Memphis Street Academy CS @ JP Jones

Charter Annual Report

07/01/2013 - 06/30/2014

School Profile

Demographics

2950 Memphis Street
Philadelphia, PA 19134
(215)291-4709

Phase:	Phase 2
CEO Name:	Christine Borelli
CEO E-mail address:	cborelli@ap-schools.org

Governance and Staff

Leadership Changes

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

Memphis Street Academy Charter School appointed a new principal as the instructional leader of the school for the 2013- 2014 school year. The former principal transitioned into a principal position at one of American Paradigm's (CMO) other schools. A recruiter was used to assist with finding candidates for the principal vacancy. Many candidates participated in the interview process. The selected candidate demonstrated strong instructional leadership skills in the areas of assessment, data analysis, academic intervention programs, and providing teachers with support and resources to meet the academic, social, and behavioral needs of historically underperforming students.
During the 2013-2014 school year the Vice Principal was terminated due to failure to provide appropriate administrative certification documentation. A new Vice Principal was not appointed to Memphis Street Academy after this leadership change occurred.

Board of Trustees Meeting Schedule

Location	Date and Time
Memphis Street Academy Charter School	8/13/2014 6:00 PM
Memphis Street Academy Charter School	9/10/2014 6:00 PM
Memphis Street Academy Charter School	10/8/2014 6:00 PM
Memphis Street Academy Charter School	11/12/2014 6:00 PM
Memphis Street Academy Charter School	12/10/2014 6:00 PM
Memphis Street Academy Charter School	1/14/2015 6:00 PM
Memphis Street Academy Charter School	2/11/2015 6:00 PM
Memphis Street Academy Charter School	3/11/2015 6:00 PM
Memphis Street Academy Charter School	4/8/2015 6:00 PM
Memphis Street Academy Charter School	5/13/2015 6:00 PM
Memphis Street Academy Charter School	6/10/2015 6:00 PM

Professional Staff Member Roster

There are no professional staff members.

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

PDF file uploaded.

Quality of Teaching and Other Staff

Position Categories	All Employed per Category	Appropriately Certified	Promoted	Transferred	Terminated	Contracted for Following Year
Chief Academic Officer/Director	1.00	1.00				1.00
Principal	1.00	1.00				1.00
Assistant Principal	1.00	0.00			1.00	0.00
Classroom Teacher (including Master Teachers)	36.00	33.00	29.00		7.00	36.00
Specialty Teacher (including Master Teachers)	18.00	17.00	16.00		2.00	16.00
Special Education Teacher (including Master Teachers)	14.00	14.00	9.00		5.00	11.00
Special Education Coordinator	1.00	1.00			1.00	1.00
Counselor	2.00	2.00			1.00	1.00
Psychologist	1.00	1.00			1.00	0.00
School Nurse	1.00	1.00				1.00
Totals	76.00	71.00	54.00	0	18.00	68.00

Further explanation:

This narrative is empty.

Fiscal Matters

Major Fundraising Activities

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

Memphis Street Academy Charter School had several small fundraisers in the form of bake sales at evening events (Parent meetings, Open House, Art Showcases, etc) to raise money for the Canada Trip and for athletic teams. There were no major fundraising activities performed this year. In addition, there are currently no fundraising activities planned for the 2014-2015 school year.

Fiscal Solvency Policies

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

Memphis Street Academy Charter School maintains fiscal solvency in many ways. The first is by utilizing SAGE MIP as the accounting software that is loaded with the State Chart of Accounts. This allows the business manager to generate profit and loss statements, balance sheets, and check disbursement runs. The system also allows for Grant Tracking through the use of fund codes so that Profit and Loss statements by Grant can be produced at any time. All accounting transactions are driven by paper form initially and converted to electronic format, forms are in place for all transactions including but not limited to purchase orders, check requests, payroll processing, new employee paperwork, etc. All forms are signed by the CEO and the Controller. The CEO and Controller maintain routine conversation regarding possible changes to the budget. Financials are presented to the CEO and the Board of Trustees president in advance of the Board Meeting after review in the Business Office. Once reviewed and agreed upon they are disbursed to the full Board of Trustees and presented at monthly Board Meetings.

Fiscal Solvency Policies

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

No files have been uploaded.

Accounting System

Changes to the accounting system the charter school uses:

Memphis Street Academy Charter School uses SAGE MIP for the accounting software. SAGE is a sophisticated accounting system that converts the internal controls to electronic format, moves the majority of processes to electronic format from paper format, allows detailed fund balances to be loaded into the system and a larger array of custom reports to be generated in the system as well as the CEO's real time access to run reports.

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:	Citrin Cooperman
Date of Last Audit:	02/15/2014
Fiscal Year Last Audited:	2012-2013

Explanation of the Report

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

Memphis Street Academy was a new school in the 2012-2013 school year. Only one finacial audit has been conducted since the school opened. It is attached to this annual report.

