Mastery CS-Clymer Elementary

Charter Annual Report

07/01/2013 - 06/30/2014

School Profile

Demographics

1201 W Rush Street
Philadelphia, PA 19133
(215)227-8610

Phase:	Phase 2
CEO Name:	Scott Gordon
CEO E-mail address:	Scott.Gordon@masterycharter.org

Governance and Staff

Leadership Changes

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

Our Board of Trustees passed a resolution in June 2014 to make the following changes:
• Appoint Robert Victor as Chair
• Appoint Charles Corpening to a new, two-year term
• Allow the appointment of Judy Tschirgi to lapse effective June 30, 2014.
Board members for 13-14 and 14-15 are as follows:
13-14

Judith Tschirgi (Chair)
Graham Finney
Ron Biscardi
Charles Corpening
Gerry Emery
Robert Victor
Donald Kimelman
Tony Payton
Robin Olanrenwaju (Mastery Parent Advisory Council nominee)
Victoria Harrison (Mastery Parent Advisory Council nominee)
14-15

Robert Victor (Chair)
Graham Finney
Ron Biscardi
Charles Corpening
Gerry Emery
Donald Kimelman
Tony Payton
Robin Olanrenwaju (Mastery Parent Advisory Council nominee)
Victoria Harrison (Mastery Parent Advisory Council nominee)

Board of Trustees Meeting Schedule

Location	Date and Time
Mastery CS - Cleveland Elementary	9/18/2013 5:30 PM
Mastery CS - Smedley Campus	11/13/2013 5:30 PM
Mastery CS - Harrity Campus	1/15/2014 5:30 PM
Mastery Charter High School - Lenfest Campus	3/19/2014 5:30 PM
Mastery CS -Shoemaker Campus	6/19/2014 6:00 PM

To be determined	9/10/2014 5:30 PM
To be determined	11/19/2014 5:30 PM
To be determined	1/21/2015 5:30 PM
To be determined	3/11/2015 5:30 PM
To be determined	6/17/2015 5:30 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	1.00	1.00				2.00
Classroom Teacher (including Master Teachers)	20.00	16.00			2.00	26.00
Specialty Teacher (including Master Teachers)	4.00	3.00			1.00	3.00
Special Education Teacher (including Master Teachers)	8.00	8.00			1.00	13.00
Special Education Coordinator	1.00	1.00				1.00
Counselor						
Psychologist						
School Nurse						
Totals	36.00	30.00	0	0	4.00	47.00

Further explanation:

This narrative is empty.

Fiscal Matters

Major Fundraising Activities

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

The Clymer Campus had $110,000 of fundraising revenue in the last fiscal year. $86,000 were a federal grant from Teacher Incentive Fund passed through from Mastery Charter High School and $24,000 were received from the Mastery Charter Schools Foundation. The campus is budgeted to have $50,000 of fundraising revenue in the current year.

Fiscal Solvency Policies

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

Mastery defines fiscal solvency as the ability to grow and to sustain itself in the long term and the ability to cover all debts and expenses. Mastery ensures that its programs are sustainable by projecting revenues and expenses 5 years into the future. As our schools reach full enrollment, they are able to cover majority of their general operating expenses with per pupil revenue from the School District of Philadelphia through the PA Department of Education. The rest is covered with federal entitlement awards and various state subsidies. Our schools also have cash reserves for future maintenance issues and potential operating budget deficits. Our Board approves projects that support the mission and strategic goals for the year; Mastery raises private funds to cover the costs of these projects and the administrative costs of the management office.
Mastery ultimately ensures solvency by frequent analysis of programmatic and financial model sustainability, by maintaining target levels of cash at each school, and by active monthly analysis of cash required to cover expenses and debts. Mastery does not have any current issues with fiscal solvency or cash flow.

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)

Files uploaded:

- Fiscal Policies and Procedures updates May 2013.pdf

Accounting System

Changes to the accounting system the charter school uses:

There were no changes to our accounting system. Mastery uses the accrual system of accounting in accordance with Generally Accepted Accounting Principles (GAAP). Mastery

records all transactions in its Blackbaud Financial Edge accounting database. Mastery uses the Pennsylvania State Chart of Accounts for Pennsylvania Public Schools.

Preliminary Statements of Revenues, Expenditures & Fund Balances

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

PDF file uploaded.

Financial Audits

Basics

Audit Firm:	CliftonLarsonAllen
Date of Last Audit:	12/10/2013
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:

This narrative is empty.

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:	Yes
Date of Last Federal Programs Consolidated	03/05/2013

Review:
School Year Reviewed: 2012-13

Federal Programs Consolidated Review Report

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

PDF file uploaded.

Citations

Federal Programs Consolidated Review citations and the corresponding Charter School responses

Description	Response
Currently, 27 of 29 core content teachers (93.1%) meet the HQ standard.	The two teachers who had not met the HQ standard needed to take the PRAXIS exam.
Currently, 5 of 8 paraprofessionals (62.5%) meet the HQ standard.	The three paraprofessionals who had not met the HQ standard were studying to pass the PRAXIS I exam.

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
Paraprofessionals	Mastery CS-Clymer Elementary	5.08
Social Worker	Mastery CS-Clymer Elementary	1
Special Education Teachers	Mastery CS-Clymer Elementary	12

Special Education Contracted Services

Title	Amt. of Time per Week	Operator	Number of Students
Occupational Therapists	3.5 Days	Outside Contractor	66
Physical Therapist	1 Days	Outside Contractor	33
Psychologists	4 Days	Outside	10 or fewer

		Contractor	
Speech-Language Pathologists	5 Days	Outside Contractor	157

Special Education Cyclical Monitoring

Date of Last Special Education Cyclical Monitoring: 12/03/2013
Link to Report (Optional): Not Provided

Special Education Cyclical Monitoring Report

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

PDF file uploaded.

Facilities

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

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

The fixed assets acquired by Mastery CS - Clymer Elementary during the past fiscal year included the following:

- $40,000 for building improvements, including elevator and boiler repairs, etc.;
- $51,000 for equipment purchases, including computers;
- $20,000 for software; and
- $6,000 for furniture.

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

$117,000.00

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:

There are no current plans for facility development at this campus other than regular maintenance projects to upkeep the facility.

Memorandums of Understanding

Organization	Purpose
Camelot Schools of PA	Special Education Emotional Support Services
CliftonLarsonAllen	Financial Auditing Services
CORA Services	Special Education Psychological, Speech and Language Therapy, Occupational Therapy, and Occupational Therapy Services
GCA Services Group	Cleaning Services
MACCS	Nursing Services
Mastery Charter High School	Charter Management Organization Services including support for curriculum and instruction, leadership training, information technology, data management, building operations, talent recruitment, human resources, financial and payroll, grants and

	fund-raising, reporting, and compliance.
Resources for Human Development	Psychotherapeutic Services
Success Schools	Alternative Education for Disruptive Youth Services

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 Judith Tschirgi on 7/17/2014

President, Board of Trustees

Affirmed by Scott Gordon on 7/17/2014

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 Judith Tschirgi on 7/17/2014

President, Board of Trustees

Affirmed by Scott Gordon on 7/17/2014

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 Judith Tschirgi on 7/17/2014

President, Board of Trustees

Affirmed by Scott Gordon on 7/17/2014

Chief Executive Officer

CERTIFICATION VERIFICATION FORM (PDE-414)

Mastery Charter - Clymer Elementary 6-30-2014

Staff No.	Name of Employee (List all names in alphabetical order)	Certified	Types/Areas of Certification	Grades Teaching or Serving	All Areas of Assignment Subject Areas Teaching or Services Provided	Position Category	Number of Hours Worked in Assignment	Percentage of Time in Certified Position	Percentage of Time in Areas Not Certified
1	Akenhead, Catherine	Y	Instructional I - Special Education 7-12	7-8	Special Education	Special Education Teacher	1472	100%	0%
2	Alyanakian, Elizabeth	Y	Instructional I - Early Childhood N-3	K	Elementary	Classroom Teacher	1472	100%	0%
3	Aquino, Karen	Y	Intern - Spanish K-12	K-8	Spanish	Specialty Teacher	1472	100%	0%
4	Bell, Kennesha	Y	Instructional I - Elementary Education K-6	1	Elementary	Classroom Teacher	1472	100%	0%
5	Borders, Sarah	Y	Instructional I - Elementary Education K-6	7-8	English	Classroom Teacher	1472	100%	0%
6	Branch, Shenika	N	No certification	4	Elementary	Classroom Teacher	1472	0%	100%
7	Calabrese, Sara	Y	Administrative I - Principal	K-8	AP - Instruction	Assistant Principal	1472	100%	0%
8	Daly, Anne	Y	Instructional I - Special Education N-12	K-8	Special Education	Special Education Teacher	1472	100%	0%
9	Gonzalez, Christina	Y	Instructional I - Elementary Education K-6	4	Elementary	Classroom Teacher	1472	100%	0%
10	Harper, Bethany	Y	Instructional I - Elementary Education K-6	6	Elementary	Classroom Teacher	1472	100%	0%
11	Harper, Margaret	Y	Instructional I - Math 7-12	7-8	Math	Classroom Teacher	1472	100%	0%
12	Harris, Catherine	Y	Instructional I - Elementary Education K-6	1	Elementary	Classroom Teacher	1472	100%	0%
13	Hoelscher, Patricia	Y	Instructional I - Elementary Education K-6	2	Elementary	Classroom Teacher	1472	100%	0%
14	Huggard, Margaret	N	No certification	7-8	English	Classroom Teacher	1472	0%	100%
15	Irby, Lauren	Y	Instructional I - Elementary Education K-6	1	Elementary	Classroom Teacher	1472	100%	0%
16	Jenkins, Anna	Y	Administrative I - Principal	K-8	Principal	Principal	1472	100%	0%
17	Jones, Tyler	Y	Instructional I - Physical Education K-12	K-8	Physical Education	Specialty Teacher	1472	100%	0%
18	Kubanoff, Jared	Y	Instructional I - Elementary Education K-6	2	Elementary	Classroom Teacher	1472	100%	0%
20	Lee, Jenny	Y	Instructional I - Special Education N-12	K-8	Special Education	Special Education Teacher	1472	100%	0%
21	Masciantonio, Laura	Y	Instructional I - Elementary Education K-6	K	Elementary	Classroom Teacher	1472	100%	0%
22	McIntire, Kathleen	Y	Instructional I - Special Education N-12	K-8	Special Education	Special Education Teacher	1472	100%	0%
23	Parker, Ayanna	N	No certification	K	Elementary	Classroom Teacher	1472	0%	100%
24	Rachko, Clare	Y	Instructional I - Special Education N-12	K-8	Special Education	Special Education Teacher	1472	100%	0%
25	Richardson-Ingram, Samantha	Y	Instructional I - Elementary Education K-6	5	Elementary	Classroom Teacher	1472	100%	0%
26	Samuel, Ashley	N	No certification	7-8	History/Science	Classroom Teacher	1472	0%	100%
27	Scarborough, Ashlee	Y	Instructional I - Elementary Education K-6	5	Elementary	Classroom Teacher	1472	100%	0%
28	Schwitzman, Tara	Y	Instructional I - Music K-12	K-8	Arts	Specialty Teacher	1472	100%	0%
29	Shorday, Melinda	Y	Instructional I - Special Education PK-12	K-8	AP - Specialized Services	Special Education Coordinator	1472	100%	0%
30	Smith, Ronald	N	No certification	K-8	Arts	Specialty Teacher	1472	0%	100%
31	Sherlock, Karen	Y	Instructional I - Special Education N-12	K-8	Special Education	Special Education Teacher	1472	100%	0%
32	Spangler, Lindsey	Y	Instructional I - Special Education N-12	K-8	Special Education	Special Education Teacher	1472	100%	0%
33	Szychulski, Rachel	Y	Instructional I - Special Education N-12	K-8	Special Education	Special Education Teacher	1472	100%	0%
34	Walker, Jonathan	Y	Instructional I - Elementary Education K-6	6	Elementary	Classroom Teacher	1472	100%	0%
35	Wendell, Elizabeth	Y	Instructional I - Elementary Education K-6	3	Elementary	Classroom Teacher	1472	100%	0%
36	Williams, Anjulie	Y	Instructional I - Elementary Education K-6	3	Elementary	Classroom Teacher	1472	100%	0%

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

Name of School _____**Mastery CS - Clymer Elementary**_____

Address of School _____**1201 W. Rush Street, Philadelphia PA 19133**_____

CEO Signature _____ Scott Cowan _____

REVENUES

6000			**REVENUE FROM LOCAL SOURCES**	
6500			**EARNINGS ON INVESTMENTS**	
	6510		Interest on Investments and Interest-Bearing Checking Accounts	$3,070
	6520		Dividends on Investments	
	6530		Gains or Losses on Sale of Investments	
	6540		Earnings on Investments in Real Property	
	6590		Other Earnings or Investments	
6600			**FOOD SERVICE REVENUE**	
	6610		Daily Sales - Reimbursable Programs	
	6620		Daily Sales - Non-Reimbursable Programs	
	6630		Special Functions	
	6640		Non-Cash Contributions	
	6650		Price Reduction for Reduced Price and Free Meals (Debit)	
	6690		Other Food Service Revenues	
6700			**REVENUES FROM STUDENT ACTIVITIES**	
	6710		Admissions	
	6720		Bookstore Sales	
	6730		Student Organization Membership Dues and Fees	
	6740		Fees	
	6750		Student Activity - Special Events	
	6790		Other Student Activity Income	
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	$153,141
	6890		Other Revenues from Intermediary Sources	
6900			**OTHER REVENUE FROM LOCAL SOURCES**	
	6910		Rentals	
	6920		Contributions & Donations from Private Sources / Capital Contributions	$110,705
	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	$6,562,435
		6945	Receipts from Out-of-State LEAs	

		6946	Receipts from Member Districts - AVTS / Special Program	
		6947	Receipts from Members of Intermediate Units for Education by	
		6948	Receipts from Members of Intermediate Units for Direct Contributions	
		6949	Other Tuition from Patrons	
	6950		Unassigned	
	6960		Services Provide Other Local Governmental Units / LEAs	
		6961	Transportation Services Provided Other Pennsylvania LEAs	
		6969	All Other Services Provided Other Governments and LEAs Not Specified Above	
	6970		Services Provided Other Funds	
	6980		Revenue from Community Service Activities	
	6990		Refunds and Other Miscellaneous Revenue	$83,489
		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	
	7330		Health Services (Medical, Dental, Nurse, Act 25)	$9,793
	7340		Unassigned	
	7350		Sewage Treatment Operations / Environmental Subsidies	
	7360		Safe Schools	
7400			VOCATIONAL TRAINING OF THE UNEMPLOYED	
7500			STATE REVENUE NOT LISTED ELSEWHERE IN THE 7000 SERIES OF ACCOUNTS	
		7502	Dual Enrollment Grants	
		7503	Project 720/High School Reform	
		7599	Other State Revenue Not Listed Elsewhere in the 7000 Series	
7600			REVENUE FOR MILK, LUNCH AND BREAKFAST PROGRAMS	
7800			REVENUE FOR THE COMMONWEALTH'S SHARE OF PAID	
	7810		State Share of Social Security and Medicare Taxes	
	7820		State Share of Retirement Contributions	$250,371
7900			REVENUE FOR TECHNOLOGY	

	7910		Educational Technology	
	7990		Other Technology Grants	
8000			**REVENUE FROM FEDERAL SOURCES**	
8100			UNRESTRICTED GRANTS-IN-AID DIRECT FROM THE FEDERAL GOVERNMENT	
	8110		Payments for Federally Impacted Areas - P.L. 81-874	
	8190		Other Unrestricted Federal Grants-in-Aid Direct from the Federal Government	
8200			UNRESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH	
8300			RESTRICTED GRANTS-IN-AID DIRECTLY FROM THE FEDERAL GOVERNMENT	
	8310		Payments for Federally Impacted Areas - P.L. 81-815	
	8320		Energy Conservation Grants - TA and ECM	
	8390		Other Restricted Federal Grants-in-Aid Directly from the Federal Government	
8500			RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA), NO CHILD LEFT BEHIND (NCLB), VOCATIONAL EDUCATION, CHILD NUTRITION AND CAREER EDUCATION PROGRAMS	
	8510		Individuals with Disabilities Education Act (IDEA) and No Child Left Behind (NCLB)	$352,557
	8520		Vocational Education	
	8530		Child Nutrition Program	
	8540		Nutrition Education and Training	
	8560		Federal Block Grants	
	8570		Unassigned	
	8580		Child Care and Development Block Grants	
	8590		Unassigned	
8600			RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR DRIVER EDUCATION, ADULT EDUCATION, CETA, HEADSTART, ENERGY CONSERVATION, WORKFORCE	
	8610		Homeless Assistance Act	
	8620		Adult Basic Education	
	8640		Headstart	
	8650		Unassigned	
	8660		Workforce Investment Act (WIA)	
	8670		Unassigned	
	8680		Unassigned	
	8690		Other Restricted Federal Grants-in-Aid through the Commonwealth	
8800			MEDICAL ASSISTANCE REIMBURSEMENTS	
9000			**OTHER FINANCING SOURCES**	
9100			SALE OF BONDS	
	9110		Bond Issue Proceeds (Gross)	
	9120		Proceeds from Refunding of Bonds	
9200			PROCEEDS FROM EXTENDED TERM FINANCING	

9300			INTERFUND TRANSFERS	
	9310		General Fund Transfers	
	9320		Special Revenue Fund Transfers	
	9330		Capital Projects Funds Transfers	
	9340		Debt Service Fund Transfers	
	9350		Enterprise Fund Transfers	
	9360		Internal Service Fund Transfers	
	9370		Trust and Agency Fund	
	9380		Activity Fund Transfers	
	9390		Permanent Fund Transfers	
9400			SALE OF OR COMPENSATION FOR LOSS OF FIXED ASSETS	
9500			Unassigned	
9600			Unassigned	
9700			TRANSFERS INVOLVING COMPONENT UNITS AND PRIMARY GOVERNMENTS	
	9710		Transfers from Component Units	
	9720		Transfers from Primary Governments	
9800			INTRAFUND TRANSFERS IN	
	9810		General Fund Intrafund Transfers	
	9820		Special Revenue Intrafund Transfers	
	9840		Debt Service Intrafund Transfers	
	9850		Enterprise Intrafund Transfers	
	9860		Internal Service Intrafund Transfers	
	9870		Trust and Agency Intrafund Transfers	
	9880		Activity Interfund Transfers	
TOTAL REVENUES				$7,525,562

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

Name of School _____**Mastery CS - Clymer Elementary**_____

Address of School _____**1201 W. Rush Street, Philadelphia PA 19133**_____

CEO Signature _____

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

EXPENDITURES

1000		**INSTRUCTION**	
1100		REGULAR PROGRAMS - ELEMENTARY / SECONDARY	$2,735,059
1200		SPECIAL PROGRAMS - ELEMENTARY / SECONDARY	$1,797,804
1300		VOCATIONAL EDUCATION	
1400		OTHER INSTRUCTIONAL PROGRAMS - ELEMENTARY / SECONDARY	$21,255
1600		ADULT EDUCATION PROGRAMS	
1700		HIGHER EDUCATION PROGRAMS	
1800		PRE-KINDERGARTEN	
2000		**SUPPORT SERVICES**	
2100		SUPPORT SERVICES - PUPIL PERSONNEL	
	2110	Supervision of Pupil Personnel Services	
	2120	Guidance Services	$310,323
	2130	Attendance Services	
	2140	Psychological Services	$78,639
	2150	Speech Pathology and Audiology Services	
	2160	Social Work Services	$89,836
	2170	Student Accounting Services	
	2190	Other Pupil Personnel Services	
2200		SUPPORT SERVICES - INSTRUCTIONAL STAFF	
	2210	Supervision of Educational Media Services	
	2220	Technology Support Services	
	2230	Educational Television Services	
	2240	Computer-Assisted Instruction Support Services	
	2250	School Library Services	
	2260	Instruction and Curriculum Development Services	
	2270	Instructional Staff Professional Development Services	$2,029
	2280	Nonpublic Support Services	
2300		SUPPORT SERVICES - ADMINISTRATION	
	2310	Board Services	
	2320	Board Treasurer Services	
	2340	Staff Relations and Negotiations Services	
	2350	Legal Services	$26,648
	2360	Office of the Superintendent (Executive Director) Services	
	2370	Community Relations Services	
	2380	Office of the Principal Services	$1,079,627
	2390	Other Administration Services	
2400		SUPPORT SERVICES - PUPIL HEALTH	$64,863

2500		SUPPORT SERVICES - BUSINESS	
	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	
	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	$5,573
	2690	Other Operation and Maintenance of Plant Services	$377,019
2700		STUDENT TRANSPORTATION SERVICES	
	2710	Supervision of Student Transportation Services	
	2720	Vehicle Operation Services	
	2730	Monitoring Services	
	2740	Vehicle Servicing and Maintenance Services	
	2750	Nonpublic Transportation	
	2790	Other Student Transportation Services	$6,918
2800		SUPPORT SERVICES - CENTRAL	
	2810	Planning, Research, Development and Evaluation Services	
	2820	Information Services	
	2830	Staff Services	
	2840	Data Processing Services	$54,024
	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	
	3210	School Sponsored Student Activities	$27,515
	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	

4300		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPEICIFICATIONS DEVELOPMENT -	
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			$6,677,131

TOTAL REVENUES MINUS TOTAL EXPENDITURES = CURRENT FUND BALANCE AS OF JUNE 30, 2014 $848,431

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Mastery Charter School - Clymer Elementary
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Mastery Charter School – Clymer Elementary, as of and for the year ended June 30, 2013, the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 and general fund of Mastery Charter School – Clymer Elementary as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

Change in Accounting Principle

As discussed in Note 1 to the financial statements, Mastery Charter School – Clymer Elementary implemented the provisions of the Governmental Accounting Standards Board (GASB) Statements No. 63 –*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for the year ended June 30, 2013, which represents a change in accounting principle. The adoption of this standard did not have any financial impact on the School's financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of revenues, expenditures and changes in fund balance- budget and actual on pages 4 through 6 and page 23 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.

