - End of Year	\$ (16,717)

See accompanying notes to financial statements.

Delaware Valley Charter High School
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2011

	Enterprise Fund
	Food Service Fund
Cash Flows From Operating Activities	
Payments to suppliers	\$ (528,802)
Net cash used in operating activities	(528,802)
Cash Flows From Noncapital Financing Activities	
Cash received from federal and state grants	446,623
Transfer in from other fund	107,402
Net cash provided by noncapital financing activities	554,025
Cash Flows From Capital and Related Financing Activities	
Principal payments on capital lease obligation	(15,705)
Interest paid on capital lease obligation	(9,518)
Net cash used in capital and related financing activities	(25,223)
Net increase in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
Reconciliation of Operating Income to Net Cash Used In Operating Activities	
Operating loss	\$ (463,740)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	17,821
Changes in operating assets and liabilities:	
Accounts payable and accrued expenses	(82,883)
Net cash used in operating activities	\$ (528,802)

See accompanying notes to financial statements.

Delaware Valley Charter High School
Notes to Financial Statements
June 30, 2011

Note 1 Background and Summary of Significant Accounting Policies

Delaware Valley Charter High School (the School) is organized as a nonprofit corporation in Pennsylvania to operate a charter school in accordance with Pennsylvania Act 22 of 1997.

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 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 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.

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

Delaware Valley Charter High School
Notes to Financial Statements
June 30, 2011

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

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

Proprietary Fund - The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, 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 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 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.

Delaware Valley Charter High School
Notes to Financial Statements
June 30, 2011

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. The School classified prepaid expenses 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.
- 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.

Delaware Valley Charter High School
Notes to Financial Statements
June 30, 2011

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.

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

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

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; leasehold improvements (15-25 years), equipment and vehicles (5 years) and furniture (7 years).

Delaware Valley Charter High School
Notes to Financial Statements
June 30, 2011

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

Advertising Costs

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

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*, for the year ended June 30, 2011. 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 2007, 2008, 2009 and 2010 are subject to examination by the IRS, generally for three years after they were filed.

Note 2 Cash

The School's cash and cash equivalents balance at June 30, 2011, was \$133,783. The actual amount of cash on deposit in the School's bank accounts at June 30, 2011 was \$206,111. The entire amount held at the bank was insured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2011.

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, 2011 consist primarily of subsidies from federal and state 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, 2011 was as follows:

	Balance, 7/1/10	Additions	Deletions	Balance, 6/30/11
Leasehold improvements	\$ 2,656,555	\$ 71,605	\$ -	\$ 2,728,160
Equipment	410,437	16,496	-	426,933
Vehicles	57,677	-	-	57,677
Furniture and Fixtures	101,128	23,463	-	124,591
	3,225,797	111,564	-	3,337,361
Less: accumulated depreciation	743,824	199,526	-	943,350
	\$ 2,481,973	\$ (87,962)	\$ -	\$ 2,394,011

Delaware Valley Charter High School
Notes to Financial Statements
June 30, 2011

Note 4 Capital Assets (Continued)

Depreciation expense for the year ended June 30, 2011 was \$199,526.

Note 5 Long-Term Debt

Capital lease obligation (Note 8)	\$	54,670
Less: current maturities		26,942
Long-term debt, net of current maturities	\$	27,728

Interest expense was \$124,074 for the year ended June 30, 2011.

Changes in long-term debt are as follows:

	Balance, 7/1/10	Forgiveness of Debt	Reductions/ Repayments	Balance, 6/30/11
Governmental activities				
Long-term debt	\$ 1,697,508	\$ 1,438,933	\$ 258,575	\$ -
Accrued compensated absences	81,200	-	5,700	75,500
Accounts payable, long-term	118,401	81,493	36,908	-
Business-type activities				
Long-term debt	70,375	-	15,705	54,670
	\$ 1,897,109	\$ 1,520,426	\$ 301,183	\$ 75,500

Debt service requirements of long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 18,893	\$ 8,623	\$ 27,516
2013	26,942	575	27,517
2014	8,835	337	9,172
Total	\$ 54,670	\$ 9,535	\$ 64,205

Note 6 Interfund Transfers

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

Delaware Valley Charter High School
Notes to Financial Statements
June 30, 2011

Note 6 Interfund Transfers (Continued)

	Transfer In	Transfer Out
General fund	\$ -	\$ 107,402
Food service fund	107,402	-
	\$ 107,402	\$ 107,402

Note 7 Funding

The School receives funding from the Philadelphia School District 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. The School also received federal funding under the Title I and Title II grants.