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 Review:	06/23/2014
School Year Reviewed:	2013-2014

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

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
Counselor	Memphis Street Academy Charter School	2
Instructional Aides	Memphis Street Academy Charter School	4
Social Worker	Memphis Street Academy Charter School	1
Special Education Coordinator	Memphis Street Academy Charter School	1

Special Education Contracted Services

Title	Amt. of Time per Week	Operator	Number of Students
Auditory Specialist	4 Hours	Outside Contractor	10 or fewer
School Pyschologist	2 Days	Outside Contractor	75
Speech Therapist	4 Days	Outside Contractor	32
Vision Therapist	8 Hours	Outside Contractor	10 or fewer

Special Education Cyclical Monitoring

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

Special Education Cyclical Monitoring Report

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

No file has been uploaded.

Facilities

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

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

As the Memphis Street Academy Charter School leases the facility from the district, there is no plan to acquire the current or a new building during the life of the charter. Any furniture and technology equipment are purchased outright and depreciated where applicable. There are no capital leases being entered.

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

$0.00

Facility Plans and Other Capital Needs

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

Memphis Street Academy Charter School has entered into a lease agreement with the School District of Philadelphia for five years which is the life of the charter.
The school does not pay rent, but does pay for all utilities and maintenance as well as any capital improvements if needed. There are no capital repairs required at this time.

Memorandums of Understanding

Organization	Purpose
American Paradigm Schools	An agreement to provide Charter Management Services to Memphis Street Academy
Bayada Home Health Care	An agreement to provide contracted nursing services to Memphis Street Academy students
Delta T Group	An agreement to provide contracted related services (speech therapy, auditory therapy, vision therapy) and evaluations to Memphis Street Academy students
Dr. Yelena Litvinenko	An agreement with the independent contractor who provides Memphis Street Academy Charter School with psychological evaluation services.
Philadelphia Police Department	Agreement to follow the polices and procedures for reporting incidents that are described in the Safe Schools Act.
Santilli and Thompson	An agreement to provide business services to Memphis Street Academy Charter School