Report on Summarized Comparative Information

We have previously audited Mastery Charter School – Clymer Elementary's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements of the governmental activities and general fund in our report dated November 14, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

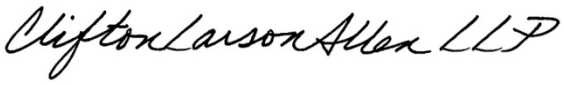
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mastery Charter School – Clymer Elementary's basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013 on our consideration of Mastery Charter School – Clymer Elementary'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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mastery Charter School – Clymer Elementary's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 10, 2013

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2013

The Board of Trustees of Mastery Charter School – Clymer Elementary (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. This is the School's first year of operations. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

- Total revenues increased by $457,414 to $7,119,975 primarily due to an increase in the student subsidies for the year ended June 30, 2013.

- At the close of the current fiscal year, the School reports an ending general fund balance of $541,263. The general fund balance increased from the previous year end general fund deficit as the result of a $548,736 excess of revenues over expenditures for the year ended June 30, 2013.

- The School's cash balance at June 30, 2013 was $719,351.

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, required supplementary schedule and reporting requirements under *Government Auditing Standards* and OMB Circular A-133.

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 and liabilities, with the difference between the two 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.

Fund Financial Statements

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

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.

Government-Wide Financial Analysis

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 $1,456,539 as of June 30, 2013.

	2013	2012
Total Assets	$ 2,190,039	$ 2,301,990
Total Liabilities	733,500	1,618,130
Total Net Position	$ 1,456,539	$ 683,860

The School's revenues are predominately from the School District of Philadelphia, based on the student enrollment and awards from federal sources.

	2013	2012
REVENUES		
Local Educational Agencies	$ 5,658,460	$ 4,849,968
State Sources	216,632	216,743
Federal Sources	982,971	1,095,993
Other Local Sources	261,912	499,857
Total Revenues	7,119,975	6,662,561
EXPENDITURES		
Instruction	2,422,090	2,905,312
Special Education	1,831,579	1,309,682
Student Support Services	471,424	389,453
Administration Support	805,841	814,848
Pupil Health	69,023	1,834
Business Services	62,526	-
Operations and Maintenance	331,411	424,732
Other Support Services	66,942	46,213
Student Activities	14,757	76
Transportation Expense	4,030	-
Depreciation Expense	267,673	86,551
Total Expenditures	6,347,296	5,978,701
Change in Net Position	772,679	683,860
Net Position, Beginning	683,860	-
Net Position, Ending	$ 1,456,539	$ 683,860

Government 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 balance of $541,263. For the year ended June 30, 2013, the School's revenues ($7,119,975) exceeded expenditures ($6,571,239) by $548,736.

General Fund Budgetary Highlights

Actual revenues were less than budgeted revenue by $22,398 due to lower than budgeted state and other sources. Actual expenditures were lower than budgeted expenditures by $267,841 due to lower than budgeted instruction, support, and non-instructional services expenditures.

Capital Asset

As of June 30, 2013, the School's investment in capital assets for its governmental activities totaled $915,276 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture and fixtures and equipment.

Major capital asset purchases during the year included the following:

- Capital expenditures of $360,580 for equipment
- Capital expenditures of $55,946 for furniture
- Capital expenditures of $61,120 for leasehold improvements
- Capital expenditures of $13,970 for software

Additional information on the School's capital assets can be found in Note 3 of this report.

Economic Factors and Next Year's Budgets and Rates

The School's primary source of revenue, the School District of Philadelphia subsidy, will increase 6% from $8,096 to $8,597 for regular education students and increase 13% from $19,660 to $22,242 for special education students.

Future Events that will Financially Impact the School

Due to the budget deficits at the Commonwealth of PA and the School District of Philadelphia, we expect funding cuts will occur in future years. These cuts can have a significant impact financially.

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 Financial Officer, Mastery Charter School – Pickett Campus, 5700 Wayne Avenue, Philadelphia, PA 19144.

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
STATEMENT OF NET POSITION
JUNE 30, 2013
(WITH COMPARATIVE TOTALS AT JUNE 30, 2012)

	Governmental Activities	
	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	$ 719,351	$ 620,540
State Subsidies Receivable	53,436	161,368
Federal Subsidies Receivable	306,984	564,242
Other Receivables	192,732	30,954
Prepaid Expenses	2,260	10,375
Due from Other Governmental Entities	-	223,178
Total Current Assets	1,274,763	1,610,657
CAPITAL ASSETS, NET	915,276	691,333
Total Assets	2,190,039	2,301,990
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	225,180	155,252
Accrued Expenses	485,651	492,218
Due to Other Governmental Entities	22,669	-
Due to Mastery Charter School Foundation	-	970,660
Total Current Liabilities	733,500	1,618,130
NET POSITION		
Net Investment in Capital Assets	915,276	691,333
Unrestricted	541,263	(7,473)
Total Net Position	$ 1,456,539	$ 683,860

See accompanying Notes to Financial Statements.

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

			2013	2012
		Program Revenues	Net(Expense) Revenue and Changes in Net Position	Net(Expense) Revenue and Changes in Net Position
Functions	Expenses	Operating Grants and Contributions	Total Governmental Activities	Total Governmental Activities
Governmental Activities:				
Instruction	$ 2,422,090	$ 982,971	$ (1,439,119)	$ (1,809,319)
Special Education	1,831,579	-	(1,831,579)	(1,309,682)
Student Support Services	471,424	-	(471,424)	(389,453)
Administration Support	805,841	-	(805,841)	(814,848)
Pupil Health	69,023	-	(69,023)	(1,834)
Business Services	62,526	-	(62,526)	-
Operations and Maintenance	331,411	-	(331,411)	(424,732)
Other Support Services	66,942	-	(66,942)	(46,213)
Student Activities	14,757	-	(14,757)	(76)
Transportation Expense	4,030	-	(4,030)	-
Depreciation Expense	267,673	-	(267,673)	(86,551)
Total	$ 6,347,296	$ 982,971	(5,364,325)	(4,882,708)
	General Revenues:			
	Local Educational Agencies		5,658,460	4,849,968
	State Grants and Reimbursements		216,632	216,743
	Other Local Revenue		261,912	499,857
	Total General Revenues		6,137,004	5,566,568
	Change in Net Position		772,679	683,860
	Net Position - Beginning of Year		683,860	-
	Net Position - End of Year		$ 1,456,539	$ 683,860

See accompanying Notes to Financial Statements.

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2013
(WITH COMPARATIVE TOTALS AT JUNE 30, 2012)

	2013	2012
	General Fund	General Fund
ASSETS		
Cash	$ 719,351	$ 620,540
State Subsidies Receivable	53,436	161,368
Federal Subsidies Receivable	306,984	564,242
Other Receivables	192,732	30,954
Prepaid Expenses	2,260	10,375
Due From Other Governmental Entities	-	223,178
Total Assets	$ 1,274,763	$ 1,610,657
LIABILITIES AND FUND BALANCE (DEFICIT)		
LIABILITIES		
Accounts Payable	$ 225,180	$ 155,252
Accrued Expenses	485,651	492,218
Due to Other Governmental Entities	22,669	-
Due to Mastery Charter School Foundation	-	970,660
Total Liabilities	733,500	1,618,130
FUND BALANCE (DEFICIT)		
Nonspendable		
Prepaid Expenses	2,260	10,375
Committed to:		
Designated for Future Budget Deficits	501,789	-
Unassigned	37,214	(17,848)
Total Fund Balance (Deficit)	541,263	(7,473)
Total Liabilities and Fund Balance (Deficit)	$ 1,274,763	$ 1,610,657

See accompanying Notes to Financial Statements.

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total Fund Balance for Governmental Funds	$ 541,263
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Capital Assets, Net	915,276
Total Net Position of Governmental Activities	$ 1,456,539

See accompanying Notes to Financial Statements.

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

	2013	2012
	General Fund	General Fund
REVENUES		
Local Educational Agencies	$ 5,658,460	$ 4,849,968
State Sources	216,632	216,743
Federal Sources	982,971	1,095,993
Other Local Revenue	261,912	499,857
Total Revenues	7,119,975	6,662,561
EXPENDITURES		
Instruction	4,454,434	4,401,281
Support Services	2,102,048	2,268,677
Non-Instructional Services	14,757	76
Total Expenditures	6,571,239	6,670,034
NET CHANGE IN FUND BALANCE	548,736	(7,473)
Fund Balance (Deficit) - Beginning of Year	(7,473)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ 541,263	$ (7,473)

See accompanying Notes to Financial Statements.

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
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 Balance - Total Governmental Funds	$	548,736
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlays		491,616
Depreciation Expense		(267,673)
Change in Net Position of Governmental Activities	$	772,679

See accompanying Notes to Financial Statements.

NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Mastery Charter School – Clymer Elementary (School) was formed as a Pennsylvania nonprofit corporation to operate in accordance with Pennsylvania Act 22 of 1997. The initial charter was granted by the Commonwealth on April 27, 2011. The current charter is for a five-year term from July 1, 2011 to June 30, 2016. During the year ended June 30, 2013, the School served approximately 515 students in grades kindergarten through eight.

Basis of Presentation

The financial statements of the School have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2012 from which the summarized information was derived. Certain items in prior year financial statements have been reclassified to conform to current year presentation.

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

NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The government reports the following major governmental fund:

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

Method of Accounting

Accounting standards requires a statement of net position, a statement of activities and changes in net position. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These calculations are defined as follows:

- Net investment in capital assets – 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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The School presently has no debt related to the capital assets.

- Restricted – This component of net position consists of constraints placed on net position 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. The School presently has no restricted net position.

- Unrestricted net position – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method of Accounting (Continued)

In the fund financial statements, governmental funds report nonspendable portions of fund balance related to prepaid expenses, long term receivables, and corpus on any permanent fund. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances represent amounts constrained for a specific purpose by a governmental entity using its highest level of decision-making authority. Committed fund balances are established and modified by a resolution approved by the Board of Trustees. Assigned fund balances are intended by the School to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balances are considered the remaining amounts.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance are available, it is currently the School's policy to use restricted first, then unrestricted fund balance. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, it is currently the School's policy to use committed first, then assigned, and finally unassigned amounts.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. 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; an original budget was filed and accepted by the Labor, Education and Community Services Comptroller's Office in June 2012. An amended budget was approved by the Board of Trustees in January 2013. The budget is required supplementary information.

Use of Estimates

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

Concentration of Credit Risk

Periodically, the School may maintain deposits in excess of the Federal Deposit Insurance Corporation's limit of $250,000, with financial institutions. At times, cash in bank may exceed FDIC insurable limits.

NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Estimates—Self-Insured Claims

As of July 1, 2011, the School entered into a self funded benefit payment plan ("plan"), which covers eligible employees/members and dependents of each of the Mastery Charter Schools and NST ("the Schools"), as defined in the agreement. The Mastery Charter High School ("MCHS") is the plan sponsor of the plan. The Schools are primarily self-insured, up to certain limits, for employee group health claims. The plan has purchased stop-loss insurance, which will reimburse MCHS for individual claims in excess of $100,000 annually or aggregate claims exceeding $1,000,000 annually.

During the year ended June 30, 2013, each school paid premiums to MCHS based on an 1) previous years claims and premiums experience, 2) actual claims for the year ended June 30, 2013 and 3) claims incurred but not reported. Such estimates were provided by the School's benefits consultant. The self-insured claims liability for all schools, which includes incurred but not reported losses, amounts to $1,396,931 as of June 30, 2013 and is reflected on the books of MCHS as an accrued liability. The total expense under the program was approximately $5,610,533, which includes the School's portion of $279,010 for the year ended June 30, 2013.

The determination of such claims, premiums and expenses and the appropriateness of the related liability is continually reviewed and updated. It is reasonably possible that the accrued estimated liability for self-insured claims may need to be revised in the near term.

Cash

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

Accounts Receivable

Accounts receivable primarily consist of amounts due from the Pennsylvania Department of Education for federal, state and local subsidy programs. Accounts receivable are stated at the amount management expects to collect from outstanding balances. As of June 30, 2013, no allowance for doubtful accounts was deemed warranted based on historical experience.

Prepaid Expenses

Prepaid expenses include payments to vendors for services applicable to future accounting periods such as insurance premiums.

Capital Assets

Capital assets, which include property 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 estimated useful lives of the assets except for leasehold improvements which are limited to the shorter of the life of the School's Charter or the estimated useful lives of the improvements. Software costs are depreciated over thirty-six months using the straight-line method.

NOTE 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The School has applied to the Internal Revenue Service (pending approval) to be exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state and local laws, therefore, no provision for income taxes has been made for the School in the accompanying financial statements.

New Accounting Standards

The School adopted GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, as of June 30, 2013, which incorporates into the GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989 which do not conflict with or contradict GASB pronouncements.

The School also adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as of June 30, 2013, which changed the statement of net assets to the statement of net position and provides guidance for reporting deferred outflows and inflows of resources.

NOTE 2 CASH

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School invests in repurchase agreements with its bank wherein the funds are secured by obligations of the U.S. Government or agencies or instrumentalities of the U.S. Government. As of June 30, 2013, $490,410 of the School's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$	-
Collateralized		-
Uninsured and collateral held by the pledging bank's trust department not in the School's name		490,410
Total Custodial Credit Risk	$	490,410

Reconciliation to the Financial Statements:

Custodial Credit Risk from Above	$	490,410
Plus: Insured Amount		250,000
Less: Outstanding Checks		(21,559)
Plus: Petty Cash		500
Total Cash Per Financial Statements	$	719,351

NOTE 3 CAPITAL ASSETS

Capital assets are stated at cost. Depreciation has been calculated on such assets using the straight line method over the following estimated lives:

Leasehold Improvements	5 Years
Equipment	5 Years
Furniture and Fixtures	7 Years
Software	3 Years

Capital asset activity for the year is summarized below:

Description	Balance July 01, 2012	Deletions	Additions	Balance June 30, 2013
Equipment	$ 11,075	$ -	$ 360,580	$ 371,655
Furniture and Fixtures	217,188	-	55,946	273,134
Leasehold Improvements	541,040	-	61,120	602,160
Software	8,581	-	13,970	22,551
Total	777,884	-	491,616	1,269,500
Less: Accumulated Depreciation	86,551	-	267,673	354,224
Capital Assets, Net	$ 691,333	$ -	$ 223,943	$ 915,276

NOTE 4 REVENUE

Charter schools are funded by the local public school district in which each student resides. The rate per student is determined annually and is based on the budgeted total expenditure per average daily membership of the prior school year for each school district. The majority of the students for the School reside in Philadelphia. For the year ended June 30, 2013, the rate for the School District of Philadelphia was $8,096 per year for regular education students plus additional funding for special education students and transportation. The annual rate is paid monthly by the School District of Philadelphia and is prorated if a student enters or leaves during the year. Total revenue from these sources was $5,658,460 for the year ended June 30, 2013.

NOTE 5 GOVERNMENT GRANTS AND REIMBURSEMENT PROGRAMS

The School participates in numerous state and federal grant and reimbursement programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs and reimbursement programs for social security taxes, retirement expense, facility lease expense and health services 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 and reimbursement programs, 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.

NOTE 6 PENSION PLAN

Plan Description:

The School contributes to the Public School Employees' Retirement System (the System), a governmental cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement and disability benefits, legislatively mandated *ad hoc* cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa.C.S. 8101-8535) assigns the authority to establish and amend benefit provisions to the System. The System issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Diane J. Wert, Office of Financial Management, Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania 17108-0125. This publication is also available on the PSERS website at www.psers.state.pa.us/publications/cafr/index.htm.

Funding Policy:

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers and the Commonwealth of Pennsylvania.

Member contributions are as follows:

- Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System after June 30, 2001, contribute at 7.5% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.
- Members who joined the System after June 30, 2011 would become Class T-E member or, alternatively, elect to become a class T-F member. The base contribution rate for Class T-E members is 7.50% of compensation. The base contribution rate for Class T-F members is 10.30% of compensation. Class T-E and Class T-f members are subject to a "shared risk" employee contribution rate.

Employer contributions are based upon an actuarial valuation. For fiscal year ended June 30, 2013, the rate of employer's contribution was 12.36% of covered payroll. The 12.36% rate is composed of a pension contribution rate of 11.50% for pension benefits and 0.86% for health care insurance premium assistance.

Payroll expense for employees covered by the System for the year ended June 30, 2013 was approximately $3.1 million.

NOTE 6 PENSION 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, 2013 and 2012 totaled $290,478 and $248,234, respectively.