Note 8 Commitments

Operating Lease

The School leased its facility, located at 5201 Old York Road in Philadelphia, Pennsylvania through June 2011. The lease was extended through June 30, 2026 (see below). In addition to the basic rent, the School is required to pay all real estate taxes, occupancy, insurance and maintenance. Included in the basic fixed monthly rent was \$30,645, which was a reimbursement for construction costs incurred by the Landlord in preparing the premises for occupancy by the School.

On July 1, 2006 and July 1, 2007 renovations of \$1,950,000 and \$548,460, respectively, were completed by the Landlord on behalf of the School. The School reimbursed the Landlord for the renovations through additional rent. The additional rental payments were reflected in the financial statements as repayment of the leasehold improvement loans.

The School extended its operating lease under an agreement expiring June 30, 2026. The lease calls for a fixed minimum rent of \$960,000 per year through June 30, 2013. Each year thereafter, the fixed minimum rent shall be increased or decreased by a percentage equal to the percentage change in the per capita reimbursement rate received by the School from the School District of Philadelphia. Additionally, the School has the right to terminate the lease effective July 1, 2016 or July 1, 2021.

The lease forgave the School of all accrued rent incurred prior to July 1, 2011, which was \$81,643 as of June 30, 2011. The lease also forgave the School all additional rent incurred prior to July 1, 2011. The additional rent of a \$30,645 per month was payable to the landlord as consideration for the renovations incurred by the landlord on behalf of the School. These improvements, totaling \$2,498,460, were capitalized on the statement of net assets with related notes payable to the landlord. As of June 30, 2011, the balances of the notes payable were \$1,437,819.

Rent expense was \$852,348 for the year ended June 30, 2011.

Delaware Valley Charter High School
Notes to Financial Statements
June 30, 2011

Note 8 Commitments (Continued)

Operating Lease (Continued)

Minimum annual rentals for each subsequent year at June 30, 2011 are as follows:

Year ending June 30,	
2012	\$ 960,000
2013	960,000
2014	960,000
2015	960,000
2016	960,000
2017 and thereafter	9,600,000
	\$ 14,400,000

Capital Lease

Food service equipment costing \$89,106 with a net book value of \$44,553 is held under a capital lease with interest at 18.63% per annum. The following is a schedule of future minimum lease payments required as of June 30, 2011:

Total minimum lease payments due	\$ 64,205
Less amounts representing interest	9,535
	\$ 54,670

Note 9 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, legislative 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 P.A.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 Bureau of Fiscal Control, Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania 17108-0125. This publication is also available on the PSERS website at www.pfers.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 5.64%.

Delaware Valley Charter High School
Notes to Financial Statements
June 30, 2011

Note 9 Retirement Plan (Continued)

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 for the years ended June 30, 2011, 2010, and 2009 were \$170,224, \$167,570, and \$176,645, respectively, which equals 100% of the contractually required contribution as set by State statutes.

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, 2011 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 11 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.

Note 12 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.

Note 13 Other Matters

In 2009, the School timely submitted its Charter renewal application to the School District of Philadelphia (the District). On June 16, 2010, the District recommended to the School Reform Commission (SRC) that the School's Charter be renewed for five years in accordance with Charter School Law. The SRC responded by passing a Resolution that renewed the School's Charter, but imposed several conditions to the renewal including a cap on the enrollment (the Cap), which was determined to be illegal by the Commonwealth Court of Pennsylvania courts. The School declined to sign the renewal Charter presented by the District, and was successful in a lawsuit against the District with 10 other charter schools regarding the Cap. As a result, the School received an additional \$215,000 in August 2011 for a number of students enrolled and educated above the Cap. The School is awaiting a revised renewal Charter without any restrictions on enrollment.

Supplementary Information

**Delaware Valley Charter High School
Governmental Fund Budgetary Comparison Schedule
Year Ended June 30, 2011**

	Original/ Final Budget	Actual Revenues/ Expenditures	Variance With Budget
Revenues			
Local educational agency assistance	\$ 6,155,200	\$ 6,210,156	\$ 54,956
Other sources	-	155,130	155,130
State sources	384,000	393,203	9,203
Federal sources	705,904	676,388	(29,516)
Total revenues	<u>7,245,104</u>	<u>7,434,877</u>	<u>189,773</u>
Expenditures			
Instruction	3,193,770	3,240,369	(46,599)
Support service	3,441,351	3,412,290	29,061
Noninstructional services	122,240	220,490	(98,250)
Capital outlay	120,000	111,564	8,436
Debt service	367,743	373,130	(5,387)
Total expenditures	<u>7,245,104</u>	<u>7,357,843</u>	<u>(112,739)</u>
Revenues in Excess of Expenditures	-	77,034	77,034
Other Financing Uses			
Interfund transfers out	-	(107,402)	(107,402)
Excess of Revenues Over Expenditures and Other Financing Uses	-	(30,368)	(30,368)
Fund Deficit, Beginning	<u>(431,933)</u>	<u>(431,933)</u>	-
Fund Deficit, Ending	<u>\$ (431,933)</u>	<u>\$ (462,301)</u>	<u>\$ (30,368)</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
Delaware Valley Charter High School
Philadelphia, Pennsylvania