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 Sandra Farmer on 7/24/2014

President, Board of Trustees

Affirmed by Christine Borelli on 7/22/2014

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 Sandra Farmer on 7/24/2014

President, Board of Trustees

Affirmed by Christine Borelli on 7/22/2014

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 Sandra Farmer on 7/24/2014

President, Board of Trustees

Affirmed by Christine Borelli on 7/22/2014

Chief Executive Officer

Last Name	First Name	PA Certified Yes/No	Areas of Certification	Type of Certification	Grades Teaching or Serving	All Areas of Assigmnet Subject Teaching or Services Provided	Areas	Number of Hours Annually Worked	Percentage of Time in Certified Position	Percentage of Time in Areas Not Certified
Abraham	Nicole	Yes	ESL		5 - 8	ESOL		1246	100	0
Banaszak	Bernadette	Yes	Engligh 7-9; English 7-12; Art K-12; Citizen Ed 7-9; Social Studies 7-12		8	Social Studies		1246	100	0
Barsky	Cara	Yes	Elementary K-6		5	Math, Science, Social Studies, Language Arts, Writing		1246	100	0
Bertotto	Niki	Yes	Early Childhood N-3; Elementary K-6; Math 7-9; SS 7-12; Citizen Ed 7-9; Bus-Computer-Info Tech K-12; Safety Ed/Driver Ed 7-12		7	Math		1246	100	0
Bilski	Steven	Yes	Social Studies 7-12		7	Social Studies		1246	100	0
Blumenstock	Catherine	Yes	Math 7-12		7	Math		1246	100	0
Boehmler-Fink	Desiree	Yes	Elementary K-6; Special Education N-12		7 & 8	Math, Science		1246	100	0
Brooks	Kristen	Yes	Elementary K-6		5 & 6	Reading, Science, Writing		1246	100	0
Brusch	Cassie	Yes	Elementary K-6; Special Education K-12		5	Math, Science, Social Studies, Language Arts, Writing		1246	100	0
Buonpastore	Jennifer	Yes	Elementary K-6;Special Education N-12		6	Learning Support		1246	100	0
Champion	Bonnie	Yes	Biology		8	Science		1246	100	0
Chavis	Jenna	Yes	Early Childhood N-3; Elementary K-6		6	Math & Science		1246	100	0
Chisholm	Desmond	Yes	Reading Specialist		5 - 8	Reading Specialist		1246	100	0
Christidhis	Kimberly	Yes	Elementary K-6; Science 7-12; Math 7-9; Biology 7-12; Special Education N-12		5 - 8	STEAM		1246	100	0
Connors	Maura	Yes	Elementary K-6		6	Math & Science		1246	100	0
Curson	Jennifer	Yes	Elementary K-6; ESL K-12		5 - 8	ESOL		1246	100	0
Curtiss	James	No	N/A		7	Science		1246	0	100
Daniels	Natasha	No	N/A		7 & 8	Reading, Social Studies, Writing		1246	0	100
Douglas	Jennifer	Yes	Elementary K-6; ESL K-12		5 - 8	ESOL		1246	100	0
Dykes	Katrina	No	N/A		8	Math		1246	0	100
Fernandez	Lissette	Yes	Early Childhood N-3; Elementary K-6; Reading Specialist		5 - 8	Reading Specialist		1246	100	0
Ferro	Meredith	Yes	Elementary K-6		5	Math, Science, Social Studies, Language Arts, Writing		1246	100	0
Fink	Christina	Yes	Elementary K-6; Ment and/or Phys Handicapped; Supv Special Education; Principal K-12; Reading Specialist		5 - 8	Learning Support		1246	100	0
Fountaine	Terrance	Yes	Elementary K-6		6	Language Arts & Social Studies		1246	100	0
Gould	Valerie	Yes	Music		5 - 8	Instrumental Music		1246	100	0
Green	Andrew	Yes	Health & Physical Education K-12; Math 7-9		5 - 8	Physical Education		1246	100	0
Grim	Megan	Yes	Elementary K-6; Special Education N-12		5 - 8	Learning Support		1246	100	0
Horneff	Sarah	Yes	Grades PK-4; Special Education PK-8		6	Learning Support		1246	100	0
Hummel	Mathew	Yes	Health & Physical Education K-12		5 - 8	Physical Education		1246	100	0
Jacob	Manju	Yes	Elementary K-6; Special Education N-12; ESL K-12		5 - 8	ESOL		1246	100	0
Jalon	Regenna	Yes	English 7-12; Principal K-12		8	Language Arts		1246	100	0
Johnson	Cynthia	Yes	Special Education N-12		8	Learning Support		1246	100	0
Kaminski	Carla	Yes	Early Childhood N-3; Elementary K-6		5	Math, Science, Social Studies, Language Arts, Writing		1246	100	0
Kaneria	Dev	Yes	Elementary K-6		6	Language Arts & Social Studies		1246	100	0
Kellogg	Melinda	Yes	English; Data Processing; Office Technologies		8	Language Arts		1246	100	0
Kilpatrick	Jeffrey	No	N/A		5 - 8	Art		1246	0	100
Kutasevich	Inga	Yes	Math 7-12		5 - 8	Math Specialist		1246	100	0
Lavelle	John	Yes	English 7-12; Pirncipal K-12; Ment and/or Phys Handicapped		8	Emotional Support		1246	100	0
Marchetti	Gregory	Yes	Bus-Computer-Inf Tech K-12		5 - 8	Technology		1246	100	0
McEntee	Marie	Yes	Early Childhood N-3; Elementary K-6; Reading Specialist		5 - 8	Reading Specialist		1246	100	0
McNeil	Lindsey	Yes	Elementary K-6; Special Education PK-8		7	Learning Support		1246	100	0
Miller	Glynnis	Yes	Elementary K-6		6	Math, Science, Social Studies, Language Arts, Writing		1246	100	0
Moan	Christine	Yes	Early Childhood N-3; Elementary K-6; Special Education N-12		6	Language Arts & Social Studies		1246	100	0
Morgan	Melisa	Yes	Health & Physical Education K-12; Math 7-9		8	Math		1246	100	0
Notaristefano	Teresa	Yes	Early Childhood N-3; Elementary K-6; Special Education PK-8; Reading Specialist K-12		5 - 8	Reading Specialist		1246	100	0
O'Brien	Kelly	Yes	Grades PK-4; Special Education PK-8		5 - 8	Learning Support		1246	100	0
O'Neill	Kathleen	Yes	Elementary K-6		6	Math & Science		1246	100	0
Orodenker	Emily	Yes	Elementary K-6; Special Education N-12		5	Learning Support		1246	100	0
Pacharis	Patrick	Yes	Elementary K-6		5	Math, Science, Social Studies, Language Arts, Writing		1246	100	0
Pacheco Jr.	Boris	Yes	Elementary K-6; Social Studies 7-12		6	Language Arts & Social Studies		1246	100	0
Parkin	Lauren	Yes	Early Childhood N-3; Elementary K-6		6	Math & Science		1246	100	0
Pinto Kingsmill	Amy	Yes	Elementary K-6		6	Language Arts & Social Studies		1246	100	0
Pirollo	Gino	Yes	Grades 4-8 (All subjects 4-6, Math 7-8); Grades 4-8 (All subjects 4-6, Science 7-8)		8	Science		1246	100	0
Pirollo	Rocco	Yes	Elementary K-6; Special Education N-12		5 & 6	Math & Social Studies		1246	100	0
Purcell	Kathryn	Yes	English 7-12; Special Education N-12		5 & 6	Emotional Support; Learning Support		1246	100	0
Quinn	Maria	Yes	Elementary K-6; Ment and/or Phys Handicapped		5 - 8	Learning Support		1246	100	0
Ray	Marissa	Yes	Early Childhood N-3; Elementary K-6; Special Education N-12		6 - 8	Autistic Support		1246	100	0
Rodriguez	Kristina	Yes	Elementary K-6; Special Education N-12		5	Math, Science, Social Studies, Language Arts, Writing		1246	100	0