Effective July 1, 2012, the School was part of the Mastery Charter School 403(b) Retirement Plan, a multiple employer defined contribution plan under Section 403(b) of the Internal Revenue Code, which employees of the School can elect to contribute. Employees, who do not participate in the PSERS retirement plan, can contribute up to 5% of their qualified compensation, with the School matching up to 5% of their qualified compensation. Employees who participate in the PSERS retirement plan can also participate in the 403b plan, but these 403b contributions are not matched by the School. The School's contribution to the Plan for the year ended June 30, 2013 was $25,167.

NOTE 7 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. Settled claims resulting from these risks have not exceeded commercial insurance coverage.

NOTE 8 LEASE AGREEMENTS

During fiscal year 2012, the School entered into a lease obligation for office equipment, which has been classified as an operating lease. The lease requires the School to pay sixty monthly installments of $176 through September 30, 2015. The total expense on this lease agreement was $2,112 for the year ended June 30, 2013.

Minimum annual rents for each year subsequent to June 30, 2013 are as follows:

Year Ending June 30,	Amount
2014	$ 2,112
2015	2,112
2016	528
Total	$ 4,752

NOTE 9 MANAGEMENT AGREEMENT

The Mastery Charter Schools use a Network Support Team (NST) for their educational, administrative and financial services. The NST is a separate department that is included in the operations of the Mastery Charter High School.

As of July 1, 2012, the School entered into a one year agreement with the Mastery Charter High School to provide educational, administrative and financial services for the School by the NST. As a result of common usage of the NST, the Mastery Charter Schools are considered related parties (see Note 10). The NST management fee is 8.5% of local school funds plus reimbursement for any costs NST incurs in providing the educational, administrative and financial services. Unless specified notice is given, the agreement renews each year during the term of the School's charter. The total fee was $408,824 for the fiscal year.

NOTE 10 RELATED PARTY TRANSACTIONS

Mastery Charter High School, Mastery Charter School – Shoemaker Campus, Mastery Charter School – Thomas Campus, Mastery Charter School – Pickett Campus, Mastery Charter School – Harrity Elementary, Mastery Charter School – Mann Elementary, Mastery Charter School – Smedley Elementary, Hardy Williams Academy Charter School, Grover Cleveland Mastery Charter School and Mastery Charter School – Gratz Campus are considered related parties as a result of common members of the boards and the management of the schools.

High Tech High Philadelphia Foundation (HTHPF) and Mastery Charter Schools Foundation (MCSF) are considered related parties due to the mission of each organization, which is to support the Mastery Charter Schools. The School received grants from the MCSF totaling $9,004 in the year ended June 30, 2013.

During the year end June 30, 2012, MCSF provided interest free advances totaling $970,660 for start-up costs during the year. The amount was included in the Due to Mastery Charter School Foundation balance at June 30, 2012. These advances were paid back to the Foundation during the year ended June 30, 2013.

The following represents amounts due from and to related parties as of June 30, 2013:

	Due From (Receivable)	Due to (Payable)
Due to Other Governmental Entities (All Schools)	$ -	$ 22,669
	$ -	$ 22,669

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
(UNAUDITED)
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Over (Under) Final
	Original	Final	Amounts	Budget
REVENUES				
Local Sources	$ 4,888,129	$ 5,555,851	$ 5,658,460	$ 102,609
State Sources	68,968	312,212	216,632	(95,580)
Federal Sources	914,199	911,906	982,971	71,065
Other Revenue	326,000	362,404	261,912	(100,492)
Total Revenues	6,197,296	7,142,373	7,119,975	(22,398)
EXPENDITURES				
Instruction	3,692,813	4,474,970	4,454,434	(20,536)
Support Services	2,185,188	2,337,110	2,102,048	(235,062)
Non-Instructional Services	27,000	27,000	14,757	(12,243)
Total Expenditures	5,905,001	6,839,080	6,571,239	(267,841)
NET CHANGE IN FUND BALANCE	$ 292,295	$ 303,293	548,736	$ 245,443
Fund Deficit - Beginning of Year			(7,473)	
FUND BALANCE - END OF YEAR			$ 541,263	

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Federal Grantor Pass-Through Grantor Program Title	Source Code	Federal CFDA Number	Pass-through Grantor's Number	Grant Period Beginning/ Ending Date	Grant Amount	Amount (Deferred) Revenue at July 1, 2012	Total Received for the Year	Federal Expenditures	Accrued (Deferred) Revenue at June 30, 2013
U.S. Department of Education									
Pass-Through Pennsylvania Department of Education:									
Title I - Improving Basic Programs	I	84.010	013-121113	7/7/11-9/30/12	$ 315,513	$ 210,342	$ 210,342	$ -	$ -
Title I - Improving Basic Programs	I	84.010	013-131113	7/1/12-9/30/13	339,711	-	339,711	339,711	-
ARRA - Title I School Improvement Grant 1003g	I	84.388	139-111113	8/31/11-9/30/12	655,080	268,830	48,281	-	220,549
ARRA - Title I School Improvement Grant 1003g	I	84.388	139-123113	7/18/12-9/30/13	448,402	-	448,402	448,402	-
Title II - Improving Teacher Quality	I	84.367	020-121113	7/7/11-9/30/12	30,990	20,660	20,660	-	-
Title II - Improving Teacher Quality	I	84.367	020-131113	7/1/12-9/30/13	31,364	-	31,016	31,364	348
Total U.S. Department of Education						499,832	1,098,412	819,477	220,897
Pass-Through School District of Philadelphia									
Individuals w/Disabilities Education Act- Part B	I	84.027	N/A	7/1/12-6/30/13	133,805	-	66,903	133,806	66,903
Total U.S. Department of Education						-	66,903	133,806	66,903
U.S. Department of Health and Human Services									
Pass-Through Pennsylvania Department of Public Welfare									
Medical Assistance	I	93.778	044-007674	7/1/11 - 6/30/12	94,410	64,410	64,410	-	-
Medical Assistance	I	93.778	044-007674	7/1/12 - 6/30/13	27,338	-	10,504	27,338	16,834
Total U.S. Department of Health and Human Services						64,410	74,914	27,338	16,834
Total Expenditures of Federal Awards						$ 564,242	$ 1,240,229	$ 980,621	$ 304,634

D - Direct Funding

I - Indirect Funding

See accompanying Notes to Schedule of Expenditures of Federal Awards.

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

NOTE 1 GENERAL INFORMATION

The accompanying Schedule of Expenditures of Federal Awards presents the activities of the federal financial assistance programs of Mastery Charter School – Clymer Elementary (the School). Financial awards received directly from federal agencies, as well as financial assistance passed through other governmental agencies or non-profit organizations, are included in the schedule.

NOTE 2 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School and is presented on the 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*.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The Schedule of Expenditures of Federal Awards presents only a selected portion of the activities of the School. It is not intended to, nor does it, present either the balance sheet, revenue, expenditures, or changes in fund balances of governmental funds. The financial activity for the aforementioned awards is reported in the School's statement of activities and statement of revenue, expenditures, and changes in fund balance – governmental funds.

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

Board of Trustees
Mastery Charter School – Clymer Elementary
Philadelphia, 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 and the general fund of Mastery Charter School – Clymer Elementary, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Mastery Charter School – Clymer Elementary's basic financial statements, and have issued our report thereon dated December 10, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mastery Charter School – Clymer Elementary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mastery Charter School – Clymer Elementary's internal control. Accordingly, we do not express an opinion on the effectiveness of Mastery Charter School – Clymer Elementary'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 Mastery Charter School – Clymer Elementary's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 10, 2013

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

Board of Trustees
Mastery Charter School – Clymer Elementary
Philadelphia, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Mastery Charter School – Clymer Elementary's 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 Mastery Charter School – Clymer Elementary's major federal programs for the year ended June 30, 2013. Mastery Charter School – Clymer Elementary's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Mastery Charter School – Clymer Elementary's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Mastery Charter School – Clymer Elementary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Mastery Charter School – Clymer Elementary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Board of Trustees
Mastery Charter School - Clymer Elementary

Report on Internal Control Over Compliance

Management of Mastery Charter School – Clymer Elementary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we Mastery Charter School – Clymer Elementary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Mastery Charter School – Clymer Elementary'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 10, 2013

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? _____yes ____X_____no

   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes ____X_____ none reported

3. Noncompliance material to financial statements noted? _____ yes ____X_____ no

Federal Awards

1. Internal control over major federal programs:

   Material weakness(es) identified? _____ yes ____X_____ no

   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes ____X_____ none reported

2. Type of auditor's report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes ____X_____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Pass-Through Pennsylvania Department of Education – Title I Improving Basic Programs
84.388	Pass-Through Pennsylvania Department of Education – ARRA – Title I School Improvement Grant

Dollar threshold used to distinguish between Type A or Type B programs was: $ 300,000

Auditee qualified as low-risk auditee pursuant to OMB Circular A-133? _____ yes ____X_____ no

MASTERY CHARTER SCHOOL – CLYMER ELEMENTARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with Section 510(a) of OMB Circular A-133.

Section IV – Prior Audit Findings

There were no prior year findings required to be reported under the Federal Single Audit Act.

MASTERY CHARTER SCHOOLS

Finance – Network Support Team
5700 Wayne Avenue
Philadelphia, PA 19144
215-866-9000

Fiscal
Policies & Procedures Manual

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1. INTERNAL CONTROL STRUCTURE

Background

The internal control structure consists of policies and procedures that have been established to achieve the financial reporting and expense control objectives of Mastery Charter Schools (MCS). More specifically, the control structure represents those policies and procedures that affect MCS's ability to process, record, summarize, and report financial information. This structure is established and maintained to reduce the potential for excess spending, unauthorized use of MCS assets and/or misstatement of account balances.

The internal control structure is composed of the following basic elements: (1) the control environment; (2) the accounting system; (3) control procedures; and (4) accounting cycle.

(1) The Control Environment

The control environment reflects the importance MCS places on internal controls as part of its day to day activities. Factors that influence the control environment include management and Board philosophy; organizational structure; ways of assigning authority and responsibility; methods of management and control; personnel policies and practices; and external influences such as significant funder's expectations. Specific controls are detailed explicitly in the chapters that follow.

(2) The Accounting System

The accounting system comprises the methods and records used to identify, assemble, classify, record, and report accounting transactions. At a minimum, it is set up to:

1. Identify and record all of MCS 's transactions;
2. Describe the transactions in enough detail to allow classification for financial reporting;
3. Indicate the time period in which transactions occurred in order to record them in the proper accounting period.

MCS uses the Blackbaud Financial Edge System (BBFE) to record all of its accounting entries

according to Generally Accepted Accounting Principles (GAAP) and Commonwealth of Pennsylvania rules and regulations regarding charter schools and non-profits.

(3) Control Procedures

Control procedures are the procedures set up to strengthen MCS's internal control structure and thus safeguard the agency assets. They are divided into the following:

- ***Segregation of Duties:*** *A*llocation of tasks is established so that one individual does not have the ability to both make an accounting error (either intentionally or unintentionally) and also cover it up. This principle requires that the employee with physical access to cash or other movable assets should not also be involved in the related record keeping. In addition, each transaction must be authorized by a minimum of two employees.
- ***Restricted Access:*** Physical access to valuable and movable assets is restricted to authorized personnel.
- ***Document Control:*** To ensure that all documents (i.e. purchase orders/check requests) are captured by the accounting system, all documents must be pre-numbered and the sequence for documents must be accounted for by Finance.
- ***Processing Control:*** To minimize the likelihood of errors, the monthly financial statement production process includes a thorough review of the general ledger to ensure that all transactions are coded to the correct accounts.
- ***Reconciliation Controls:*** To minimize the likelihood of errors, the monthly financial statement production process includes reconciliation of major general ledger accounts to various accounting worksheets as a check for accuracy.

(4) The Accounting Cycle

The overall purpose of the accounting system is to accurately process, record, summarize, and report transactions of MCS.

The component accounting cycles fall into one of four primary functions:

1. **Revenue, accounts receivable, and cash receipts**

   Key steps in this area are:

- Processing cash receipts
- Making deposits
- Recording cash receipts in the general ledger and subsidiary records
- Performing month-end reconciliation procedures

2. Purchases, accounts payable, and cash disbursements

Key steps in this area are:

- Authorizing the procurement of goods and/or services
- Processing purchase transactions
- Processing invoices
- Issuing checks
- Recording checks in the general ledger and in cash disbursements journals
- Performing month-end reconciliation procedures
- Year-end reporting-1099 forms

3. Payroll

The payroll process consists of processing payroll and remitting amounts due to employees, the government, and other agencies such as health insurers, retirement plan trustees, etc.

Key steps in this area are:

- Obtaining and gathering information for processing
- Overseeing preparation of payroll checks and the depositing of payroll taxes
- Performing any necessary month-end reconciliation procedures
- Overseeing preparation of quarterly payroll tax returns
- Overseeing preparation of W-2s and other annual payroll tax returns

4. General Ledger and Financial Statements

The general ledger process consists of posting the period's transactions to the general ledger and preparing the financial statements. The general ledger is the data repository for the financial transactions of MCS. Financial data in the general ledger includes transactions entered directly to the ledger (e.g., accounts payable, cash receipts) and transactions recorded from

secondary sources (e.g., transactions originally recorded in a payroll processing system, estimates, accruals and corrections). General ledger data is the basis for preparing MCS' financial statements.

Key steps in this area include:

- Posting all accounts payable (i.e. invoices) for the month
- Recording all cash receipts for the month
- Preparing monthly journal entries to record all other transactions, to properly accrue expenses and to record estimates
- Reconciling bank accounts and other general ledger accounts
- Reviewing general ledger activity and posting adjusting journal entries
- Producing standard financial reports and supporting schedules.
- All cash transactions are recorded by the Accounting Manager and reviewed by the Director of Finance to ensure segregation of duties and control over cash
- Bank accounts are reconciled by a Finance Staff member and reviewed by the Director of Finance

2. REVENUE AND CASH RECEIPTS

Background

This section outlines the policies and procedures for the controlling, processing and recording revenue and cash receipts for Mastery Charter Schools (MCS).

Policies

- All revenue must be verified by at least two employees.
- Directors of Operations should reconcile student enrollment counts against School District of Philadelphia (SDP) records on a monthly basis.

- Cash and/or check deposits should be made weekly. No cash or check receipt should be held at the school for more than one week. Cash and/or check receipts should be kept in a locked safe or drawer prior to the deposit being made.

Procedures

- The per pupil subsidies from the School District of Philadelphia are the largest sources of revenue. School District of Philadelphia (SDP) revenue is deposited electronically into the campus' operating bank account and is calculated by the SDP based on the School District computer system (SCN) for tracking students. The Directors of Operations (DO) are responsible for verifying the SDP student numbers against MCS' enrollment data on a monthly basis to ensure MCS is paid for the correct number of students both in total and by Regular Education or Special Education classification. Discrepancies should be reported to the SDP representative via e-mail. The DO should follow up regularly until the discrepancy is resolved. SDP payments are recorded into the Financial Edge system by the Accounting Manager.

- Payments from the Pennsylvania Department of Education (PDE) are received electronically based on quarterly federal financial reports and monthly PSERS submissions.

- The Director of Development oversees other fundraising activities and major donor tracking. Donor checks are recorded on a revenue tracking form and deposited by the Finance Department. The Director of Development sends acknowledgement letters to donors.

- Other revenue for parking, tokens and student activities are managed by each DO. Deposit slips are prepared by the DO and deposited by into the campus' operating or student activities account (s). Copies of deposit slips and related documentation are forwarded to the Accounting Manager who enters the transaction into Financial Edge. The SDP sends transit passes to the schools based on the student's distance from school. Distribution of student transit passes is handled by the APOs.

- The Administrative Assistant (AA) at each campus receives the mail and is responsible for sorting the mail. Campus mail is directed to the appropriate party at the campus (e.g.,

Principal, DO). Mail for the NST, which is currently housed at the Pickett Campus, is brought to the NST daily by the Administrative Assistant of the Pickett Campus. This person has no role or involvement in the fiscal operations of Mastery Charter School (MCS).

- All checks must be restrictively endorsed and deposited as soon as possible (within one week) after receipt. All cash and checks received are deposited weekly.
- Checks from donors are copied and all material accompanying the check including the envelope is given to the Director of Development who sends out a thank you note. The Director of Development is responsible for a tax letter to the donor.

3. PAYROLL

Background

This section outlines the policies and procedures for payroll within Mastery Charter Schools (MCS) including:

- Hiring a new employee
- Establishment and maintenance of personnel files
- Designation of employee status as exempt or nonexempt
- Monitoring of employee time records
- Steps to processing payroll
- United States work authorization status

Policies

- All personnel files are kept secure, locked and confidential by the HR Manager. The files are also accessible to the following employees: CEO, COO, CFO, or their designees.
- Every position at MCS is supported by a job description and, in the case of a full time position, an employment agreement or offer of employment. Each position hired is budgeted, unless authorized by the CEO.
- Completed and signed W-4 forms are retained for four years after the annual employment

tax returns are filed.

- Employees submit the required background checks and compliance documents to Human Resources by a specified due date.
- All deductions from the employees' payroll are supported by appropriate documentation to authorize each deduction.
- Upon hiring, MCS examines and maintains all required information verifying the individual's immigration status in the United States.
- Payroll expense per the accounting records is reconciled to payroll as reported on the quarterly payroll tax returns.

Procedures

Hiring the New Employee

Employees are hired for budgeted positions. Hires for unbudgeted positions must be approved by the CEO.

Jobs are first offered to candidates by phone by the CAO or COO followed by a job offer letter, which is composed by the HR Director and approved by the CEO or COO. Offer letters may be mailed or emailed to the candidate. When a candidate accepts a job offer per the terms of the letter, the HR Manager mails the following information to the new hire to complete:

Personnel Action Form
Employee Handbook (signed form to acknowledge receipt)
Benefits Information (including Benefit Waiver form if applicable)
Form I-9 (INS)
Form W-4 (IRS)
Direct Deposit Form with bank information (all employees are paid by direct deposit)
Background check documents and instructions

New hires must pass the relevant state background checks. In PA, this includes the following documents:

PA Child Abuse
PA Criminal Record History
FBI Criminal Background check
PA School Personnel Health Record
Teaching Certification (or other relevant certifications)

Documents must be completed and returned to the HR Manager within assigned deadlines; compliance is monitored by the HR Manager. Every position at MCS is supported by a written job description.

Upon completion, the Personnel Action Form, I-9 and W-4 are submitted to the Finance Department for payroll setup and initial processing. The Finance Department is responsible for the setup and ongoing processing of payroll.

Obtaining Payroll Information

Establishing a Personnel File for Each Employee

The Human Resources Manager (HRM) accumulates information and files it in the employee personnel file along with documentation of all employee evaluations and pay or job status changes. Secured paper and electronic files are maintained and updated by HR staff.

Employee Information

To prepare a payroll, the following information is collected by HR for each employee with the data forwarded to the Finance Department in Finance for processing:

Source of Data	
Name and address	W-4
Social Security Number (SSN)	W-4
Job Title	Job Description
Wage Rate	Employee Agreement/Offer of Employment/ Annual Compensation Adjustments
Withholding Status	W-4
Other authorized deductions	Other applicable documentation
Immigrations Status	I-9
Criminal Background	State Criminal Record History
Child Abuse Training	State Child Abuse Clearance

Once employee information is entered into the payroll system, it is modified only after receipt of authorized notification of changes.

Withholding Status

The completed W-4 forms serves as a basis for employee withholding. An employee may amend his/her withholding allowances as needed. If the employee does not submit a completed W-4, federal income tax is withheld at the rate for single, no dependents, until the W-4 is submitted.