We have audited the financial statements of the governmental activities, the business-type activities, and the major fund of Delaware Valley Charter High School (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon, dated October 11, 2012. 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.

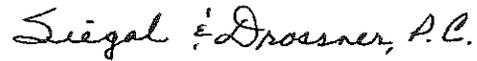
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Finding 11-01, that we consider to be a significant deficiency in internal control over financial reporting. 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.

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*.

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the Board of Trustees 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.



Certified Public Accountants
Elkins Park, Pennsylvania

October 11, 2012

Single Audit Requirements

**Delaware Valley Charter High School
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011**

Federal Grantor/ Pass-Through Grantor	Federal CFDA Number	Pass- Through Grantor's Number	Grant Period	Program or Award	Total Received for the Year	Revenue Recognized	Federal Expenditures	Accrued (Deferred) Revenue 6/30/2011
U.S. Department of Education								
<u>Pass-Through PA Department of Education</u>								
Title I - Program Improvement Set Aside	84.010	013-110904	8/25/10-9/30/11	\$ 503,752	\$ 516,033	\$ 503,752	\$ 503,752	\$ (12,281)
Title II - Improving Teacher Quality	84.367	020-110904	8/25/10-9/30/11	31,152	31,152	31,152	31,152	-
<u>Pass-Through School District of Philadelphia</u>								
Individuals with Disabilities Education								
Act Part B	84.027	N/A	7/1/09-9/30/10	141,486	141,486	141,486	141,486	-
Total U.S. Department of Education					688,671	676,390	676,390	(12,281)
U.S. Department of Agriculture								
<u>Pass-Through PA Department of Education</u>								
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	261,889	235,623	261,889	261,889	26,266
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	161,042	145,078	161,042	161,042	15,964
Total U.S. Department of Agriculture					380,701	422,931	422,931	42,230
Total Federal Awards					\$ 1,069,372	\$ 1,099,321	\$ 1,099,321	\$ 29,949

See notes to schedule of expenditures of federal awards.

Delaware Valley Charter High School
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Delaware Valley Charter High School (the School) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the balance sheet, revenues, expenditures, or changes in fund balances of governmental funds of the School.

Note 2 Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available



Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Trustees
Delaware Valley Charter High School
Philadelphia, Pennsylvania

Compliance

We have audited Delaware Valley Charter High School's (the School) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2011. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with those requirements.

In our opinion, the School complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

This report is intended for the information and use of management, the Board of Trustees, 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.

Siegel & Drossner, P.C.

Certified Public Accountants
Elkins Park, Pennsylvania

October 11, 2012

**Delaware Valley Charter High School
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

A. Summary of Audit Results

1. The Independent Auditors' Report expresses an unqualified opinion on the basic financial statements of Delaware Valley Charter High School.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Compliance and on Internal Control over Financial Reporting. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Delaware Valley Charter High School which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance.
5. The independent auditors' report on compliance for the major federal award programs for Delaware Valley Charter High School expresses an unqualified opinion.
6. There were no audit findings, which were required to be reported in accordance with Section 501(a) of OMB Circular A-133.
7. The programs tested as major programs were the Title 1 Cluster (CFDA #84.010/84.389), and the Child Nutrition Cluster (CFDA #10.553/10.555).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Delaware Valley Charter High School did not qualify as a low-risk auditee.

B. Findings-Financial Statement Audit

Finding 11-01:

Criteria: Delaware Valley Charter High School is required to establish cash disbursement internal control policies to ensure proper initiation, approval, recording and filing of all cash disbursements.

Condition: During the course of our audit we noted an expense account titled "uncategorized expenses", which contained postings of cash disbursements that management could not provide documentation.

Effect: Inadequate procedures could lead to the misappropriation of federal, state, and local funds.

Cause: The School has not implemented proper procedures over cash disbursements to ensure that all cash disbursements contain properly authorized documentation.

**Delaware Valley Charter High School
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

B. Findings-Financial Statement Audit (Continued)

Finding 11-01 (Continued):

Recommendation: The School should implement procedures to ensure that all cash disbursements are properly approved and documented.