Rosenbloom	Rebecca	Yes	Music K-12	5 - 8	Choral Music	1246	100	0
Sandler	Danielle	Yes	Math 7-12	5 - 8	Math Specialist	1246	100	0
Scarpello	Amy	Yes	Social Studies 7-12	7	Social Studies	1246	100	0
Schimmel	Lee	Yes	Math 7-12	8	Math	1246	100	0
Schwartz	Harry	Yes	Elementary K-6; Science 7-9; English 7-9	8	Science	1246	100	0
Sinclair	Joanne	Yes	Elementary K-6; Special Education N-12	5 - 8	Emotional Support; Learning Support	1246	100	0
Thompson	Chanel	Yes	English 7-12	7	Language Arts	1246	100	0
Wiegand	Jennifer	Yes	Elementary K-6	5	Math, Science, Social Studies, Language Arts, Writing	1246	100	0
Wiesner	Rebecca	Yes	Art K-12	5 - 8	Art	1246	100	0
Williams	Ashley	Yes	English 7-12	7	Language Arts	1246	100	0
Winters	Amanda	Yes	Elementary K-6; Special Education N-12; Hearing Impaired	5 - 8	Sign Language	1246	100	0

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

School Name Memphis Street Academy Charter School
Address of School 2950 Memphis Street Philadelphia, PA 19134

CEO Signature Christine M Boulli

REVENUES

6000			REVENUE FROM LOCAL SOURCES	
6500			EARNINGS ON INVESTMENTS	
	6510		Interest on Investments and Interest-Bearing Checking Accounts	
	6520		Dividends on Investments	
	6530		Gains or Losses on Sale of Investments	
	6540		Earnings on Investments in Real Property	
	6590		Other Earnings or Investments	
6600			FOOD SERVICE REVENUE	
	6610		Daily Sales - Reimbursable Programs	800
	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	
	6890		Other Revenues from Intermediary Sources	

6900			**OTHER REVENUE FROM LOCAL SOURCES**	
	6910		Rentals	
	6920		Contributions & Donations from Private Sources / Capital Contributions	35,218
	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	10,323,222
		6945	Receipts from Out-of-State LEAs	
		6946	Receipts from Member Districts - AVTS / Special Program Jointure only	
		6947	Receipts from Members of Intermediate Units for Education by Withholding	
		6948	Receipts from Members of Intermediate Units for Direct Contributions	
		6949	Other Tuition from Patrons	
	6950		Unassigned	
	6960		Services Provide Other Local Governmental Units / LEAs	
		6961	Transportation Services Provided Other Pennsylvania LEAs	
		6969	All Other Services Provided Other Governments and LEAs Not Specified Above	
	6970		Services Provided Other Funds	
	6980		Revenue from Community Service Activities	
	6990		Refunds and Other Miscellaneous Revenue	
		6991	Refunds of a Prior Year Expenditure	
		6999	Other Revenues Not Specified Above	5,637
7000			**REVENUE FROM STATE SOURCES**	
7100			BASIC INSTRUCTIONAL AND OPERATING SUBSIDIES	
	7150		Unassigned	
	7160		Tuition for Orphans and Children Placed in Private Homes	
	7180		Staff and Program Development	
7200			REVENUE FOR SPECIFIC EDUCATIONAL PROGRAMS	
	7210		Homebound Instruction	
	7220		Vocational Education	
	7230		Alternative Education	
	7240		Driver Education - Student	
	7250		Migratory Children	
	7260		Workforce Investment Act (WIA)	
	7270		Specialized Education of Exceptional Pupils	
	7280		Adult Literacy	
	7290		Additional Educational Program Revenues	
7300			REVENUES FOR NON-EDUCATIONAL PROGRAMS	