Job Classification

Employee minimum wage and overtime requirements are set by the FLSA and the states where MCS operates. Job positions are classified as either exempt or nonexempt from the wage and overtime requirements; these classifications must appear on each job description. These requirements are summarized below and are adhered to by MCS.

Non-Exempt

The employer pays an exempt employee a fixed salary for any and all work performed during a workweek.

Generally, deductions for time not worked may not be made from the weekly salary.

Employers are not legally required to record hours worked; however, time sheets are required for employees that are partially funded by grants. Employees who work in a position that is fully funded by a single grant funder are certified by their supervisor for a 6 month period.

Exempt

The employer may pay a nonexempt employee using an hourly, salary, commission, or any other method. Total compensation must be at least the minimum wage for all hours plus overtime pay for hours over the maximum as defined by state and/or federal law.

The employer pays a nonexempt employee only for the hours worked. Therefore, wage deductions may be made for tardiness, full or partial day absences, and any time the employee does not work.

Employers must maintain accurate daily and weekly records of all hours worked.

Completing Time Sheets

Salaried and Hourly Employees

MCS may not require timesheets but assumes that employees are present unless a Time-Off Request form is completed in the Ultipro payroll system.

Recording Category of Time Used

An employee indicates how time was spent other than work through the Ultipro web-based payroll system. In categorizing time used, MCS adheres to the following FLSA guidelines:

- Paid or unpaid leave does not count toward overtime.
- Only the excess of 40 hours worked during the workweek is considered overtime.
- Each workweek stands alone.
- Paychecks for payment without proper authorization will not be processed.

Calculating Gross Pay:

Exempt Employees

The gross pay of exempt employees is calculated by dividing the annual salary by the number of pay periods during the year. Exempt employees receive the same gross pay each pay period regardless of the number of hours worked.

Nonexempt Employees

For nonexempt employees, gross pay is calculated by dividing the annual salary by the number of pay periods during the year. MCS employees are paid bi-weekly; there are 26 pay periods in one year.

Payment of Overtime

Under FLSA guidelines, MCS must pay overtime to workers in nonexempt positions who work more than 40 hours during the workweek. No overtime pay is required for employees in exempt positions regardless of the hours worked. Overtime pay represents one and one-half times the amount of regular hourly wages paid, applied to the workweek hours worked over 40.

Entering Time Data

Payroll is processed on a bi-weekly basis. Pay dates are every other Friday, based on time worked for the 10 business day period ending the previous Friday.

On Monday of payroll processing week, Finance electronically transmits the employees' hours worked, including other pertinent information such as sick and vacation days taken, to the payroll processing company. The payroll processing company calculates gross pay and all withholdings.

In cases of emergencies where a manual payroll check needs to be issued, the manual check will be issued only after consultation with the Director of Finance and following the payroll processing company's recommended breakdown of gross pay and applicable deductions. All manual payroll checks will be submitted to the payroll processing company on the very next payroll submission, for purposes of updating the employee payroll records.

Terminations and Resignation

HR will notify the Finance Department when an employee is terminated from employment and provide any relevant date such as end date, leave time and severance pay to be provided.

Distribution of Pay Checks

All pay is distributed by direct deposit to an employee's account. Paystubs are accessible to employees by viewing the web-based Ultipro system and because of this accessibility are not mailed or distributed to the employee.

Role of the Payroll Processing Company

Payroll is processed through a 3rd party service provider (Ultipro from Ultimate Software). The payroll processing company services include the calculation and electronic deposit of all federal

and state taxes, preparation of all quarterly payroll tax returns, and preparation of the annual Form W-3, and supporting W-2 statements. The Finance Department is the point of contact with Ultipro to resolve all payroll processing related matters. Issues concerning the electronic interface of the payroll and General Ledger systems are handled by the Accounting Manager while payroll tax and tax reporting matters are handled by the Director of Finance.

Recording Payroll into General Ledger

Based on the payroll processing company records, the Accounting Manager records the payroll into the general ledger on a monthly basis. This entry is a routine part of the monthly financial close and all payroll entries are reviewed by the Director of Finance.

Reconciling Employee Payroll Deductions

On a monthly basis, Finance reconciles deductions made from employees to the payments made to insurers, benefit plan providers, and other payees.

Quarterly Reconciliation of Payroll to Accounting Records

On a quarterly basis, Finance performs a reconciliation of all salary accounts in the general ledger, as compared to the salary reported by the payroll processing company on the Form 941 and/or other Quarterly Payroll Return. Any variances are researched and cleared within the month following quarter end.

Annual Reconciliation of Payroll to Accounting Records

On an annual basis, Finance performs a reconciliation of the following:
- Gross salaries per all Forms 941
- Gross salaries per W-2 forms
- Gross salaries per General Ledger
- Variances are researched and cleared before trial balances are finalized for the fiscal year.

Work Authorization Status

In accordance with the Immigration Reform and Control Act (IRCA), between the time MCS offers employment and the third day after a new employee starts employment, MCS is required to inspect certain documents (chosen by the employee) proving the employee's identity and authorization to work in the United States and to complete INS Form I-9. Failure to properly complete and maintain INS Form I-9 carries a penalty of $100 to $1,000 per employee. For MCS, this inspection is performed by the HRM.

See Form I-9 for instructions highlighting the documents that are acceptable in fulfilling the evidence requirements of Form I-9.

All Form I-9s will be retained for the longer of three years or one year after employment termination in files separate from the personnel files.

Form I-9s are filed as follows by the HRM:

- Alphabetically, in one file, all Form I-9s of current employees except those whose documents are subject to expirations (such as work visas).
- Separately, all Form I-9s that are subject to expiration, in expiration date order.
- Separately, all Form I-9s of terminated employees, by termination date.

4. PURCHASES

Background

This section outlines the purchasing policies and procedures established and in effect at MCS.

Policies

- All purchases at a campus must be approved by the Assistant Principal/Director of Operations (APO). All budgeted purchases of up to $2,000 can be approved by the AP/Director of Operations
- Budgeted purchases of $2,000 or more must be approved by the Principal and Controller.
- Budgeted purchases of $10,000 or more must be also be approved by the Director of Finance.
- All technology purchases (all IT items, e.g., computers, software, printers) must be approved by the Director of Information Technology (IT) and the Chief Operating Officer (COO).
- Unbudgeted purchases must be approved by the Principal, in consultation with the CFO.
- Purchases of supplies, equipment and materials must be processed through the electronic WebPurchasing system which is linked to the Blackbaud Financcial Edge (Blackbaud) accounting system. The WebPurchasing system links purchase authorization with the Blackbaud system budgets.
- Purchases of services may, at the school's option, be processed through WebPurchasing or processed with a paper Check Request form.
- Finance, with help from IT staff, is responsible for maintaining and updating the WebPurchasing system. Approval Rules are established and updated for specific categories of purchase, including, but not limited to the following:

- Campus specific (APO, Principal)
- Network Support Team (NST) specific (Academic Team, College Purchases, Facilities, Hunan Resources, Innovation, Recruitment).

- Purchases that are recurring in nature, or are part of annual service contract can be approved by the Director of Finance, or CFO, without the express approval of campus-based staff.
- Annual service contracts of $2,000 or greater must be approved by the CEO.
- Purchases cannot be broken up into smaller pieces for the purpose of circumventing the approval process.
- Three written bids must be obtained for procurement of furnishings, equipment, and technology items over $10,000 or purchases in aggregate of $50,000 total. If the lowest bid is not accepted, the purchaser must submit documentation explaining why the lower bid was not accepted.
- The receipt of goods by mail shipment or other carrier must be signed for and received by someone who is independent of both the ordering and payment process (i.e. Administrative Assistant (AA)).
- Mastery Charter Schools (MCS) will present a request for exemption from sales tax on all qualifying purchases and will maintain current sales tax exemption certificates in the states in which it operates. Sales tax exemption certificates are maintained and updated by the Controller, as needed.
- Additional procurement requirements for specific grants or contracts, including written bids if required by the specific grant or contract, are followed and procedures are modified as needed. Compliance is monitored by the Grants Controller.
- All documentation related to any purchase or transaction must be aggregated into one payment document that will include a requisition, check request/purchase order, invoice, bids, comments, packing slip (if applicable), receipt etc.
- MCS credit cards may be used for purchases with vendors who will not conduct business under the standard MCS Purchasing process. Credit cards should be used only as necessary or in case of an emergency.

Procedures

- **STEP 1:** Employee who is making purchase submits request to AP/Director of Operations (APO). APO's are allowed to develop their own site based process for collecting purchase requests.

- **STEP 2:** APO logs into Web Purchasing System and creates an online requisition including product information, account number, project ID and grant to be charged, service to be provided, vendor preference & price. Requisitions should be created for check request transactions (services) as well.

- **STEP 3:** APO checks budget availability via check budget button on Web Purchasing requisition screen. If an item to be purchased exceeds the available budget, an error message will be generated and the desired purchase may be blocked. The APO can request a budget line revision to be approved by the Controller, Director of Finance or the CFO. Usually such approval will involve a reallocation of budget funds from one or more underspent lines to the budget line that needs additional budget dollars.

- **STEP 4:** Requisitions of up to $2,000, once approved by the APO are routed to the Controller for approval. The next approver (e.g., Controller) will receive an e-mail notification prompting him/her to log into Web Purchasing to approve each line item. The receipt of the e-mail is not required for approval, but is a helpful prompt to log into the WebPurchasing system. An approver may log into Web Purchasing at any time to process outstanding requisitions and should do so regularly (e.g., weekly).

- **STEP 5:** The Controller reviews quotes, or other supporting documents submitted by the APO and confirm budget line availability. The Controller contacts the APO if there are questions about the purchase, or if additional supporting information is needed.

- **STEP 6:** Upon completion of all approvals, the Accounts Payable Manager will be notified by email and will convert the Web Purchasing requisition to a Purchase Order to be printed and signed by the Accounts Payable Manager. A copy of the completed Purchase Order can be sent to the APO for their records or to send to the vendor, as needed. Completion of the Purchase Order also creates an encumbrance in Blackbaud. An encumbrance is a financial commitment of budgeted resources. Encumbrances are included in schools' standard monthly financial reports.

- **STEP 7:** The original requisitioner receives periodic e-mail notifications of the status of the requisition during the process and a signed purchase order or check request ready for release at STEP 9 of the process. The employee may now order his/her items.

- **STEP 8:** Upon receipt of tangible goods the APO or AA gives packing slip and invoice to Finance Department for accounts payable processing (see Chapter 7: Accounts Payable Processing).

5. USE OF CONSULTANTS

Background

This section outlines the policies and procedures for the establishment and evaluation of consulting arrangements:

- Confirming that the relationship qualifies as a consulting relationship
- Drafting and approval of consulting agreements
- Implications of reclassification to employee status

Policies

- Schools may negotiate contracts up to $2000 on the authority of the Principal. Contracts in excess of $2000 must be approved by the CEO.
- It is expected that most persons engaged in temporary, or project-based, services for MCS will be hired as temporary employees, paid on an hourly basis. A consulting engagement will only be considered if the person engaged possesses unique skills, qualifications or experience for the service performed.
- The nature and specific details of each consulting relationship must be approved by the CFO or COO to ensure that the individual does not qualify for employee classification. The CFO in partnership with the Director of Finance must determine if the consultant is an employee or independent contractor. The consultant/independent contractor must meet the requirements of an independent contractor as defined by the Internal Revenue Service (IRS)/Department of Labor.

- Three competitive bids are required to retain a consultant if there are a variety of consultants available and the contract exceeds $50,000. Exceptions to the three bid rule is if a consultant is a known expert in the field or possesses specialized skills not available in others; such exceptions must be documented by the CFO or Director of Finance based on information provided by the MCS manager in charge of the engagement.
- Every consultant relationship must be supported by a consultant agreement and a completed W-9 before the first check request or invoice will be honored.

Procedures

Determination of Need for Consulting Services

MCS engages consultants to perform professional services, or provide a service only when the service is beyond the expertise, experience or capability of current staff. These services can include, but are not limited to: testing, professional development, computer services, business operations, and fundraising. The CFO/COO or Director selects a consultant or independent contract using a competitive bidding process if there is a pool of qualified candidates to do the job.

Competitive Bidding

While a sealed bid may not be required, it is necessary to have three documented bids, unless a sufficient case could be made to single source. A sealed bid results from a pre-circulated request for proposal (RFP) where independent vendors are requested to provide the estimated cost for their services on a predetermined date, in a sealed envelope. This process is intended to ensure confidentiality of information, and this maintains competitiveness on the process.

In certain circumstances, there may be only one potential consultant. Exceptions to the bidding requirement include: referrals, extensions or amendments, or when a consultant/independent contractor is a known expert in the field. In this case, the reason why only one consultant is contacted and a “sole source” agreement is executed must be well documented by the CFO and/or Director.

The Consulting Agreement

The CFO or COO negotiates a draft Consulting Agreement with the Consultant or Independent Contractor and forwards it to the Director of Finance who reviews the Consulting Agreement,

checks for its compliance with IRS regulations regarding independent contractor agreements and either approves the agreement or recommends changes to bring the agreement into compliance with IRS Publication 15-A. (See the section below called "***Determining if Relationships Qualify as Consultant Arrangement.")***

Consultant Agreements

All services performed by a consultant should be documented in a written agreement, signed by the Consultant and the CEO, including the following:

- Name, address, and Federal Tax Identification Number/Social Security Number of the consultant
- Dates covered by the agreement
- Services to be performed
- Time frame for completion of the deliverables
- MCS staff in charge of the engagement
- Dollar amount of the agreement, including expenses for which the consultant will be reimbursed
- Rates of personnel by classification
- Termination clause
- Other special arrangements
- Indemnification of MCS from any liability of the consultants actions
- Certification of confidentiality
- Estimate of total cost of services and product to be delivered

In addition the consulting agreement should:

- Stipulate that invoices should be on the independent contractor's stationary and list services rendered.
- Include contractual provisions requiring that the independent contractor cooperate with the organization in any employment tax audit, including presentation of the

worker's IRS Form 1040 Schedule C or other tax forms showing that the income was reported as an independent business.

- The independent contractor must provide proof of insurance.

All agreements should be submitted to the Director of Finance for review and approval prior to commencing services and the release of funds.

Invoices

Invoices submitted by the consultant should be signed by the consultant and should detail the deliverables completed, and dates of service covered by the invoice presented.

Consultant versus Employee

Prior to entering into a consultant agreement, MCS must determine that the relationship meets the criteria outlined by the Internal Revenue Service for consulting relationships. Reclassification as an employee by the Internal Revenue Service can trigger additional payroll taxes and potential penalties to MCS. The consultant must indemnify MCS that if he/she is deemed not to be an independent contractor, he/she will be responsible for any additional taxes and penalties. The following represents a general guideline to be considered when making this determination. For additional guidance, consult the following Internal Revenue Service website:

http://www.irs.gov/businesses/small/article/0,,id=99921,00.html

Note also that IRS guidelines are subject to change. Please consult the website for additional ongoing updates.

6. TRAVEL AND EMPLOYEE BUSINESS EXPENSES

Overview

Mastery Charter Schools (MCS) will reimburse staff for authorized travel expenses incurred while conducting MCS business and for authorized and allowable vehicle mileage. **Note that *all* other purchases, including those for materials and supplies, should be made through the MCS Purchasing Process outlined in Chapter 4 of the Finance Policy & Procedure Manual**. The purpose of this section of the handbook is as follows:

- To define MCS policies and procedures pertaining to employee expense reimbursement
- To clearly state the types of expenditures that are reimbursable by MCS
- To clearly state the types of expenditures that are not reimbursable by MCS
- To minimize overall travel costs for MCS

The Policy may be revised by the MCS from time to time. Although MCS will endeavor to provide notice of changes, employees are responsible for making sure they are in compliance with the current policy.

Policies

General Expense Reimbursement for Purchases Made

- Purchases of materials and supplies made with the personal funds of an MCS employee are not reimbursable. Each entity has a budget for materials and supplies. Such items should be acquired through the purchasing process outlined in Chapter 4 of the Finance Manual. Purchases made with the personal credit card of an MCS employee are not reimbursable. Long distance travel is an exception to this policy. Other exceptions may be made for school Principals and Assistant Principals/Directors of Operations.
- Other exceptions to this policy will be considered jointly by the school Principal and the Finance Director on a case-by-case basis. In all cases, advanced purchase approval from Finance is required. In all cases, requests for reimbursement must be made within 30 days of the expense being incurred.
- Original receipts evidencing expenses will be required for all amounts except meals and incidentals which are covered under the Federal Guidelines relative to the location of the travel. Travel costs not considered local and hotel costs are all subject to the same Federal guidelines. Detailed travel instructions are located in a separate employee travel policy (in draft form) located in the Appendix.

Local Travel Mileage

- Local travel is defined as travel that is within 50 miles of the MCS location where the employee works.
- MCS employees will be reimbursed for local mileage when traveling for professional

development and conferences.

- Mileage will be reimbursed according to the prevailing IRS standard mileage rates. For 2012, the standard mileage rate is 55.5 cents per mile.
- MCS employees whose job descriptions require them to travel between MCS campuses will be offered a monthly gas stipend of $50. The stipend must be approved in advance by the employee's manager *and* approved in advance by Finance. Employees receiving the monthly gas stipend will not be eligible for standard mileage reimbursement. This stipend is paid via payroll and is subject to applicable government taxes.
- Employees who drive their personal vehicle while on MCS business must maintain valid automobile insurance.
- Employees will not be reimbursed for travel between home and work or for travel between MCS locations for meetings.
- Parking fees and tolls incurred during business travel will be reimbursed if original receipts are provided.
- Parking tickets and moving violations incurred while on MCS travel will not be reimbursed.

Long Distance Travel Expenses

- Long distance travel is defined as travel by plane, travel by train/bus, or travel by personal vehicle for more than 50miles.
- Long distance travel plans must be approved by the employee's manager and communicated to Finance one month in advance via a Travel Authorization form located within the employee travel manual.
- Employees must choose the most cost effective travel option available at the time.
- Employees must fly coach and will not be reimbursed for expenses incurred due to changes in flight plans made by the employee.
- Rental cars should be economy only. Mid-sized vehicles are allowed if more than 2 people will be traveling in the vehicle.
- The MCS corporate insurance policy covers property damage and bodily injury when an employee rents a car for MCS business. There will be no reimbursement for additional optional rental car insurance. Employees involved in an accident in a rental vehicle must advise the car rental company immediately. If necessary, file an accident report with the local police department. It is also necessary to advise your supervisor.

- Lodging expenses should not exceed the GSA published rates.
- An overnight stay is required for the employee to be reimbursed for meals.
- The total cost for employee meals should not exceed the GSA per diem rate.
- Original receipts evidencing expenses will be required for all costs not covered by the GSA per diem.
- The following expenses are not reimbursable:
    - Alcohol
    - Room service
    - Hotel long distance service
    - Hotel room movies
    - Expenses incurred by traveling companions (i.e. spouse, children, etc)
    - Rental car insurance
    - Rental car GPS
    - Tips exceeding 15%
    - Dry cleaning
    - Entertainment

Procedures

The *Standard Expense Report/Mileage Reimbursement Form* should be used to document all expenses including mileage. The form should be completed and submitted within 30 days of the expense being incurred. Incomplete and/or inaccurate forms will not be processed. Employees will not be reimbursed for items submitted without receipts. Finance will process approved reimbursements within 30 days via the MCS payroll system. Reimbursements will be received as non-taxed deposits into the employee's payroll direct deposit account on file with Human Resources. All requests for business meeting expense reimbursement must include the names and titles of all employees who attended the meeting. The date, location, and purpose of the meeting should also be listed.