Explanation of Disagreement with Audit Finding: There is no disagreement with the audit finding.

Actions Planned in Response to Findings: The School has hired an employee with accounting knowledge and background to implement procedures to ensure that all cash disbursements are properly approved and documented.

C. Findings and Questioned Costs-Major Federal Award Programs Audit

There were no findings and questioned costs for federal awards, which would include audit findings as defined in OMB Circular A-133.

Delaware Valley Charter High School
5201 Old York Rd Logan Plaza, Suite A, Phila. PA 19141
FY 2012-2013

Name	Hire Date	FT/PT	Hours Worked	Annual Salary	Title	Highest Degree Obtained
ADAMS, MERRILL J	7/5/2011	FT	40	\$38,000.00	Sp. Ed. Para Professional	
ANDREWS, JENNIFER	8/19/2011	FT	40	\$44,804.76	Biology Teacher	
ANDREWS, RONALD	3/11/2004	FT	40	\$27,053.00	Security Officer	
ARRINGTON, BARBARA	9/19/2005	FT	40	\$42,024.06	Special Asst. Director of Security	
BOND, CHARMEIA	9/1/2006	FT	40	\$47,802.30	Reading Specialist	
BOYD, JARED	12/21/2009	FT	40	\$42,025.36	Physical Education Teacher	
CAMBRIA, WILLIAM	8/3/2004	FT	40	\$48,327.50	Athletic Director	
CAHILL, CHRISTOPHER	8/27/2012	FT	40	\$41,500.00	Math Teacher	Masters-Education
CANALES, ANGELA	8/29/2011	FT	40	\$38,000.00	Long Term Substitute	
CIOSEK, MAGDALENA	9/1/2006	FT	40	\$47,802.30	Science Teacher	
CLIFFORD, COLIN	3/11/2009	FT	40	\$43,284.28	Culinary Teacher	
COHEN, BERYL	1/2/2007	FT	40	\$45,176.04	Social Studies Teacher	
DABNER, GEORGE	3/7/2005	FT	40	\$22,507.94	Security Officer	
DiCICCO, ROBERT	9/1/2007	FT	40	\$45,176.04	Math Teacher	
DOMSKY, JESSICA	8/27/2012	FT	40	\$41,500.00	English Teacher	Bachelors-English
DUNAWAY, CURTIS	9/9/2002	FT	40	\$49,378.16	Social Studies Teacher	
FARMER, JOHN	9/22/2000	FT	40	\$65,000.00	Asst. Director of Security	
FARMER, LILLIAN	9/22/2000	PT	20	\$15,600.00	Job Recruitment-Contractor	
FARMER, SHELTON	8/29/2008	FT	40	\$29,216.98	Behavior	
GOGGANS, BELINDA	11/2/2009	FT	40	\$33,000.00	Receptionist	
GOODCHILD, THERESA	10/22/2012	FT	40	\$50,000.00	Reading Specialist/Special Ed Teacher	Masters-Reading Specialist
GRACIANO, CHRISTINA	9/10/2012	FT	40	\$36,000.00	Behavior Mod/Admin Asst	High School
HAMMOCK, KEVIN	9/1/2007	FT	40	\$23,628.02	Security Officer	
HARGRAVES, JOHN	5/4/2009	FT	40	\$52,529.88	Director of Security	
HARRIGAN, JASON	8/1/2009	FT	40	\$42,024.06	Math Teacher	
HARRIS-MCGINLEY, JOY	9/1/2007	FT	40	\$60,000.00	English Teacher	
HAWKINS, WESLEY	5/21/2007	FT	40	\$27,053.00	TSS Worker	
HIGGINBOTHAM, RODNEY	12/18/2008	FT	40	\$22,507.94	Security Officer	
HOLIDAY, ERNEST	8/10/2005	FT	40	\$150,647.90	CEO/Principal	
HOLIDAY, JUSTIN	6/21/2009	FT	40	\$51,379.90	Guidance Counselor Intern	
HOWARD, BLONDELL	2/20/2007	FT	40	\$24,520.60	Administrative Assistant	
JAROSIEWICZ, KIMBERLY	8/27/2012	FT	40	\$43,500.00	Social Studies Teacher	Bachelors-Political Science
JOHNSTON, CRYSTAL	9/1/2006	FT	40	\$47,771.62	English Teacher	
JONES, DEMETRIUS	12/19/2011	FT	40	\$20,800.00	Security Officer	
KANG, CATHERINE	8/27/2012	FT	40	\$41,500.00	English Teacher	Bachelors-English/French
KELSEY, DARLENE	8/15/2011	FT	40	\$42,744.78	Music Teacher	