	7310		Transportation (Regular and Additional)	
	7320		Rental and Sinking Fund Payments / Building Reimbursement Subsidy	
	7330		Health Services (Medical, Dental, Nurse, Act 25)	4,515
	7340		Unassigned	
	7350		Sewage Treatment Operations / Environmental Subsidies	
	7360		Safe Schools	
7400			VOCATIONAL TRAINING OF THE UNEMPLOYED	
7500			STATE REVENUE NOT LISTED ELSEWHERE IN THE 7000 SERIES OF ACCOUNTS	
		7502	Dual Enrollment Grants	
		7503	Project 720/High School Reform	
		7599	Other State Revenue Not Listed Elsewhere in the 7000 Series	
7600			REVENUE FOR MILK, LUNCH AND BREAKFAST PROGRAMS	
7800			REVENUE FOR THE COMMONWEALTH'S SHARE OF PAID BENEFITS	
	7810		State Share of Social Security and Medicare Taxes	
	7820		State Share of Retirement Contributions	217,584
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)	872,054
	8520		Vocational Education	
	8530		Child Nutrition Program	
	8540		Nutrition Education and Training	
	8560		Federal Block Grants	
	8570		Unassigned	
	8580		Child Care and Development Block Grants	
	8590		Unassigned	
8600			RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR DRIVER EDUCATION, ADULT EDUCATION, CETA, HEADSTART, ENERGY CONSERVATION, WORKFORCE INVESTMENT ACT AND OTHER PROGRAMS	
	8610		Homeless Assistance Act	
	8620		Adult Basic Education	
	8640		Headstart	
	8650		Unassigned	
	8660		Workforce Investment Act (WIA)	
	8670		Unassigned	
	8680		Unassigned	
	8690		Other Restricted Federal Grants-in-Aid through the Commonwealth	
8800			MEDICAL ASSISTANCE REIMBURSEMENTS	
9000			**OTHER FINANCING SOURCES**	
9100			SALE OF BONDS	
	9110		Bond Issue Proceeds (Gross)	
	9120		Proceeds from Refunding of Bonds	
9200			PROCEEDS FROM EXTENDED TERM FINANCING	
9300			INTERFUND TRANSFERS	
	9310		General Fund Transfers	
	9320		Special Revenue Fund Transfers	
	9330		Capital Projects Funds Transfers	
	9340		Debt Service Fund Transfers	
	9350		Enterprise Fund Transfers	
	9360		Internal Service Fund Transfers	

	9370		Trust and Agency Fund	
	9380		Activity Fund Transfers	
	9390		Permanent Fund Transfers	
9400			SALE OF OR COMPENSATION FOR LOSS OF FIXED ASSETS	
9500			Unassigned	
9600			Unassigned	
9700			TRANSFERS INVOLVING COMPONENT UNITS AND PRIMARY GOVERNMENTS	
	9710		Transfers from Component Units	
	9720		Transfers from Primary Governments	
9800			INTRAFUND TRANSFERS IN	
	9810		General Fund Intrafund Transfers	
	9820		Special Revenue Intrafund Transfers	
	9840		Debt Service Intrafund Transfers	
	9850		Enterprise Intrafund Transfers	
	9860		Internal Service Intrafund Transfers	
	9870		Trust and Agency Intrafund Transfers	
	9880		Activity Interfund Transfers	
TOTAL REVENUES				11,459,029

NOTES:

See "NOTES WORKSHEET" for disclaimer

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

School Name Memphis Street Academy Charter School
Address of School 2950 Memphis Street Philadelphia, PA 19134

CEO Signature Christine M Borelli

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

EXPENDITURES

1000		**INSTRUCTION**	
1100		REGULAR PROGRAMS - ELEMENTARY / SECONDARY	3,598,169
1200		SPECIAL PROGRAMS - ELEMENTARY / SECONDARY	957,707
1300		VOCATIONAL EDUCATION	
1400		OTHER INSTRUCTIONAL PROGRAMS - ELEMENTARY / SECONDARY	
1600		ADULT EDUCATION PROGRAMS	
1700		HIGHER EDUCATION PROGRAMS	
1800		PRE-KINDERGARTEN	
2000		**SUPPORT SERVICES**	
2100		SUPPORT SERVICES - PUPIL PERSONNEL	
	2110	Supervision of Pupil Personnel Services	
	2120	Guidance Services	114,218
	2130	Attendance Services	
	2140	Psychological Services	137,195
	2150	Speech Pathology and Audiology Services	
	2160	Social Work Services	72,889
	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	57,361
	2260	Instruction and Curriculum Development Services	11,665
	2270	Instructional Staff Professional Development Services	493
	2280	Nonpublic Support Services	
	2290	Other Instructional Staff Support	108,454
2300		SUPPORT SERVICES - ADMINISTRATION	
	2310	Board Services	
	2320	Board Treasurer Services	
	2340	Staff Relations and Negotiations Services	
	2350	Legal Services	102,273
	2360	Office of the Superintendent (Executive Director) Services	236,790
	2370	Community Relations Services	
	2380	Office of the Principal Services	1,715,033
	2390	Other Administration Services	
2400		SUPPORT SERVICES - PUPIL HEALTH	88,169
2500		SUPPORT SERVICES - BUSINESS	
	2510	Fiscal Services	186,912
	2520	Purchasing Services	
	2530	Warehousing and Distributing Services	
	2540	Printing, Publishing and Duplicating Services	42,545
	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	865,036
	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	166,039
	2690	Other Operation and Maintenance of Plant Services	
2700		STUDENT TRANSPORTATION SERVICES	
	2710	Supervision of Student Transportation Services	
	2720	Vehicle Operation Services	
	2730	Monitoring Services	
	2740	Vehicle Servicing and Maintenance Services	