The *Standard Expense Report/Mileage Reimbursement Form* should be used to document vehicle mileage for local or long distance travel. The form should be completed and submitted within 30 days of the expense being incurred. Incomplete and/or inaccurate forms will not be processed.

Finance will process approved reimbursements within 30 days via the MCS payroll system. Reimbursements will be received as non-taxed deposits into the employee's payroll direct deposit account on file with Human Resources.

The *Long Distance Travel Form* should be used to request advance authorization from both the employee's manager and Finance at least one month prior to the date on which the travel will occur. MCS will reimburse the employee after receipt of the *Standard Expense Report/Mileage Reimbursement Form*.

All forms referenced above may be obtained from the Controller.

MCS reserves the right to deduct any item or disallow any expense that is not in accordance with MCS policy or is deemed an unreasonable or inappropriate business expense. Any expense item in question will be brought to the attention of the employee and the employee's manager by the Director of Finance. The Director of Finance will recommend an appropriate course of action on a case by case basis.

7. PROCESSING ACCOUNTS PAYABLE

Background

This section outlines the policies and procedures for the processing of accounts payable:

- Processing purchase orders and invoices
- Processing check requests
- Agency's authorized signatories

Policies

- All invoices should be stamped with a “Received Date” immediately upon receipt.
- All complete voucher packages should be reviewed and approved by the Finance Department.
- A complete voucher package includes the following: a purchase order or check request, an invoice, a packing slip of contract if applicable.
- All MCS checks must have two original signatures. The authorized signers are the CEO, COO, CFO, Director of Finance, Board Chair, and Board Treasurer.
- All invoices should be assigned credit terms of 30 days, unless other arrangements are made in advance.
- Vendor statements should be forwarded to the Finance Department for review and reconciliation to the vendor files.
- All blank check stock should be kept under lock and key with access limited to the Finance Department only.
- A separate record of all voided checks should be maintained.
- Payments are made on approved invoices only, not statements.

Procedures

Processing Purchase Orders and Invoices

- Finance Department Staff collect invoices from schools on a twice weekly basis. Invoices are immediately stamped with a “Received Date” by the Finance Department. The Finance Department is responsible for assembling the payment package including:
    1. Purchase order (if applicable)
    2. Invoice
    3. Packing slip (if applicable)
    4. Contract (if applicable)

- Finance Department examines voucher package for accuracy and clears any discrepancy with the vendor and/or APO/DO.

- The Finance Department is responsible for doing the following:

  1. Verifying the proper accounting codes are assigned per the approved Chart of Accounts
  2. Checking the extensions on purchase orders and invoices
  3. Resolving any discrepancies with extensions or accounting codes
  4. Accruing the expense to the appropriate expense category and fund
  5. Checking for travel authorization where appropriate
  6. Investigating and resolving any outstanding back order issues
  7. Filing the purchase request, the purchase order, and the invoices in the accounts payable file

Requesting Checks When There Are No Invoices

Expenditures that are not supported by an invoice are handled via a Check Request Form. The employee or consultant initiating the disbursement request will prepare a Check Request Form, which is submitted, to the Finance Department for approval. The Check Request Form is processed and approved for payment in the same fashion as an invoice with proper documentation and approvals.

- A check request authorization voucher should include the following:

  1. Date prepared
  2. Name and address of vendor
  1. Vendor code (number assigned by us in the accounting system)
  2. Amount
  3. Account number (Fund—Function—Account Code)
  4. Expense allocation and/or project – grant when necessary

Authorized Signatures

All MCS checks require 2 signatures. Currently, the authorized signers are the CEO, CFO, COO, Director of Finance, Board Chair, and Board Treasurer. If Electronic (ACH) payment is made the signatures of two check signers must appear on the Purchase Order or Check Request Form.

Selecting Invoices to Pay

As determined by the MCS' timetable, the Finance Department runs an Aged Payables Report from BBFE accounting system and selects the items to be paid, generally all items that are due and payable within the next week based on the standard 30 days. All vendor invoices are assigned a credit term of 30 days, unless other arrangements are made in advance. The Finance Department compares the total of invoices to be paid to the currently available cash balance, taking into consideration other cash requirements for the two-week period immediately following. If available cash is low for a particular check run, the Controller and/or the Director of Finance will decide on the timing and prioritization of payments.

Blank check stock is kept under lock and key with access limited to the Finance Department. Unopened boxes of checks remain sealed and also under lock and key. Laser checks are placed in the printer, and the system automatically prints the information on the preprinted, pre-numbered checks. Upon completion of the check printing process, a Check Register is prepared, and the total of the check register is compared to the total of the Cash Requirements Report generated prior to the printing of the checks. The physical checks are reviewed for proper printing and confirmation of check numbers against the check register, and if all is acceptable, the Check Register is updated by the computer system. This update process reduces the accounts payable balance and the cash account balance to the general ledger.

MCS utilizes laser checks that have two stubs attached. The check, along with stub number and any supporting remittance documentation, is mailed to the vendor by the Finance Department verifying that the check and stub number properly identifies the invoice number being paid. The 2nd check stub is stapled to the vendor invoice and filed in the Accounts Payable paid invoice file in alphabetical order by vendor, by school. In addition, the actual invoices are stamped or noted "PAID" and documented with a reference as to date, check number, and amount paid.

Vendor Statements

Vendor statements are forwarded to the Finance Department for review and reconciliation to the vendor files. Any invoices noted on the vendor statement that have not been processed by the accounting system are identified for follow-up with the vendor, if appropriate. In no event will payment be processed without the original vendor invoice. No payments to vendors may be made on the basis of a statement – only invoices are valid documentation for payments.

Tracking/Processing Manual Checks

No manual checks are necessary as BBFE accounting system permits batches as small as one check to be cut.

Stop Payments

If a vendor reports an unpaid invoice, the Finance Department will determine if a check was cut for the invoice. If not, the invoice will be processed in accordance with normal Accounts Payable procedures. If a check was cut, the Finance Department reviews the BBFE check register through the date of the last reconciliation to see if the check cleared the bank. If the check is outstanding, the Finance Department will look at the bank statements and online bank records for dates subsequent to the last bank reconciliation to make sure that the check had not cleared.
After determining that the check is outstanding the Finance Department will initiate a stop payment request through the Firstrust online banking system. At the end of stop payment process, a Stop Payment Request from is printed from the website, signed by the Finance Department and mailed to the bank for a written record of the stop payment request.

Processing in Financial Edge

If the stop payment is being made in the same month as the effective date of the original transaction (post date), then follow the normal procedure for voiding checks. If the original transaction was processed in an earlier month that has already been closed, do not void the check. Open the bank register for the bank account the check was drawn on, click the New Adjustment button. On the Adjustment tab, select the Deposits in Transit category, enter the current date in the Date and Post Date fields, and enter the amount of the original check and a transaction description. Post status should be Not Yet Posted. In the GL Distribution tab, enter the original general ledger account charged. Select save and Close, then post the transaction. This Bank Adjustment has the effect of cancelling the expenditure in the current month so the expenses reported in the previous month are not affected. A new invoice must be posted for the same amount and accounts so that a new check can be generated. This invoice is processed through the normal Accounts Payable procedures.

8. CASH MANAGEMENT

Background

The following is a summary of MCS's cash management policies and procedures. These standards exist to protect the assets of MCS and ensure that cash is tracked carefully and managed responsibly.

Cash Management – Policies

- MCS will track all revenue receipts in the Financial Edge accounting software system.
- Mastery Charter Schools (MCS) will reconcile cash general ledger balances to bank. balances for all entities on a monthly basis.
- MCS will produce monthly cash analysis statements for all entities.
- MCS will create cash flow statements on a quarterly basis and as needed.
- MCS will maintain $100-300k in cash at each entity for working capital purposes.
- MCS Leadership will determine any reserve requirement based on the school's financial condition and the school's stage of growth. School's that have not yet reached full enrollment may be exempt from the reserve requirement.
- MCS will work with foundation partners to determine an investment strategy for private donor contributions.
- MCS will allow cash transfers between schools and foundations with Finance Committee, CEO & CFO approval
- MCS will invest in conservative bank instruments as allowed by Act 72 & with Finance Committee, CEO & CFO approval

Investment Policy

MCS seeks to safeguard its assets and grow its cash balances while maintaining enough liquidity to fund ongoing campus operations and to fund ongoing new school expansion. It is the responsibility of the Board of Trustees, CEO, and CFO to establish the desired level of investment risk tolerance and to ensure that investments meet the criteria of Act 72. MCS will, with approval of the Board, invest in the following types of accounts:

1. Money market funds
2. Short term US Treasuries
3. Certificates of Deposit (terms no longer than 12 months)

9. ASSUMPTION AND AUTHORIZATION OF DEBT

Background

The purpose of this chapter is to outline the policies & procedures for assuming and authorizing debt, including but not limited to loans, lines of credit, mortgages & capital leases.

Key Agency Policies

- Mastery Charter Schools (MCS) will assume debt only in the event that financial goals cannot be via existing fund balances, grants from foundations, and/or district lease purchase agreements.
- All debt must be authorized by the CEO & Board of Trustees.
- MCS will obtain mortgages and/or capital leases to finance facilities when there is no other option (e.g. district lease buy-back)
- MCS will obtain lines of credit for cash flow purposes as needed.

Key Agency Procedures

- The CFO will inform the Leadership Team if a debt assumption is necessary.
- The CFO will obtain quotes from at least three lenders and recommend the best option to the Leadership Team.
- The CEO will approve or reject the recommendation.
- If the recommendation is approved, the CFO will present the recommendation and alternative options to the Finance Committee, who will forward the recommendation to the Board.
- If approved, the Director of Finance will negotiate the deal with the lender.
- The CEO and Board Chair must sign all required documentation.

10. BUDGET MANAGEMENT

Background

The purpose of this chapter is to outline policies related to budget management.

Key Agency Policies

- Mastery Charter Schools (MCS) will create a budget for Board of Trustees approval on an annual basis, typically at the June Board of Trustees meeting.
- MCS will present a draft budget to the Finance Committee for review prior to requesting board approval.
- MCS will submit budget revisions to the Board of Trustees once per year, typically at the December or March Board Meeting.
- All budget changes require the approval of the CEO, COO & CFO.
- The Finance Department will hold monthly budget meetings with each employee who has a budget, including Principals, AP's/Directors of Operations & NST Directors.
- Finance Departments and AP's/Directors of Operations will be responsible for daily budget management at the school level.

Key Agency Procedures

- MCS utilizes a budgeting process that begins with the strategic planning process.
- The CEO, CFO, CAO, & COO create the mission-aligned goals for the year.
- These goals are given to the Director of Finance along with recommended budget targets by entity campus.
- The Finance Team creates a draft budget based on the information provided by the Leadership Team.
- Principals, AP's/Directors of Operations & NST Directors (budget owners) review the draft with the Director of Finance & provide input.
- The Finance Team revises the draft based on the mission-aligned goals for the year, campus budget targets, and feedback from budget owners.
- The Director of Finance reviews the final budget draft with the CEO & CFO
- The CFO presents the final budget draft to the Finance Committee for review. The Finance Committee will be given at least one week to review and comment on the draft.
- The final budget draft is submitted to the Board one week in advance of the Board of Trustees meeting at which the budget will be approved (typically the June meeting).
- The CFO, CEO, & COO present the budget to the full Board of Trustees for approval.
- Upon Board of Trustees approval, the budget is loaded into the Financial Edge software system for budget tracking purposes.

- Final copies of the Board approved budget are submitted to the Finance Team, all budget owners and the Leadership Team.

11. RECORD RETENTION

Background

The purpose of this chapter is to establish record retention timelines.

Policies

MCS will follow all applicable local, state, and federal guidelines regarding retention of financial records.

Procedures

Records will be retained according to the following schedule:

1. Bank reconciliations for 2 years
2. Accounts Payable files for 7 years
3. Payroll files for 7 years
4. Audited financial statements permanently on record
5. Grant records will be retained for 3 years from the date of final submission except as noted in OMB #215.53 Section (2) #1-4.

12. GRANT REPORTING

Background

This chapter establishes standards for grant and contract reporting at MCS.

Policies

- MCS will apply for grants as appropriate to fulfill its mission. Most donations are coursed through the Mastery Charter School Foundation in order to standardize and organize the donor and funder information. Grants will be directed to either the campus or the MCSF as determined by the conditions of the Grant.

- The CEO will authorize the appropriate Director or Principal to apply for grants.

- Schools may apply individually for private grants under $30,000, but must consult with the Director of Development to ensure that only one unified application is submitted.

- All public grant applications (local, state & federal) must be coordinated with the Director of Development and Finance.

- The Director of Finance or Grants Controller will provide necessary financial information as requested or required.

- The CAO, Principal and/or Deputy Chief Innovative Officer (DCIO) will provide necessary programmatic information as requested or required.

- Reports for all grants will be provided by the Finance Director or Grants Controller according to the terms of the grant agreement.

- All grant revenues, expenses, and pledges will be recorded separately in the BBFE system using the approved Project and Grant Codes. See Appendix Chart of Accounts for listing. Contact the Grants Controller for updates.

- All grant expenses must adhere to the following policy of Allowable, Allocable, and Reasonable.

ALLOWABLE, ALLOCABLE, and REASONABLE COSTS

The concepts of allowablity, allocability, and reasonableness of costs address directly the legitimacy of a cost charged against a specific grant or funder award. Determination of allowablity, allocability, and reasonableness of a given expense is based on specific guidelines of the funder/grantee or according to federal cost principles. OMB Circular A-21 Section C, states that the recipient institution is responsible for ensuring that costs charged to specific funders are allowable, allocable, and reasonable… Each financial transaction charged against a specific grant is evaluated against these three concepts.

A primary responsibility of the MCS Finance Department is to insure that all costs charged to a grant are allowable and allocable. A determination of allowablity and allocability for a given cost is based on the specific guidelines of the funder and according to federal cost principles.

Allowablity

- The cost must be reasonable
- The cost must be given consistent treatment though application of those generally accepted accounting principles appropriate to the circumstance.
- The cost must conform to any limitations or exclusions set forth in the grant agreement or in the Federal Costs Principles (OMB Circular A-21)

Allocability

Once the criteria have been met, the costs must be evaluated against the criterion of allocability. That is, the cost has been incurred solely to support or advance the work of a funder and MCS. It also means the process of assigning a cost, or a group of costs, to one or more cost objectives, in reasonable and realistic proportion to the benefit provided or other equitable relationship. The cost objective may be a major function of MCS, a particular project, or determined as the time of allocation in a reasonable manner.

Reasonableness

The cost must be able to withstand public scrutiny, i.e. objective individuals not affiliated with MCS would agree that a cost is appropriate on a funder award.

Procedures

The Grants Controller (GC) is responsible for all aspects of recording the appropriate and timely expenditures and revenues for all grants. The basic procedure for Fiscal grant management consists of three main processes, Application and Set Up, Expense Processing and Monthly Review; Funder reporting. These three processes are as follows:

Application and Set Up

1. The Grant Application is developed and submitted under the supervision of the DCIO. If the grant is funded, the application and all related award communication is sent to the CFO and the GC.

2. The GC sets up an electronic according to procedure and adds the budget information to the appropriate fiscal schedules. This includes but is not limited to the Grants Allocation Worksheet and the Finance Committee report schedule.

3. The GC converts the grant year information to the Mastery fiscal year of July 1, 20XX to June 30, 20XX if necessary, submits this information to the CFO, and together they assign the proper BBFE coding structure to include Fund-Function-Acct Code-Project-Grant as needed.

4. The CFO, GC, and all Program management staff together with the appropriate Campus/NST, meet to discuss; final adjustments are made. This vetted budget is then entered into BBFE.

Expense Processing and Monthly Review

1. As expenses are incurred, the originator will code and submit documents to the appropriate Payroll or Accounts Payable staff for processing. This processing includes a review of the budget and signoff by the GC.

2. Every month and when requested, the GC will run BBFE reports and compare the actual expenses to budget, looking for any missing or unexpected expenditures. Any and all adjusting entries are reviewed by the GC for budget and coding accuracy

3. In compliance to the month end close schedule, the GC will book revenue as appropriate and submit to the Director of Finance (DF) for review.

4. Each month the grant revenue, A/R, and deferred revenue accounts will be reviewed and reconciled. The monthly close schedule will be updated as each task is completed.

Funder Reporting

1. Each funder mandates their reporting requirements. The GC will develop and maintain a calendar of reporting requirements. The GC will work closely with the Compliance Officer and the Grant Program staff.

2. Grant reports are prepared by the GC and reviewed by the DF and other staff as required. If the grant requires a draw down the DCIO will also sign off on the grant report prior to the drawdown by the GC.

3. All relevant Grant reports and drawdown information are maintained in the Grants electronic Drive, O://, by grant or by sub grant as determined by the GC. The files for O:// contain the standard information which can be modified as needed.

    a. Application
    b. Award and Budget
    c. Correspondence
    d. Payments
    e. Reports
    f. Site Visits

13. CLOSING THE BOOKS & RECORDS & DISSEMINATION OF FINANCIAL INFORMATION

Background

This chapter outlines the key policies and procedures related to closing the General Ledger (GL) at month-end and at year-end so that timely and accurate financial statements can be produced for Mastery Charter Schools (MCS) in accordance with Generally Accepted Accounting Principals (GAAP). This chapter also clarifies the process for determining the fiscal year for transactions that occur during the fiscal year transition at year-end and the process for correcting posting errors.

Monthly Closing of the General Ledger Policies and Procedures

Roles & Responsibilities

- The Controller is the owner of the monthly GL closing process. The Controller will review the GL at month-end for posting accuracy. An accurate transaction is defined as a transaction that is posted to the correct fund, project, and GL account. The

Controller will determine if any transactions were misclassified. If so, the Controller will re-class the transaction(s) to the correct fund, project, and/or GL account.

- The Accounting manager, AP and Payroll staff support the process by entering accounts payable transactions, entering payroll transactions, creating journal entries & reconciling bank statements.

Communication

- Each month, the Controller will set the close schedule and send an e-mail to all AP and Payroll Staff stating that all accounts payable transactions must be entered into BBFE prior to the date established in the monthly close.

Journal Entries

Journal entries enable MCS to comply with Generally Accepted Accounting Procedures of accrual accounting. The following end of month journal entries are posted to Blackbaud Financial Edge prior to the creation of financial statements:

- **Payroll** – A Journal Entry (JE) for all campus' payroll is prepared by the Accounting Manager and posted according to the monthly deadline for posting entries as confirmed in the close schedule. Payroll JE's can be posted as soon as the payroll is completed, but *must* be posted prior to the creation of monthly financial statements. The effective date of payroll JE's is the Pay Period Ending date (PPE).

- **Cash & Bank Reconciliation(s)** – Bank statements are reconciled on a monthly basis as soon as possible following month-end. While deposits and checks are posted throughout the month, interest, bank charges and miscellaneous fees are not recorded until the bank statements are reconciled to the GL. The Accounting Manager is responsible for reconciling the bank accounts of her/his campuses and posting the JE's to complete the reconciliation. Discrepancies are researched and resolved by the Accounting Manager with assistance from other Finance staff as needed. All bank reconciliations are reviewed by the FD.