KOWALSKI, NICOLE	8/27/2012	FT	40	\$41,500.00	Math Teacher	Bachelors-Secondary Ed/Math
LARINI, JUDITH	3/1/2006	FT	40	\$50,428.56	Student Recruiter	
LAWLER, JOHN	9/1/2000	FT	40	\$62,906.22	Social Studies Teacher	
LYNCH, BRETT	9/11/2002	FT	40	\$59,712.90	Guidance Counselor	
MALLOY, ANDREA	9/23/2009	FT	40	\$48,000.00	Administrative Assistant	
MANGIARELLI, JULIANE	9/13/2012	FT	40	\$48,000.00	Special Ed/English Teacher	Masters-Special Ed.
MATTHEWS, LYNETTE	9/4/2012	FT	40	\$38,000.00	Long Term Substitute	
MCCRORY, SHANELLE	12/3/2007	FT	40	\$23,183.16	Security Officer	
MCCULLA, ERIC	1/1/2001	FT	40	\$89,166.74	Assistant Principal	
MCMULLEN, KATHLEEN	7/16/2012	FT	40	\$49,000.00	HR & Finance Administrator	Bachelors-English
MONTGOMERY, STACY	9/10/2007	FT	40	\$46,720.96	Social Studies Teacher	
NIELL, SARAH	8/27/2012	FT	40	\$41,500.00	Math Teacher	Bachelors-Psychology
OWENS, JON	6/28/2012	FT	40	\$35,000.00	Behavior Modification Specialist	Masters-Mental Health & Community Psychology
RIM, JOSEPH	8/27/2012	FT	40	\$41,500.00	Physics Teacher	Bachelors-Political Science
ROSSI, CHRISTOPHER	8/27/2012	FT	40	\$41,500.00	Special Ed/Math Teacher	Bachelors-Psychology
ROTTER, IRV	10/3/2006	FT	40	\$59,550.40	Careers Recruiter	
RYAN, BRENT	11/21/2011	FT	40	\$40,000.00	Special Education Teacher	
SCHULTZ, PATRICIA	2/28/2005	FT	40	\$48,480.90	Nurse	
SEPONARA, ALISON	8/1/2012	FT	40	\$45,000.00	Guidance Counselor	Masters-Clinical Psychology
SHAO, WEIHUA	8/15/2011	FT	40	\$42,744.78	Mandarin/Graphic Arts Teacher	
SHARIATDOUST, RANA	8/27/2012	FT	40	\$41,500.00	Math Teacher	Bachelors-Political Science
SMITH, JEDEDIAH	9/1/2005	FT	40	\$48,008.22	English Teacher	
STERLING, DEBORAH	4/3/2006	FT	40	\$46,226.44	Behavior Paraprofessional	
STEWART, KIMBERLY	11/24/2008	FT	40	\$38,000.00	Long Term Substitute	
STRUNK, RACHEL	11/21/2011	FT	40	\$40,000.00	Special Ed. Teacher	
SWEENEY, CARLIE	11/2/2009	FT	40	\$47,500.00	Spanish Teacher	
TARDELLI, ARVELLA	9/1/2005	FT	40	\$63,857.82	Art Teacher	
THOMAS, BARRY JAY	9/1/2006	FT	40	\$57,400.98	Math Teacher	
TYLER, VIRLENE	10/31/2011	FT	40	\$23,000.12	Clerial Assistant	
VAUGHN-LEWIS, STEVEN	8/27/2012	FT	40	\$41,500.00	Science Teacher	Bachelors-Political Science
WELCH, LAURA	8/16/2010	FT	40	\$41,763.80	Science Teacher	
WEST, ALIYAH	8/27/2012	FT	40	\$53,000.00	English Teacher	Masters-Education
WHITE, GREGORY	9/1/2006	FT	40	\$23,878.40	Security Officer	
WILEY, STEPHEN	1/8/2008	FT	40	\$30,840.16	Building Custodian	
WILSON-NELSON, RENEE	2/21/2012	FT	40	\$38,000.00	Long Term Substitute	
WINTRODE, ALISON	9/1/2007	FT	40	\$76,000.00	Reading Specialist	
WOOLCOCK, LINDSAY	8/27/2012	FT	40	\$44,500.00	English Teacher	Bachelors-Secondary Ed/English
YANOSIK, JORDAN	8/16/2010	FT	40	\$43,259.84	Special Ed. Teacher	
ZOURZOUKIS, ANTIGONI	8/27/2012	FT	40	\$41,500.00	English Teacher	Masters-Urban Education