	2750	Nonpublic Transportation	
	2790	Other Student Transportation Services	
2800		SUPPORT SERVICES - CENTRAL	
	2810	Planning, Research, Development and Evaluation Services	
	2820	Information Services	
	2830	Staff Services	
	2840	Data Processing Services	103,246
	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	339,181
3200		STUDENT ACTIVITIES	
	3210	School Sponsored Student Activities	104,954
	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	5,656
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 - ORIGINAL AND ADDITIONAL	
4400		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS - IMPROVEMENTS	

4500		BUILDING ACQUISITION AND CONSTRUCTION SERVICES - ORIGINAL AND ADDITIONAL	
4600		EXISTING BUILDING IMPROVEMENT SERVICES	
5000		**OTHER EXPENDITURES AND FINANCING USES**	
5100		DEBT SERVICE / OTHER EXPENDITURES AND FINANCING USES	
5200		FUND TRANSFERS	
5300		TRANSFERS INVOLVING COMPONENT UNITS	
5400		INTRAFUND TRANSFERS OUT	
5800		SUSPENSE ACCOUNT	
5900		BUDGETARY RESERVE	
TOTAL EXPENDITURES			9,013,986

TOTAL REVENUES MINUS TOTAL EXPENDITURES = CURRENT FUND BALANCE AS OF JUNE 30, 2013 **2,445,043**

NOTES:

See "NOTES WORKSHEET" for disclaimer

This financial statement has been prepared on a modified accrual basis solely to comply with a thirty day deadline required by the Commonwealth of Pennsylvania. As a result of this truncated timeline, this financial statement has not been prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board and may not include all accruals and/or depreciation expenses. It may materially differ from the school's final audited financial statements. Therefore, the charter school, its board and administration accept no responsibility for accuracy of the information contained herein.

Memphis Street Academy Charter School reserves all available objections regarding the required provision of Addendum B with the Annual Report for Charter Schools. Memphis Street Academy Charter School reserves its right for administrative/judicial relief pursuant to the Public School Code, Administrative Agency Law, the Pennsylvania Code and Charter School Law. Memphis Street Academy Charter School specifically denies that the provision of this financial statement to PDE in order to remain compliant with 24 PS Section 17-1728-A(b) and in accordance with its Charter constitutes any waiver of its rights as defined by Public School Code, Administrative Agency Law, the Pennsylvania Code and Charter School Law. Finally, Memphis Street Academy Charter School reserves the right to supplement or revise this submission with additional documentation which may be introduced into evidence at any subsequent proceeding.

MEMPHIS STREET ACADEMY CHARTER SCHOOL AT J.P. JONES

FINANCIAL STATEMENTS

PERIOD FROM JULY 1, 2012 (COMMENCEMENT OF OPERATIONS) THROUGH JUNE 30, 2013

MEMPHIS STREET ACADEMY CHARTER SCHOOL AT J.P. JONES
PERIOD FROM JULY 1, 2012 (COMMENCEMENT OF OPERATIONS) THROUGH JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Memphis Street Academy Charter School at J.P. Jones

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, and the major fund of Memphis Street Academy Charter School at J.P. Jones (a nonprofit organization) (the "School") as of and for the period from July 1, 2012 (commencement of operations) through June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, and the major fund of the School as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof, for the period from July 1, 2012 (commencement of operations) through June 30, 2013, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 6 and 27, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2014, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Citrin Cooperman & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

Philadelphia, Pennsylvania
February 15, 2014

The Board of Trustees of Memphis Street Academy Charter School at J.P. Jones (the "School") offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the period from July 1, 2012 (commencement of operations) through June 30, 2013. We encourage readers to consider the information presented herein in conjunction with the School's financial statements.

Financial Highlights

- In its fiscal initial year, the School's total governmental revenues were $9,228,381.
- At June 30, 2013, the School reported an ending governmental fund balance of $373,937.
- The School's cash balance at June 30, 2013, was $934,999.

Overview of the Financial Statements

This 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: (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) the notes to the financial statements, and (4) the federal awards section.

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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. expenditures accrued in one fiscal year but paid in subsequent years, and depreciation).

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. The School's function is to provide an alternative educational opportunity.

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 two fund types: the governmental general fund and the proprietary fund.

Overview of the Financial Statements (Continued)

Notes to the Financial Statements

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

Supplementary Information

The governmental fund budgetary comparison schedule is presented for purposes of additional analysis and is prepared using a basis other than accounting principles generally accepted in the United States ("GAAP") for state reporting requirements.

Government-Wide Financial Analysis

Management has adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which requires an analysis of current year balances.