- **Accrued Revenue** – Management may decide to accrue monthly estimates of grant, contribution or service revenue that is expected during the year but not yet received. Currently, the following accrued revenue entries are made:
    - Title I
    - Title II
    - IDEA

- **Accrued Expenses** – Finance Management may decide to accrue expenses throughout the year if expenses are expected to be incurred. Currently, the following accrued expense entries are made as necessary:

- Utilities
- Furniture
- Books
- Computers
- Contractual service items
- Known outstanding invoices of significant value

- **Health Insurance** – MCS is self-insured with respect to medical and dental insurance. Creative Benefits sends a list of employees and their coverage with a summary of charges by type of insurance by campus. When received (typically mid-month), the Accounting Manager enters the information into BBFE via journal entry. The self-funded medical account at the NST is they funded by bank transfer. This transfer is done by the Accounting Manager and reviewed by the DF.

- **Liability insurance** – Liability insurance is typically pre-paid with the premium due up front for the following 6 or 12 month period. When the invoice for the policy premium is received, it is posted to Accounts Payable (credit) with the debit posted to Pre-paid Insurance. If the insurer or agent permits a down payment with the balance paid in periodic installments the same entry is made.
  - At the time of payment the Controller calculate the monthly average premium to allocate over the life of the policy period and initiate a monthly JE to debit Insurance Expense and credit Pre-paid Insurance if necessary.

- **Employee Salaries & Benefits** – Employee salaries and benefits, including health insurance premiums, are typically expensed to the campus where the employee works. However, employees of the NST may occasionally support more than one campus in their job description. As such, salary and benefit allocations are made as needed as directed by the CFO and the approved budget.

- **Other Entries** – Additional JE's are made as needed throughout the year to estimate costs of the period.

- **Encumbrances**- Encumbrances are entries that reserve all or a portion of a GL line item budget for a particular purpose. The monthly close includes a review of all encumbrances to ensure that they are released as appropriate and applied to the correct purchase order.

- **Corrections**
  - Prior to the posting of a transaction, changes may be made to the post date, fund, project, and/or GL account classification.
  - After a transaction has been posted, a reversing JE may be made to correct errors related to the post date, fund, project, and/or GL account classification. The FD may direct the staff to prepare a correcting JE that does not involve a previous reversal.

- **Roles & Responsibilities**
  - The Controller is the owner of the annual GL closing process. The Controller will review the GL at year-end for posting accuracy. An accurate transaction is defined as a transaction that is posted to the correct fund, project, and GL account. The Controller will determine if any transactions were misclassified. If so, the Controller will re-class the transaction(s) to the correct fund, project, and/or GL account.
  - All other Finance Staff support the process by entering accounts payable transactions, entering payroll transactions, creating journal entries & reconciling bank statements.
- **Communication**
- Each year, the Controller will send an e-mail to the Principals, School Operation Staff, and the NST stating that all invoices are due to Finance prior to the date established in the annual close schedule

- **Journal Entries**
  - Journal entries enable the Controller to comply with Generally Accepted Accounting Procedures of accrual accounting. The following end of year journal entries are posted to BBFE prior to the creation of financial statements:

    - **Payroll** – A Journal Entry (JE) for each campus' payroll is prepared by the Accounting Manager and posted according to the deadline for posting entries as confirmed in the annual schedule and will include the remaining 2 months payout of the teacher 12 month contract. Payroll JE's can be posted as soon as the payroll is completed, but *must* be posted prior to the creation of annual financial statements. The effective date of payroll JE's is the Pay Period Ending date (PPE).

    - **Cash & Bank Reconciliation(s)** – All bank statements for the year must be reconciled prior to year-end. The Accounting Manager is responsible for reconciling the bank accounts of her/his campuses and posting the JE's to complete the reconciliation. Discrepancies are researched and resolved by the Accounting Manager with assistance from other Finance staff as needed. The FD reviews and approves all cash and bank reconciliations.

- **Accrued Revenue** – Finance Management will thoroughly review all accrued revenue to ensure that no errors were made. In the event of an error, the processes outlined in the Corrections Section of this chapter will be followed.

- **Accrued Expenses** – Finance Management will thoroughly review all accrued expenses to ensure that no errors were made. In the event of an error, the processes outlined in the Corrections Section of this chapter will be followed.

- **Accrued and Prepaid Balance Sheet Accounts** – Finance Management will thoroughly review all accrued pre-paid expenses to ensure that the transactions were expensed to the proper account. In the event of an error, the processes outlined in the Corrections Section of this chapter will be followed.

- **Employee Salaries & Benefits** – Finance Management will thoroughly review all allocated employee salaries and benefits to ensure that the transactions were charged to the proper entity. In the event of an error, the processes outlined in the Corrections Section of this chapter will be followed.

- **Other Entries** – Additional JE's are made as needed at year-end to estimate costs of the period that are known but not incurred.

- **Encumbrances**- Encumbrances are entries that reserve all or a portion of a GL line item budget for a particular purpose. The annual close includes a review of all encumbrances to ensure that they are released as appropriate and applied to the correct purchase order.

- **Corrections**

  - Before Post- Prior to the posting of a transaction, changes may be made to the post date, fund, project, and/or GL account classification.
  - After Post - After a transaction has been posted, a reversing JE may be made to correct errors related to the post date, fund, project, and/or GL account classification.

14. CAPITAL ASSETS (Property, Plant & Equipment)

Background

Although Mastery is considered a government entity by PA state law and thereby is required to expense all purchases in the year in which they were purchased, GAAP and Federal Funders require the development and maintenance of a Capital Asset register. This is a memo only register.

Policies

The capital assets are identified and assigned a life in accordance with GAAP and all capital assets are depreciated by straight line as there is no tax impact of this memo activity.

Procedures

The Capital Asset Register (CAG) is maintained by the Controller with review by the Director of Finance. This register is updated at least annually in accordance with the annual audit schedule. Appropriate documentation is maintained in the Finance Department files.

In addition to the normal information contained in the CAG, any assets purchased with grant dollars will have the Funder Name listed. Supplies purchased with Federal dollars will be listed in a supplemental worksheet with the funder noted within the same register.

15. INSURANCE COVERAGE

Background

MCS strives to maintain sufficient levels of insurance to protect the students, employees, Board of Directors, and other interested parties at a level that meets or exceeds those required by law. Currently, MCS utilizes Domenick & Associates to assist with the procurement of insurance services, identifying the appropriate types of insurance and the appropriate levels of coverage. This coverage is determined by the CEO together with the COO, and CFO.

Policies

Insurance is procured at prudent levels but at least at the levels required by law. MCS maintains insurance that will protect MCS, its students, employees, BOD, and all other interested parties. Insurance coverage includes but is not limited to the following:

- Property
- Crime
- General Liability
- Educators legal Liability
- Commercial Auto
- Sexual Abuse or Molestation
- Directors and Officers Liability
- Umbrella
- Accident and Health (in addition to employee medical insurance)
- Workers' Compensation

Procedures

The Controller is the direct contact to Domenick & Associates for any billing issues and obtaining Certificates of Insurance.

- Certificate of Insurance - MCS staff contact the Controller who in turns contacts Domenick and Associates and requests the Certificate of Insurance be sent to the requesting party. The Controller does not maintain a file of these certificates, a file is maintained by Domenick & Associates.
- Most insurance coverage is purchased for MCS as a whole. The Controller oversees the allocation of costs as recommended by Domenick & Associates.

16. AUDIT PREPARATION & PLANNING (TBD)

Background

The Finance Department is responsible for planning, coordination and completion of the annual audited financial statements for the Mastery Charter Schools. Annual selection of auditors is presented to the Finance Committee of the Board for approval.

Policies and Procedures

Careful and timely planning, coordination and preparation are needed to ensure successful completion of the annual audits. Typically all year-end revenue and expense estimates are calculated at this time, including, but not limited to the following:

- Per pupil revenue from the School District of Philadelphia. The SDP calculates a final payment adjustment for the month of June that reflects a final reconciliation of Mastery campus' attendance data entered into the District's School Computer Network (SCN) system.
- Commonwealth of Pennsylvania subsidies (e.g., PSERS Subsidy) are estimated based upon completion of state report forms that are submitted as part of required fiscal year end reporting.
- Identification of Title I and Title II costs through year end and the concomitant revenue for these programs.
- Grant revenue accruals needed at year-end based on grant spending through June 30th.
- Identification of accrued salaries and benefits as of June 30th. Teachers earn their pay over the 10 month school year (September through June) but are paid over a full 12-month year. Teachers and others identified as "10 month" staff much have their pay received in the summer months (July and August) recorded as expenses of the recently completed fiscal year. Year-end bonuses for teachers, as well as "12 month" administrative staff must be accrued as expenses of the just-completed fiscal year, even if they are paid in a later month (e.g., August).

Mastery schools operate on a June 30th fiscal year end. Audits need to be completed by December 31st in order to comply with PA Department of Education deadlines for audit submission. The following calendar is typically followed:

- Last day of fiscal year June 30th
- Month of July – complete monthly journal entries, close June books and issue month-end financial statements
- Month of August – Complete audit assistance schedules provided by the external CPAs. Complete final journal entries, grant allocations, all bank and credit card reconciliations, balance sheet account analyses and other schedules and reports requested. By end of August, final trial balances should be available for final internal review.
- September – Final trial balances should be reviewed and completed by about the 15th of the month and provided to the external CPAs. During this month, preliminary transaction samples may be selected for testing by the external CPAs to meet single-audit (Circular A-133) requirements.
- October – Fieldwork scheduled. Auditors are on site to complete work, interview key staff, review internal controls, complete follow-up work, etc. Final adjusting journal entries, if any, are processed during this time.
- November – Fieldwork completed, exit conferences with internal staff noting status of completion and any remaining items to be resolved before issuance of draft reports. Staff prepares for presentation of audit drafts to the Finance Committee and the Board.
- December – Draft audits reviewed and approved by the Board and Finance Committee. Audit reports issued, Data Collection sheets submitted to Federal and state governments, PA Department of Education Annual Financial Reports (AFR) submitted.
- January and February – Form 990 tax returns prepared and submitted for Mastery schools. Finance staff assists with information and schedules needed for these returns. Tax returns presented to Board for review before submission to federal and state authorities.

pennsylvania
DEPARTMENT OF EDUCATION

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

June 19, 2013

Mr. Scott Gordon
CEO
Mastery CS Clymer
1201 West Rush Street
Philadelphia, PA 19133

Dear Mr. Gordon:

I thank you and your staff for participating in the Federal Programs Consolidated Review for the 2012-13 school year. We have received your corrective action plan. You are now in complete compliance with current statute, regulations and guidance released by the United States Department of Education.

If you have any questions, please feel free to contact your Regional Coordinator at (717) 783-2193. Thank you for your cooperation.

Sincerely,

Kelly Dorfida
for Susan McCrone
Chief
Division of Federal Programs

cc: Project File
Federal Programs Coordinator

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF EDUCATION
333 Market Street Harrisburg, PA 17126-0333

Division of Federal Program
Consolidated Program Review

2012-2013 School Year

Mastery CS - Clymer
5700 Wayne Avenue
NST Office
Philadelphia, PA 19144

	Name	Phone Number	Check if Interviewed
Superintendent:	Scott Gordon	(215) 866-9000 x1056	☐
Business Manager:	Jim Leonard	(215) 866-9000 x1076	☐
Title I Coordinator:	Michael Patron	(267) 671-2888	☑
Title II Part A Coordinator:	Michael Patron	(267) 671-2888	☑
Title III Coordinator:			☐
Fiscal Requirements Coordinator:	Stephanie Combs	(215) 866-9000 x1075	☑
Ed-Flex Waiver Review Coordinator:			☐
Title VI-B REAP Coordinator:			☐

Program(s) Reviewed:

☑ **Title I**
☑ **Title II Part A**
☐ **Title III**
☑ **Fiscal Requirements**
☐ **Ed-Flex Waiver Review**
☐ **Title VI-B REAP**

Program Reviewer/s: Steven R. Marrone

Visit Date: 3/5/2013

Title I Program Review

I. Highly Qualified
II. Parent Involvement
III. LEA Improvement
IV. School Improvement
V. School Choice
VI. Supplemental Educational Services (SES)
VII. Schoolwide Programs
VIII. Targeted Assistance
IX. Nonpublic Schools
X. Comparability

I. Highly Qualified

Component I: Highly Qualified
The Local School System (LEA) designs and implements procedures that ensure the hiring and retention of qualified teachers and paraprofessionals and ensure that parents are informed of educator credentials as required. **Sec. 1111 (h)(6)(A)** **Sec. 1119 (a)(1-2) (c)(1)**

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
1a. All core content area teachers employed by the LEA are highly qualified. (Core content teachers in All Schools, not just Title I)	☐	☑	☐	☑ List of teachers and their qualifications. ☑ Number of teachers who have met highly qualified. ☑ Number of teachers working toward becoming highly qualified		**District Comments** 2/26/2013 2:48:57 PM Director of Compliance Michael Patron Some teachers still need to take their PRAXIS exams **Monitor Comments** 3/11/2013 8:48:45 AM Monitor Steve Marrone Currently, 27 of 29 Core Content Teachers meet standard; 93.1%. **Monitor Comments** 5/16/2013 2:54:01 PM Education Administrative Associate Kelly Iorfida Charter Schools are only required to have 75% of their Core Content Teachers (CCTs) Highly Qualified. Since at least 75% of this CS's CCTs are HQ, no corrective action will be required.

1b. LEA has a system in place to ensure that all core content area teachers become highly qualified.	☑	☐	☐	☐ List of teachers not highly qualified. Plan, progress & projected date of completion. ☑ Highly Qualified Staff section of Consolidated LEA Plan		
2. All instructional paraprofessionals supported by Title I are highly qualified.	☐	☑	☐	☑ List of paraprofessionals & their qualifications. ☑ Verify number of paraprofessionals who have met highly qualified requirements. ☐ AA Degree and/or local assessment		**District Comments** 2/26/2013 2:49:50 PM Director of Compliance Michael Patron Some paraprofessionals do not have degrees and are studying to pass their PRAXIS I exams to demonstrate HQ. **Monitor Comments** 3/11/2013 8:50:12 AM Monitor Steve Marrone Currently, 5 of 8 paraprofessionals meet standard; 62.5%.
3. Parents (in Title I schools ONLY) are notified annually that they may request information regarding the professional qualifications of their child's teacher(s), and of paraprofessionals who provide instructional services to their children.	☑	☐	☐	☑ Copy of parent/guardian notification		
4. Parents (in Title I schools ONLY) are notified if their child is assigned to or being taught for four or more consecutive weeks by a teacher who is not highly qualified in a core academic subject.	☑	☐	☐	☑ Copy of dated letter of notification to parent/guardian		

II. Parent Involvement

Component II: Parent Involvement
The LEA and schools meet parental involvement requirements. **Sec. 1118(a)-(h)** **Sec. 1111(c)(14)** **Sec. 1111(d)** **Sec. 1116(a)(1)(D)**

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
1. LEA has a written parental involvement policy and evidence that it is updated periodically.	☑	☐		☑ Staff/Parent meeting agenda, memoranda, revisions. ☐ Website posting.		
2. Schools receiving Title I funds have a written Parent Involvement (PI) Policy/Plan aligned with the District policy.	☑	☐		☑ Submit PI Policy/Plans for all Title I schools and ☐ Submit District PI Policy/Plan		
3. LEA and schools have carried out the six requirements to build parents capacity to be involved in school:	☐	☐	☐			
a. Provide assistance to parents in understanding the State's academic content standards and student academic achievement standards, State and local academic assessments, the requirements of Title I, and how to monitor a child's progress and work with educators to improve student achievement;	☑	☐		☑ Staff/Parent meetings, agendas, and sign-in sheets.		
b. Provide materials and training to help parents work with their children to improve achievement, such as literacy and technology training;	☑	☐		☑ Training materials, evaluations, agendas, calendar of events, etc.		

c. Educate instructional staff, with parental assistance, in the value and utility of contributions of parents, how to reach out to and communicate with and work with parents as equal partners, implement and coordinate parent programs and build ties between parents and school;	☑	☐		☑ Staff/Parent meetings, agendas, and sign-in sheets.		
d. Coordinate and integrate parent involvement programs and activities with other programs (Head Start, Parents as Teachers, Early Reading First, public preschool, and parent resource centers), that encourage and support parents in more fully participating in the education of their children;	☑	☐	☐	☐ Training materials, evaluations, agendas, calendar of events, etc. ☐ Staff/Parent meetings, agendas, and sign-in sheets ☐ Memorandum of Understanding (MOU).		**District Comments** 2/26/2013 2:53:45 PM Director of Compliance Michael Patron Regular communication with Head Start and After School Programs in our building. **Monitor Comments** 4/15/2013 8:54:56 AM Monitor Steve Marrone As Head Start is located on site, an open communication process is evident.
e. Sent information related to school and parent programs to parents in a format and language the parents could understand;	☑	☐		☑ Translated documents such as fliers, letters, web site postings, etc.		
f. Provide full opportunities for participation of parents of LEP students, students with disabilities, parents of migrant children.	☑	☐	☐	☑ Parent meetings, trainings, agendas, fliers, newsletters, and/or advertisements.		
4. School parent involvement policies have been distributed to parents.	☑	☐		☐ Parent meeting agendas ☑ documentation shared or distributed		
5. LEA has required schools to develop a written school-parent compact.	☑	☐		☑ school-home compact ☐ Staff/Parent meeting agenda, memoranda.		

6. Schools hold an annual meeting to inform participating parents about Title I programs.	☑	☐		☑ Back-to-School Nights/Title I meetings. ☐ Agendas & attendance sheets of parent training.		
7. LEA and schools have reviewed the effectiveness of school parental involvement activities.	☑	☐		☑ Documentation such as Annual surveys and results, parent meetings, evaluations, and parent teacher conference evaluations. ☐ Agendas & attendance sheets of parent training.		
8. LEA and schools have informed parents about the existence of a parent resource center, if one exists.	☐	☐	☑	☐ Documentation such as copies of fliers, letters sent home, posted information on boards at schools, and translated documents.		**District Comments** 2/27/2013 4:19:08 PM Director of Compliance Michael Patron We do not yet have a full parent resource center. **Monitor Comments** 3/11/2013 8:53:49 AM Monitor Steve Marrone The site has several initiatives in place to reach out to the Community to provide services.

III. LEA Improvement

Component III: LEA Improvement
LEAs identified for improvement, corrective action, or restructuring have met the requirements of being so identified. **Sec. 1116(b)(1)(B)** **Sec. 1116(b)(3)** **Sec. 1116(b)(4)-(6)** **Sec. 1116(b)(7)(C)(ii)** **Sec. 1116(b)(14)(B)**
☑ **If the LEA is not identified for LEA Improvement, this section can be skipped.**

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
1. The LEA notified parents if the LEA is identified for improvement or corrective action.	☐	☐	☐	☐ Copy of letter of notification to parents that states the LEA's status, the reasons for the identification, and how parents can participate in LEA improvement activities.	Reviewers should ask how notifications were distributed to parents (newsletter, mailed letter, website, etc.). ☐ Newsletter ☐ Mailed Letter ☐ Website ☐ Other	
2. The LEA has developed a district improvement plan using the core elements outlined in the state's Comprehensive Plan.	☐	☐	☐	☐ Copy of LEA Improvement plan ☐ Evidence of school board approval of plan ☐ Information on participation in the development of the plan (IU staff, outside expert, teachers, administrators, parents, etc.)		