	June 30, 2013
Current assets	$ 2,175,670
Noncurrent assets	1,237,110
Total assets	3,412,780
Current liabilities	1,942,225
Long-term liabilities	232,551
Total liabilities	2,174,776
Net position:	
Net investment in capital assets	912,770
Unrestricted	325,234
Total net position	$ 1,238,004

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by $1,238,004 as of June 30, 2013.

Overview of the Financial Statements (Continued)

The School's revenues are predominately received from the School District of Philadelphia based on student enrollment. For the period from July 1, 2012 (commencement of operations) through June 30, 2013, the School's revenues ($9,577,265) exceeded its expenditures ($8,339,261) by $1,238,004.

	2013
Revenues:	
Local educational agencies	$ 8,515,552
Other local sources	174,509
State sources	421,412
Federal sources	116,908
Food services	348,884
Total revenues	9,577,265
Expenditures:	
Other instructional programs	3,034,532
Pupil personnel services	671,465
Instructional staff services	69,566
Administrative services	1,945,194
Pupil health services	88,290
Business services	257,444
Operation and maintenance of plant services	1,032,611
Other support services	418,340
Student activities	104,371
Food services	397,586
Interest expense	35,570
Depreciation expense	284,292
Total expenditures	8,339,261
Change in net position	1,238,004
Net position - beginning	-
NET POSITION - ENDING	$ 1,238,004

Governmental Fund

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

The general fund is the chief operating fund of the School. At the end of the current fiscal year, the unassigned and total fund balance of the general fund was $373,937.

General Fund Budgetary Highlights

Over the course of the initial fiscal year, the School revised the annual operating budget several times. These budget amendments consisted of changes made within budgetary line items for programs, supplies and equipment. There were no formal budget amendments made that were required to be submitted to the state of Pennsylvania.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2013, the School's net investment in capital assets for its total governmental activities totaled $912,770 (net of accumulated depreciation and related debt). This net investment in capital assets includes furniture for the School along with leasehold improvements.

Long-term Debt

At June 30, 2013, the School had outstanding capital lease obligations totaling $324,340.

Economic Factors and Next Year's Budgets and Rates

The School does not foresee any substantial variations with next year's economic factors, budgets, or rates.

Future Events That Will Financially Impact the School

The School does not foresee any future events at this time that will financially impact the School.

Contacting The School's Financial Management

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to: Chief Executive Officer, Memphis Street Academy Charter School at J.P. Jones, 2950 Memphis Street, Philadelphia, Pennsylvania 19134, or call (215) 291-4709.

MEMPHIS STREET ACADEMY CHARTER SCHOOL AT J.P. JONES
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activity	Total
ASSETS			
Cash	$ 934,999	$ 483	$ 935,482
State subsidies receivable	249,872	12,673	262,545
Federal subsidies receivable	311,191	242,565	553,756
Other receivables	95,000	-	95,000
Due from other fund	251,699	-	251,699
Prepaid expenses - current portion	77,188	-	77,188
Capital assets:			
Leasehold improvements	1,127,384	-	1,127,384
Furniture and equipment	199,896	-	199,896
Computers	194,122	-	194,122
Less: accumulated depreciation	(284,292)	-	(284,292)
Total assets	3,157,059	255,721	3,412,780
LIABILITIES			
Accounts payable and accrued expenses	243,367	52,725	296,092
Accrued salary and benefits	858,812	-	858,812
Deferred income	424,962	-	424,962
Due to other governments	18,871	-	18,871
Due to other fund	-	251,699	251,699
Long term obligations:			
Capital leases payable:			
Due within one year	91,789	-	91,789
Due beyond one year	232,551	-	232,551
Total liabilities	1,870,352	304,424	2,174,776
Commitments and contingencies (Notes 6, 7, 8, 9, 10 and 11)			
NET POSITION			
Net investment in capital assets	912,770	-	912,770
Unrestricted	373,937	(48,703)	325,234
Total net position	$ 1,286,707	$ (48,703)	$ 1,238,004

See accompanying notes to financial statements.

MEMPHIS STREET ACADEMY CHARTER HIGH SCHOOL AT J.P. JONES
STATEMENT OF ACTIVITIES
PERIOD FROM JULY 1, 2012 (COMMENCEMENT OF OPERATIONS) THROUGH JUNE 30, 2013