3. The LEA has set aside 10% of the district's Title I allocation for professional development activities necessary to ensure that the LEA makes AYP.	☐	☐	☐	☐ Reservation of Funds page of eGrants application. ☐ Professional development plan and/or calendar outlining the activities to be conducted with set aside funds.	If the LEA also has schools in improvement it is required to set aside 10% of the Title I building allocation for professional developments. This amount can be used toward the LEA required set aside.	

IV. School Improvement

Component IV: School Improvement
Schools identified for improvement, corrective action, or restructuring have met the requirements of being so identified. **Sec. 1116(b)(1)(B)** **Sec. 1116(b)(3)** **Sec. 1116(b)(4)-(6)** **Sec. 1116(b)(7)(C)(ii)** **Sec. 1116(b)(14)(B)**
☑ **If the LEA has no Title I schools identified for any level of School Improvement, this section can be skipped.**

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
1. The LEA notified all parents at least 14 days prior to the beginning of the school year if any schools are identified for improvement or corrective action. *(See School Choice section and SES section for additional notification requirements.)*	☐	☐	☐	☐ Copy of letter of notification to parents must include the schools' status, comparison with other schools, action plan, the reasons for the identification, and how parents can participate in school improvement activities. ☐ Verification of date of notification	• Reviewers should ask how notifications were distributed to parents (newsletter, mailed letter, website, etc.). • If applicable, the notification must be provided in different languages. ☐ Newsletter ☐ Mail ☐ Website ☐ Other ☐ In Different Languages	

2. The LEA posted on their website beginning with SY 2007 and all subsequent years identified: a. Number of students eligible and transferred due to Choice. b. Number of students who were eligible and participated in SES. c. List of available schools for transfer. d. List of available SES providers.	☐	☐	☐	☐ Webpage ☐ Student attendance for building offering choice. ☐ Low Income or FRL numbers for school in SI 2 or CA.		
3. The School has developed a 2-year school improvement plan using the School level Comprehensive Plan.	☐	☐	☐	☐ Copy of school improvement plan ☐ Copy of Statement of Quality Assurance submitted to PDE with appropriate signatures. ☐ Information on participation in the development of the plan (IU staff, outside expert, teachers, administrators, parents, etc.)		
4. Each school identified for improvement must spend at least 10% of its Title I building allocation on professional development activities. **ONLY School Improvement. not required for Corrective Action.**	☐	☐	☐	☐ Professional development plan and/or calendar outlining the activities to be conducted with set aside funds. ☐ Sign-in sheets for professional development activities. ☐ Meeting minutes or agendas regarding scientifically based methods and strategies. ☐ Title I Budget		
5. Each school identified for Corrective Action 1 or 2 involves parents in corrective actions taken to improve academic achievement.	☐	☐	☐	☐ Meeting agendas ☐ Parent notifications ☐ Meeting minutes		

V. School Choice

Component V: School Choice
The LEA ensures that requirements for public school choice are met. **Sec. 1116(b)(1)(D) and (E)** **Sec. 1112(g)(4)**
☑ **If the LEA has no buildings in School Improvement I or choice can't be offered because there are no schools available for choice, this section can be skipped.**

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
1. The LEA at least 14 days prior to the beginning of the school year notified parents of all students enrolled in the identified school of their option to transfer their children to another public school within the LEA that is NOT identified for improvement or corrective action.	☐	☐	☐	☐ Copy of letter of notification to parents that informs parents of school choice and the process to be used to exercise the option. ☐ Verification of date of parent notification.	• Reviewers should ask how notifications were distributed to parents (newsletter, mailed letter, website, etc.). • This notice may be a part of the general school improvement notification or it may be a separate notice. • If applicable, the notification must be provided in different languages. ☐ Newsletter ☐ Mail ☐ Website ☐ Other ☐ As Part of a General Notification ☐ In Different Languages	

2. The LEA posted on their website prior to the beginning of the school year: a. Number of students eligible for transfer. b. Number of students who transferred. c. List of available schools for Choice transfers.	☐	☐	☐	☐ LEA Webpage ☐ Student attendance for building offering choice. ☐ List of schools not in improvement available to accept Choice transferred students.		
3. The LEA implemented a priority system for satisfying school choice requests only when cost is above the 20% maximum of Title I.	☐	☐	☐	☐ Explanation or copy of policies regarding the prioritization that took place when granting school choice transfers.	Limits on school choice cannot be imposed arbitrarily by the LEA for any reasons other than those associated with health and safety issues surrounding building capacity.	
4. The LEA set aside, at a minimum, an amount equal to 20% of its Title I allocation to pay for costs associated with school choice.	☐	☐	☐	☐ Reservation of Funds page of eGrants application. ☐ Other financial documents to document state and local funds used to support school choice costs.		
5. If the LEA requested rollover of unused funds set aside for Choice (into the general Title I funds) the LEA met all of the following requirements: a. Partner with community groups	☐	☐	☐	☐ Appropriate records used to record school choice information. ☐ Choice data is entered in eGrants	Reviewers will find previous year data under SES and School Choice Data on the egrant main menu.	
5b. Ensure students/parents have a genuine opportunity to sign up for choice transfer.	☐	☐	☐	☐ Appropriate records used to record school choice information. ☐ Choice data is entered in eGrants	Reviewers will find previous year data under SES and School Choice Data on the egrant main menu.	

5c. Parent notification mailed out at least 14 days prior to the start of the school year.	☐	☐	☐	☐ Appropriate records used to record school choice information. ☐ Choice data is entered in eGrants	Reviewers will find previous year data under SES and School Choice Data on the egrant main menu.	
5d. Website posting lists number of students eligible and participating.	☐	☐	☐	☐ Appropriate records used to record school choice information. ☐ Choice data is entered in eGrants	Reviewers will find previous year data under SES and School Choice Data on the egrant main menu.	
6. The LEA maintains records regarding transfer requests (approved and denied), numbers of students transferring and the buildings accepting transferred students.	☐	☐	☐	☐ Appropriate records used to record school choice information. ☐ Choice data is entered in eGrants		

VI. Supplemental Educational Services (SES)

Component VI: Supplemental Educational Services (SES)
The LEA ensures that requirements for the provision of Supplementary Educational Services (SES) are met. **Sec. 1116(e)**
☑ **If the LEA has no buildings in School Improvement II or any level of Corrective Action, this section can be skipped.**

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
1. The School notified parents of all low income (eligible) students of their option to obtain Supplemental Educational Services (SES) for their children and does not require additional requirements for participation.	☐	☐	☐	☐ Copy of letter of notification to parents that informs parents of the availability of SES and the process to follow to obtain it. ☐ Documentation to show that the state approved list of SES providers was also forwarded to parents and that parents had ample opportunity to choose a provider.	• Reviewers should ask how notifications were distributed to parents (newsletter, mailed letter, website, etc.). • This notice may be a part of the general school improvement notification or it may be a separate notice. • If applicable, the notification must be provided in different languages. • SES may not replace other school programs (Supplement vs. Supplant) ☐ Newsletter ☐ Mail ☐ Website ☐ Other ☐ Part of General Notification ☐ In Different Languages	

2. The LEA posted on their website: a. Number of students eligible for SES. b. Number of students participating in SES c. List of available SES providers	☐	☐	☐	☐ LEA Website ☐ List of SES Providers including distance providers ☐ Selection of Schools Low Income data	See List of providers on PDE/SES webpage.	
3. The LEA has correctly identified low income (eligible) students for SES and prioritized appropriately when determining participation only when cost is above the maximum amount of per pupil amount or 20% of Title I funding.	☐	☐	☐	☐ Low-income measure used to determine Title I building eligibility MUST be used to determine student eligibility for SES. ☐ Criteria for priority of services.		
4. The LEA must enter into agreements between the LEA, the provider and the parent of the participating child for carrying out SES.	☐	☐	☐	☐ Copies of contracts for each provider and student participating in SES.		
5. The LEA provides at least two enrollment windows for SES during the school year.	☐	☐	☐	☐ Parent Notifications ☐ Signed Agreements	Reviewers should ask parents of eligible students if they are aware of the two SES windows. ☐ Parents Asked	
6. The LEA offered SES providers equal access to school facilities as other organizations using a fair, open and objective process.	☐	☐	☐	☐ LEA Policy for access to school facilities. ☐ SES Provider agreements		
7. If the LEA requested rollover of unused funds set aside for SES the LEA met all of the following requirements: a. Partner with community groups b. Ensure students/parents have a genuine opportunity to sign up for choice transfer. c. Parent notification mailed out at least 14 days prior to the start of the school year. d. Website posting lists number of students eligible and participating.	☐	☐	☐	☐ Parent Notification ☐ LEA Website ☐ FBO/CBO correspondence, phone logs or posters ☐ DFP notification and Assurances for Rollover Form	Reviewers should ask parents if they were aware of the opportunity to request SES. ☐ Parents Asked	

8. The LEA maintains records regarding the numbers of students participating in SES.	☐	☐	☐	☐ List of each school offering SES and the providers being used along with the number of students participating. ☐ SES data entered in eGrants.		

VII. Schoolwide Programs

Component VII: Schoolwide Programs
The LEA and schools develop schoolwide programs taht use the flexibility provided to them by law to improve the academic achievement of all students in the school. **Sec. 1114**
☐ **If the LEA does not operate a Schoolwide Program in any Title I schools, this section can be skipped.**

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
1. LEA provides guidance, technical assistance and support to schools developing schoolwide programs in the areas of needs assessment, comprehensive planning, implementation, and evaluation of a schoolwide program and requirements.	☑	☐		☑ Evidence of the Planning Process and Technical Assistance. ☐ Initial Planning meeting agenda/list of participants. ☐ Whole-school orientation-agenda/list of participants. ☐ Planning Team roster and calendar of meetings. ☑ Plan approval. ☑ Budget Reports. Copy of schoolwide plans		
2. All Schoolwide (SW) schools have an updated SW Plan.	☑	☐		☑ Completed and approved School Level Plan and Addendum or ☐ Completed and approved Division of Federal Programs Schoolwide Template		
Each SW Plan Contains:	☐	☐	☐			
2a. Comprehensive Needs Assessment	☑	☐				
2b. Schoolwide reform strategies	☑	☐				

2c. Instruction by highly qualified staff	☑	☐				
2d. High quality and ongoing professional development	☑	☐				
2e. High-quality teachers to "high-need" schools	☑	☐				
2f. Parent Involvement	☑	☐				
2g. Transitioning preschool children	☑	☐				
2h. Teacher input in assessment decisions	☑	☐				
2i. Effective, timely and additional assistance to students having difficulty mastering proficient or advanced levels of academic achievement standards	☑	☐				
2j. Coordinated budget	☑	☐				
3. Indication of which program funds have been consolidated in the schoolwide program and how the intent and purposes of the individual programs consolidated are addressed.	☐	☐	☑	☐ Financial reports. ☐ SWP		**District Comments** 2/26/2013 2:57:40 PM Director of Compliance Michael Patron Not applicable because we do not consolidate funds **Monitor Comments** 3/11/2013 8:56:07 AM Monitor Steve Marrone This LEA/site does not consolidate funds.

VIII. Targeted Assistance

Component VIII: Targeted Assistance
The LEA targeted assistance programs meet all requirements. **Sec. 1115**
☑ **If the LEA only operates Schoolwide Programs in Title I schools, this section can be skipped.**

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
1. The LEA has established targeted assistance programs that address statutory purposes and meet requirements, including the following: • using effective instructional methods and strategies that strengthen the core academic program of the school • primary consideration to providing extended learning time for students served • an accelerated high quality curriculum • Minimizing the removal of children from regular classroom during regular school hours.	☐	☐	☐	☐ Identification of scientifically-researched based instructional models. ☐ School improvement plans. ☐ Team meetings, professional development, agendas, sign-in sheets, minutes, etc. ☐ School schedules and schedules for Title I staff and eligible students. ☐ Benchmarks of Title I students receiving supplemental instruction.		
2. LEA ensures that targeted assistance program planning coordinates with and supports the regular education program in schools.	☐	☐	☐	☐ School Improvement Plan (identifies targeted assistance programs). ☐ Documentation of scheduled team meetings.		
3. LEA promotes the integration of staff supported with targeted assistance funds into the regular school program, including professional development.	☐	☐	☐	☐ Professional Development Schedules ☐ Documentation such as agenda for topics, sign-in sheets, etc.		

4. Selection for eligible students.	☐	☐	☐	☐ Selection criteria process/multiple selection criteria. ☐ Student roster with test scores ☐ Teacher/parent recommendation ☐ Assessment data of Title I student ☐ List of eligible students that are not serviced due to parents declining service		

IX. Nonpublic Schools

Component IX: Nonpublic Schools

The LEA provides Title I services to eligible children attending nonpublic schools.

Sec. 1120
Sec. 9503

34 CFR Part 200
§200.62 - 200.67, 200.77
§200.77(f)
§200.78(a)

☑ **If the LEA has no participating Nonpublic schools, this section can be skipped.**

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
1. LEA has public school ranking charts with per-pupil allocations identified. (Equitable Services)	☐	☐	☐	☐ Financial reports, line items to private school children in budget. ☐ List of participating private schools. ☐ Consolidated application		
2. LEA has policies and procedures for provision of services to eligible children attending nonpublic schools.	☐	☐	☐	☐ Consolidated Application Procedures		
3. Consultation occurred between LEA and nonpublic school officials.	☐	☐	☐	☐ Copies of letters to private schools, agendas, meeting dates, participant lists/sign-in ☐ Consolidated application ☐ Record that services have been discussed		
4. LEA regularly supervises the provision of Title I services to nonpublic children.	☐	☐	☐	☐ Staff evaluations, visits/communication ☐ Announcements/sign-in sheets for professional development and parent involvement opportunities		
5. LEA is evaluating the Title I program serving nonpublic school students.	☐	☐	☐	☐ Needs assessments/survey ☐ Assessment data		

6. Nonpublic school children, families and teachers are receiving equitable services.	☐	☐	☐	☐ Hired teachers to work with participating Title I students ☐ Announcements/sign-in sheets for professional development and parent involvement opportunities		
7. The LEA has budgets that document appropriate set-asides.	☐	☐	☐	☐ Consolidated application ☐ Quarterly Reports/Final Expenditure Reports		
8. The LEA has third party contract(s).	☐	☐	☐	☐ Name of Third Party Contractor ☐ Payroll sheets ☐ Written contract. ☐ Consolidated application		
9. The LEA has complaint procedures for private school officials.	☐	☐	☐	☐ Copy of complaint procedures		

X. Comparability

Component X: Comparability
The LEA complies with the comparability provisions of Title I. **Sec. 1120A(c)**
☑ **If the LEA is exempt from Comparability requirements, this section can be skipped.** **For example, if there is no overlap of grade spans, the LEA is exempt from this requirement.**

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
1. Title I Comparability Report comparing Title I schools to non-Title I schools reported to SEA annually in Pennsylvania and submitted by November 15th.	☐	☐	☐	☐ Support Data housed at the LEA (individual school lists with staff names attached to the positions counted and excluded) ☐ Documentation maintained supports the report submitted by November 15th of each year ☐ HR action documentation for any corrective actions taken ☐ Records are maintained for 3 years. ☐ Written procedures to ensure that comparable services are provided. ☐ Articulated (written) process on the movement of staff during school year to meet the November 15th deadline.		

Title II A Program Review

Highly Qualified

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
1. The LEA has a plan in place to ensure all teachers of core academic subjects will be highly qualified. *Section 1119 (a)(1)&(3) and Section 2141 (a)*	☑	☐	☐	☑ Highly Qualified Plan ☐ List of teacher qualifications ☑ Principal Attestation *(PDE Form 425)* ☐ HQT IPDPs prepared for each teacher who is not highly qualified		
2. The LEA is implementing an individualized professional development plan for non-highly qualified teachers as indicated in the annual principal attestation (PDE Form 425). *This applies to LEAs that have not maintained highly qualified teacher status for 2 consecutive years. *Section 2141(c)*	☑	☐	☐	☑ Individual professional development plan for each nonHQ teacher ☐ LEA-supported and/or sponsored PD exists to assist teachers		
3. The LEA has entered into a written agreement with the SEA that outlines its use of Titles I & IIA funds to achieve highly qualified status. *Section (2141(c) *This applies to LEAs that have not made AYP and maintained 100% HQ for 3 consecutive years.*	☐	☐	☑	☐ LEA/SEA plan ☐ Evidence exists that plan is being implemented *(this could vary from LEA to LEA)*		**District Comments** 2/26/2013 2:59:18 PM Director of Compliance Michael Patron Not Applicable because this is only our second year of operation. **Monitor Comments** 3/11/2013 8:58:08 AM Monitor Steve Marrone The conditions of AYP and 100% HQ do not apply, being only the 2nd year.

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
4. LEA ensures equitable distribution of experienced and HQ teachers within the districts schools to ensure poor and minority students are not taught at higher rates than other students by inexperienced, unqualified, or out-of-field teachers. *Section 1112(c)(1)(L)*	☑	☐	☐	☑ Equity Plan ☐ Agendas of Equity Plan Meetings ☐ Meeting minutes of Equity Plan writing & planning sessions. ☐ Teachers are reassigned ☐ Changes to union contract ☐ Review of HQT/NHQT data and strategies revised in equity plan when there is no improvement		

Professional Development

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
5. The LEA conducts an assessment of local needs for professional development and hiring, as identified by the LEA and school staff. *Section 2122 (c)(1)(2)*	☑	☐	☐	☑ Copy of district needs assessment and findings		**District Comments** 2/26/2013 3:01:09 PM Director of Compliance Michael Patron See our SWP and Annual Report for full details. **Monitor Comments** 3/11/2013 9:00:19 AM Monitor Steve Marrone The current Schoolwide Plan adequately documents this item.
6. The LEA involves parents in the planning of professional development activities. *Section 2122 (b)(7)*	☑	☐	☐	☐ Meeting Notices, Agenda, Sign-in sheets		**District Comments** 2/26/2013 3:01:16 PM Director of Compliance Michael Patron See our SWP and Annual Report for full details. **Monitor Comments** 3/11/2013 9:02:20 AM Monitor Steve Marrone The Schoolwide Plan and Annual Review of July, 2012 adequately document this item.
7. The LEA professional development activities are based on a review of scientifically based research and designed to improve student academic achievement. *Section 2122 (b)(1)(B)*	☑	☐	☐	☑ List of professional development activities aligned to district plan.		

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
8. The LEA provides professional development activities to improve the knowledge of teachers, principals, paraprofessionals and other school staff. *Section 2123 (A)(3)(A&B)*	☑	☐	☐	☑ List of professional development activities. ☐ List of In-Service activities ☑ Attendance rosters		
9. The LEA professional development activities are used as part of a broader strategy to eliminate the achievement gap that separates low-income and minority students from other students. *Section 2122 (b)(2)*	☑	☐	☐	☐ PD needs assessment ☑ Teacher surveys ☑ ACT 48 PD plan		
10. The LEA provides professional development expenditures for educational services to eligible nonpublic school staff equal to the proportion of funds allocated to participating public school attendance areas. *Section 9501(a)(b)(4)*	☐	☐	☑	☐ Expenditures for non-public services ☐ List on PDE web site ☐ Title II-A Non-public share		**District Comments** 2/26/2013 3:01:40 PM Director of Compliance Michael Patron Our school does not have any non-public **Monitor Comments** 3/11/2013 9:03:20 AM Monitor Steve Marrone As a Charter, this LEA/site is exempt from this requirement.

Class Size Reduction

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
11. The LEA targets funds to schools that have the lowest portion of highly qualified teachers; have the largest average class size; or are identified for school improvement. *Section 2122 (b)(3)*	☐	☐	☑	☐ Class rosters ☐ Highly Qualified Teachers ☐ SI Schools		**District Comments** 2/26/2013 3:09:30 PM Director of Compliance Michael Patron Not applicable because we only have one school. **Monitor Comments** 3/11/2013 9:04:14 AM Monitor Steve Marrone This LEA and site are a single entity.
12. The LEA utilizes highly qualified teachers to reduce class size. *Section 2123 (a)(2)(B)*	☑	☐	☐	☑ Highly Qualified Teacher Credentials from PDE		

Component XI: Fiscal Requirements

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
A. Audits **The SEA ensures that the State and the LEAs are audited annually, if required, and that all corrective actions required through this process are fully implemented.** **OMB Circular A-87**	1. Copies of single audit reports (2 most recent), corrective action plans and approval documents for the LEA.	☑	☐	☐	☑ LEA response to findings. ☐ PDE follow-up reviews of findings. ☐ Independent auditors report shows that the LEA has corrected all action required.	PDE Monitor review single audit from previous year (federal programs only) and reviews district comments (management letter).	

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
B. Carryover **The LEA complies with the carryover provisions of Title I.** **Sec. 1127**	1. LEAs with Title I allocations greater than $50,000 per year have not carried over more than 15% of their allocation from one year to the next unless the SEA has waived the limitation (allowable once every 3 year cycle if the SEA believes the request is reasonable and necessary).	☐	☐	☑	☐ Carryover section of Title I project on eGrants		**District Comments** 2/26/2013 3:02:21 PM Director of Compliance Michael Patron Not applicable because we do not have carryover. **Monitor Comments** 3/11/2013 9:56:25 AM Monitor Steve Marrone No Carryover of funds for the 2011-2012 SY.
	2. The LEA has requested (and received) a waiver from the SEA if the carryover from the prior year exceeds 15%.	☐	☐	☑	☐ Waiver request on eGrants. ☐ Waiver request and "Carryover Waiver Approval Letter" from DFP on file at LEA/District.		**District Comments** 2/26/2013 3:02:30 PM Director of Compliance Michael Patron Not applicable because we do not have carryover. **Monitor Comments** 3/11/2013 9:56:42 AM Monitor Steve Marrone No Carryover of funds for the 2011-2012 SY.
C. Rank Order	1. The LEA is only serving eligible schools and all schools above 75% poverty are served.	☑	☐	☐	☑ Documentation detailing the poverty data used to determine eligibility		

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
The LEA ensures that it complies with the requirements of Title I when allocating funds to eligible school attendance areas or schools in rank order of poverty based on the number of children from low-income families who reside in an eligible school attendance area. **Sec. 1113** **34 CFR Part 200** **§200.77-§200.78**	2. The ranking procedures are applied without regard to grade spans or schools when poverty rate of school is 75% and above.	☑	☐	☐	☑ Schools with poverty rates of 75% or greater are served. Funds are allocated at a per pupil rate.		
	3. Eligible schools are ranked and served from highest to lowest poverty.	☑	☐	☐	☑ Allocations given to Title I schools match each school's allocation in the Selection of Schools/Ranking Page (in LEA's Title I project within their Consolidated Application in eGrants.)		
	4. The allocation to each eligible school and the per pupil allocation match.	☑	☐	☐	☑ Per pupil expenditures at building level matches per pupil amounts in the Selection of Schools/Ranking Page (in LEA's Title I project within their Consolidated Application in eGrants.)		
	5. Allocations given to Title I schools match each school's allocation in the Selection of Schools/Ranking Page (in LEA's Title I project within their Consolidated Application in eGrants.)	☑	☐	☐	☑ Local budget sheets. ☐ System tracking expenditure reports.		
	6. The prekindergarten (PreK) children are excluded from the poverty count of any school.	☑	☐	☐	☑ The LEA's count of children from low income families does not include children under the age of 5.		
D. Supplement / Supplant							

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
The LEA ensures that Title I funds are used only to supplement or increase non-Federal sources used for the ducation of participating children and not to supplant funds from non-Federal sources. **Sec. 1114** **Sec. 1115** **Sec. 1116** **Sec. 1120A**	1. LEA approved budget and records of expenditures of Title I funds at the district level match.	☑	☐	☐	☑ Statement of Allocation & Expenditures	**Pertains to:** • Title IA & D • Title II A • Title III *Documentation may be minimal or non-existent in cases regarding supplanting. If you think there may be a problem, refer to DFP Regional Coordinator.	
	2. Schoolwide program expenditures verify that funds have not supplanted non-federal resources.	☑	☐	☐	☑ Statement of Allocation & Expenditures. ☐ Expenditures match SWP activities ☐ State/local fund expenditures have not decreased		

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
	3. Targeted assistance program expenditures meet the statutory requirements and are supplemental in nature & do not supplant non-federal resources.	☐	☐	☑	☐ Statement of Allocation & Expenditures are supplemental		**District Comments** 2/26/2013 3:03:46 PM Director of Compliance Michael Patron We do not have a targeted assistance program. **Monitor Comments** 3/11/2013 9:59:12 AM Monitor Steve Marrone This LEA/site is a Schoolwide Program only.
E. Equipment and Related Property **OMB Circular A-87 EDGAR 80.32**	1. LEA maintains Inventory records, purchase orders and receipts for equipment purchased.	☑	☐	☐	☑ Inventory is on file and up to date (All equipment at $1,500 or LEA capitalization threshold $_____ is maintained).	**Pertains to:** • Title IA & D • Title II A • Title III	
	2. The LEA conducts a physical inventory of all equipment at least once every two years.	☑	☐	☐	☑ Equipment Inventory List	**Pertains to:** • Title IA & D • Title II A • Title III	
F. Compliance to Reservations							

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
The LEA complies with requirements regarding the reservation of funds.Sec. 1113 Sec. 1116 Sec. 1118	1. The LEA has reserved funds necessary to provide services comparable to those provided to children in Title I funded schools to serve homeless children, neglected children in local institutions, and if appropriate, Neglected or Delinquent children in community day schools and delinquent children in local institutions.	☐	☐	☑	☐ Amounts on Reservation of Funds section of Title I project match corresponding line items on budget ☐ Line items can be followed. ☐ Expenditures are charged to the line items.	**Pertains to:** • Title IA & D	**District Comments** 2/26/2013 3:05:02 PM Director of Compliance Michael Patron As a schoolwide school we are serving all children. **Monitor Comments** 3/11/2013 10:00:57 AM Monitor Steve Marrone This LEA/site is a single entity Charter School.
	2. LEA has reserved an amount equal to 20% of its Title I allocation for transportation/supplemental services or both. (for school improvement schools only; if no schools in school improvement, check NA)	☐	☐	☑	☐ Reservations are in the ROF screen on egrants. ☐ Line items can be followed. ☐ Expenditures are charged to the line items. ☐ LEA documents expenditures for choice and supplemental services (agreements between LEA and providers).		**District Comments** 2/26/2013 3:05:32 PM Director of Compliance Michael Patron We are exempt from School Choice and SES is not applicable. **Monitor Comments** 3/11/2013 10:05:05 AM Monitor Steve Marrone This LEA/site is not in School Improvement.

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
	3. LEAs receiving more than $500,000 have reserved 1% of their allocation for parental involvement and that 95% of those funds have been distributed to served schools.	☐	☐	☑	☐ Procedure for allocation 95% to schools. ☐ 95% allocated to schools. ☐ At least 1% of Title I allocation is reflected in line item "3300-Community Services" within Title I budget. ☐ Agendas, Sign-Ins, Calendar of training, contracts with trainers etc. ☐ Expenditures/invoices supporting Parent Involvement Set Aside amount.		**District Comments** 2/26/2013 3:06:18 PM Director of Compliance Michael Patron Not Applicable because we receive less than $500,000. **Monitor Comments** 3/11/2013 10:03:23 AM Monitor Steve Marrone This LEA/site does not meet the minimum threshold requirement.
	4. LEAs with Title I schools identified for improvement have set aside 10% of funds for professional development activities.	☐	☐	☑	☐ Activities scheduled for professional development, agendas, sign-in sheets, contracted technical assistance, etc. ☐ 10% of the Title I allocation is reported on the LEA actual budget reports under professional development. ☐ 10% of school's in improvement allocation is tracked by LEA for professional development.		**District Comments** 2/26/2013 3:06:56 PM Director of Compliance Michael Patron Not Applicable because we are not in School Improvement. **Monitor Comments** 3/11/2013 10:05:21 AM Monitor Steve Marrone This LEA/site is not in School Improvement.

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
G. Obligating Funds	1. The LEA began obligating funds on or after the **programs' approved date;** (Program start date is found on first page of approved Consolidated Application).	☑	☐	☐	☑ Dates on program expenditure records/invoices, begin on or after approved start date on Consolidated Application.	**Pertains to:** • Title IA & D • Title II A • Title III	
H. Nonpublic School Services	1. The LEA reserved the same per pupil amount to each non-public low-income child as distributed to each public low-income child.	☐	☐	☑	☐ Nonpublic Per Pupil Amounts are correctly distributed. ☐ Interdistrict agreement and/or 3rd Party contract amounts match what is approved on consolidated application. ☐ Budget reflects Nonpublic total.	**Pertains to:** • Title IA & D • Title II A • Title III	**District Comments** 2/26/2013 3:07:56 PM Director of Compliance Michael Patron Not Applicable because we do not serve Non-Public. **Monitor Comments** 3/11/2013 10:06:11 AM Monitor Steve Marrone As a Charter School, this LEA/site is exempt.

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
I. Time Documentation	1. The LEA maintains semi-annual certifications for all employees funded from a single cost objective.	☑	☐	☐	☑ Semi-annual time certifications	**Pertains to:** • Title IA & D • Title II A • Title III	
	2. The LEA maintains time documentation logs/schedules for prorated staff including the amount of time spent on each funding source activity; the logs are signed by a supervisor and reconciled to payroll documentation on a monthly basis	☐	☐	☑	☐ Logs ☐ Staff Calendars ☐ Staff Schedules	**Pertains to:** • Title IA & D • Title II A • Title III	**District Comments** 2/26/2013 3:08:15 PM Director of Compliance Michael Patron We do not have any pro-rated staff. **Monitor Comments** 3/11/2013 10:08:08 AM Monitor Steve Marrone At present, there are no prorated staff.
J. Record Retention	1. Records are maintained for a period of 7 years	☑	☐	☐		**Pertains to:** • Title IA & D • Title II A • Title III	

Personnel Interviews

Building	Date	Staff Member Interviewed	Staff Member Position
Mastery CS - Clymer	3/5/2013	Aaron Flippens	Student
Mastery CS - Clymer	3/5/2013	Alphonso Stevens	Parent
Mastery CS - Clymer	3/5/2013	Annette Shabazz	Human Resources Coordinator
Mastery CS - Clymer	3/5/2013	Belinda Ketter	Parent
Mastery CS - Clymer	3/5/2013	Ben Kohler	Asst. Principal, Director of Operations
Mastery CS - Clymer	3/5/2013	Catherine Harris	1st Grade Teacher
Mastery CS - Clymer	3/5/2013	Courtney Collins-Shapiro	Chief of Innovation
Mastery CS - Clymer	3/5/2013	Daniel Allen	Parent
Mastery CS - Clymer	3/5/2013	Erin Mitchell	Lead Literacy Teacher
Mastery CS - Clymer	3/5/2013	Erin Trent	Director of Community Growth & Public Affairs
Mastery CS - Clymer	3/5/2013	Justin Gilbert	1st Grade Teacher
Mastery CS - Clymer	3/5/2013	Meredith Cronk	Principal
Mastery CS - Clymer	3/5/2013	Michael Patron	Director of Compliance
Mastery CS - Clymer	3/5/2013	Peter Lee	Deputy Chief of Technology
Mastery CS - Clymer	3/5/2013	Phillip Harris	Parent
Mastery CS - Clymer	3/5/2013	Rebecca Vincent	Director of Human Resources - Operations
Mastery CS - Clymer	3/5/2013	Stephanie Combs	Grants Controller
Mastery CS - Clymer	3/5/2013	Talaiah Mitchell	Student
Mastery CS - Clymer	3/5/2013	Talib Coffield	Student

Executive Summary
BSE Compliance Monitoring Review
of the
Mastery CS - Clymer Elementary

PART I
SUMMARY OF FINDINGS

A. Review Process

Prior to the Bureau's monitoring the week of December 3, 2013, the Mastery CS - Clymer Elementary was formally notified of the dates the onsite review would be conducted. Notice and invitation to comment was also provided to the Local Task Force on Right-to-Education. The charter school was informed of its responsibility to compile various reports, written policies, and procedures to document compliance with requirements.

While onsite, the monitoring team employed a variety of techniques to gain an in depth understanding of the charter school's program operations. This included:

- Interviews of charter school administrative and instructional personnel
- Review of policies, notices, plans, outcome and performance data, special education forms and formats, and data reports used and compiled by the charter school (Facilitated Self-Assessment)
- Comprehensive case studies (including classroom observations, interviews of parents, students, and general and special education teachers, and student file reviews).

B. General Findings

In reaching compliance determinations, the Bureau of Special Education (BSE) monitoring teams apply criteria contained in federal and state special education regulations. Specifically, these are:

- Individuals with Disabilities Education Improvement Act of 2004
- 22 Pa. Code Chapter 711
- 34 CFR Part 300

This report focuses on compliance with regulatory requirements and also contains descriptive information (such as interview and survey results) intended to provide feedback to assist in program planning.

C. Overall Findings

1. FACILITATED SELF ASSESSMENT (FSA)

The team reviewed the FSA submitted by the charter school and conducted onsite verification activities of the information submitted in the FSA. The onsite verification activities included review of policies, notices, procedures, and file reviews.

FSA	In Compliance	Out of Compliance
Assistive Technology and Services; Hearing Aids	2	0
Positive Behavior Support Policy	1	0
Child Find (Annual Public Notice and General Dissemination Materials)	1	0
Confidentiality	1	0
Dispute Resolution (Due process hearing decision implementation)	0	0
Exclusions: Suspensions and Expulsions (Procedural Requirements)	0	0
Independent Education Evaluation	1	0
Least Restrictive Environment (LRE)	1	0
Provision of Extended School Year Services	1	0
Provision of Related Service Including Psychological Counseling	1	0
Parent Training	1	0
Public School Enrollment	1	0
Surrogate Parents (Students Requiring)	1	0
Personnel Training	1	0
Intensive Interagency Approach	0	0
Summary of Academic Achievement and Functional Performance/Procedural Safeguard Requirements for Graduation	0	0
Disproportionate Representation that is the Result of Inappropriate Identification	1	0

IMPROVEMENT PLAN REQUIRED	Yes	No
Effective use of Dispute Resolution	0	0
Graduation Rates (SPP)	0	0
Dropout Rates (SPP)	0	0
Suspensions (Rates)	0	0
Least Restrictive Environment (LRE) (SPP)	1	0
Participation in PSSA and PASA (SPP)	0	1
Participation in Charter-Wide Assessment	0	1
Public School Enrollment	0	1
Disproportionate Representation that is the Result of Inappropriate Identification	0	1

2. FILE REVIEW (Student case studies)

The education records of randomly selected students participating in special education programs were studied to determine whether the charter school complied with essential requirements.

The status of compliance of the Mastery CS - Clymer Elementary is as follows:

Sections of the FILE REVIEW	In Compliance	Out of Compliance	NA
Essential Student Documents Are Present and Were Prepared Within Timelines	91	4	65
Evaluation/Reevaluation: Process and Content	241	6	553
Individualized Education Program: Process and Content	474	10	316
Procedural Safeguards: Process and Content	119	0	1
TOTALS	**925**	**20**	**935**

3. TEACHER AND PARENT INTERVIEWS

Interviews were conducted with parents and teachers of students selected by the BSE for the sample group. The goal is to determine if the charter school involves parents and professionals in required processes (e.g., evaluation, IEP development), whether programs and services are being provided, and whether the charter school provides training to enhance knowledge. Parent and teacher satisfaction with the special education program is also generally assessed.

	# Yes Responses	# No Responses	# of Other Responses
Program Implementation: General Ed Teacher Interviews	209	0	99
Program Implementation: Special Ed Teacher Interviews	270	1	181
Program Implementation: Parent Interviews	119	10	61
TOTALS	**598**	**11**	**341**

4. STUDENT INTERVIEWS

Results of the student interviews are reflected on the Charter School Corrective Action Verification/Compliance and Improvement Planning document.

5. CLASSROOM OBSERVATIONS

Observations are conducted in classrooms of students selected by the BSE for the sample group.

	# Yes Responses	# No Responses	# of Other Responses
Classroom Observations	36	0	20

6. EDUCATIONAL BENEFIT REVIEW

	In Compliance	Out of Compliance
Educational Benefit Review	X	

PART II
CORRECTIVE ACTION PROCESS

PART I of this report presented an overall summary of findings. In the Appendix to the report, we have provided the detailed findings for each of the criteria of the compliance monitoring document, i.e. FSA, File Reviews, Interviews and Classroom Observations. The detailed report of findings includes:

- Criteria Number
- Statements of all requirements
- Whether each requirement was met, not met, not applicable or other
- Statements of corrective action required for those criteria not met. ***Criteria not met that require corrective action by the charter school are gray-shaded.***

Charter schools are advised that in accordance with requirements of the Individuals with Disabilities Education Act, all noncompliance must be corrected as soon as possible but in no case later than one year from the date of the monitoring report. The BSE is required to verify timely correction of noncompliance, and must report annually to the federal government and the public on this requirement.

Upon receipt of this report, the charter school should review the corrective action and improvement planning required. The report is formatted so that findings from all components of the monitoring are consolidated by topical area. The report lists the finding, and whether corrective action is required. For certain types of findings, corrective action will be prescribed, and will not vary from charter school to charter school. For example, if the finding is that the charter school lacks a specific required policy, it is reasonable to have the BSE prescribe a standardized remedy and timeline for correcting this deficiency. However, the majority of corrective action activities will be individually designed by the charter school based on their own unique circumstances and goals. Consistent with IDEA's general supervision requirements for states, BSE must approve all proposed corrective action.

With respect to the File Review, because students were selected at random, findings are generalized to the entire population of students with disabilities. During the corrective action review, the BSE Advisor will select students at random and will review updated data, i.e. records that were developed subsequent to the monitoring. Consequently, the charter school should approach corrective action on a systemic basis. As indicated above, the charter school is also required to correct student specific noncompliance identified during monitoring under the ICAP process. If there has been a finding of noncompliance in the Educational Benefit Review component, the individual students are identified to the charter school and, because of the significance of the provision of a free appropriate public education (FAPE) to these students; the charter school must take immediate corrective action.

The BSE Adviser will schedule an onsite visit with the charter school within 60 days following issuance of the monitoring report. The BSE Adviser, charter school, and PaTTAN staff will develop a Charter School Corrective Action Verification/Compliance and Improvement Plan. PaTTAN and IU staff is available to assist the charter school.

Upon conclusion of the corrective action process, the charter school will be notified of its successful completion of the monitoring process.