		Program Revenues	Net (Expense) Revenue and Changes in Net Position		
Functions	Expenses	Operating Grants and Contributions	Governmental Activities	Business-Type Activity	Total
Primary government:					
Governmental activities:					
Other instructional programs	$ 3,034,531	$ 3,856,501	$ 821,970	$ -	$ 821,970
Pupil personnel services	671,465	40,325	(631,140)	-	(631,140)
Instructional staff services	69,566	4,336	(65,230)	-	(65,230)
Administrative services	1,945,194	45,166	(1,900,028)	-	(1,900,028)
Pupil health services	88,290	10,400	(77,890)	-	(77,890)
Business services	257,444	-	(257,444)	-	(257,444)
Operation and maintenance of plant services	1,032,611	131,020	(901,591)	-	(901,591)
Other support services	418,340	13,793	(404,547)	-	(404,547)
Student activities	104,371	6,707	(97,664)	-	(97,664)
Food services	-	-	-	(397,587)	(397,587)
Interest expense	35,570	-	(35,570)	-	(35,570)
Depreciation expense	284,292	-	(284,292)	-	(284,292)
Total governmental activities	$ 7,941,674	$ 4,108,248	(3,833,426)	(397,587)	(4,231,013)
	General revenues:				
	Local educational agencies		4,945,624	-	4,945,624
	Food services		-	348,884	348,884
	All other revenue		174,509	-	174,509
	Total general revenues		5,120,133	348,884	5,469,017
	Change in net position		1,286,707	(48,703)	1,238,004
	Net position - beginning		-	-	-
	NET POSITION - ENDING		$ 1,286,707	$ (48,703)	$ 1,238,004

See accompanying notes to financial statements.

MEMPHIS STREET ACADEMY CHARTER SCHOOL AT J.P. JONES
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2013

	General Fund
ASSETS	
Cash	$ 934,999
State subsidies receivable	249,872
Federal subsidies receivable	311,191
Other receivables	95,000
Due from other fund	251,699
Prepaid expenses	77,188
TOTAL ASSETS	$ 1,919,949
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	$ 243,367
Accrued salary and benefits	858,812
Due to other governments	18,871
Deferred income	424,962
Total liabilities	1,546,012
Fund balance:	
Unassigned	373,937
TOTAL LIABILITIES AND FUND BALANCE	$ 1,919,949

See accompanying notes to financial statements.

MEMPHIS STREET ACADEMY CHARTER SCHOOL AT J.P. JONES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balance for governmental fund		$ 373,937
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental fund are not financial resources and therefore are not reported in the fund. Those assets consist of:		
Leasehold improvements	1,127,384	
Furniture and equipment	199,896	
Computers	194,122	
Less: accumulated depreciation	(284,292)	
		1,237,110
Long-term liabilities that pertain to the governmental fund, including notes payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Capital leases payable		(324,340)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,286,707

See accompanying notes to financial statements.

MEMPHIS STREET ACADEMY CHARTER SCHOOL AT J.P. JONES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUND
PERIOD FROM JULY 1, 2012 (COMMENCEMENT OF OPERATIONS)
THROUGH JUNE 30, 2013

	General Fund
Revenues:	
Local educational agencies	$ 8,515,552
Other local sources	174,509
State sources	421,412
Federal sources	116,908
Total revenues	9,228,381
Expenditures:	
Instruction	3,093,344
Support services	4,424,095
Non-instructional services	104,371
Capital outlays	1,521,402
Debt service	105,550
Total expenditures	9,248,762
Excess of revenues over expenditures	(20,381)
Other financing sources:	
Proceeds from borrowings	394,318
Net change in fund balance	373,937
Fund balance - beginning	-
FUND BALANCE - ENDING	$ 373,937

See accompanying notes to financial statements.

MEMPHIS STREET ACADEMY CHARTER SCHOOL AT J.P. JONES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
PERIOD FROM JULY 1, 2012 (COMMENCEMENT OF OPERATIONS) THROUGH JUNE 30, 2013

Net change in fund balance - total governmental fund		$ 373,937
Amounts reported for governmental activities in the statement of activities are different because:		
The governmental fund reports 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, as follows:		
Capital outlays	1,521,402	
Depreciation expense	(284,292)	
		1,237,110
The governmental fund reports note proceeds as financing sources, while repayments of note principal are reported as expenditures. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities, and repayment of principal reduces the liability. The net effect of these differences in the treatment of notes payable is as follows:		
Proceeds from notes	(394,318)	
Repayment of notes payable principal	69,978	
		(324,340)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,286,707

See accompanying notes to financial statements.

MEMPHIS STREET ACADEMY CHARTER SCHOOL AT J.P. JONES
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	Food Service Fund
ASSETS	
Current assets:	
Cash	$ 483
State subsidies receivable	12,673
Federal subsidies receivable	242,565
Total assets	255,721
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	52,725
Due to other fund	251,699
Total current liabilities	304,424
NET POSITION	
Unrestricted	$ (48,703)

See accompanying notes to financial statements.

MEMPHIS STREET ACADEMY CHARTER SCHOOL AT J.P. JONES
STATEMENT OF ACTIVITIES
PROPRIETARY FUND
PERIOD FROM JULY 1, 2012 (COMMENCEMENT OF OPERATIONS)
THROUGH JUNE 30, 2013

	Food Service Fund
Revenues:	
Food service revenues	$ 348,884
Expenses:	
Management service costs	384,269
Operational	13,318
Total expenses	397,587
Change in net position	(48,703)
Net position - beginning	-
NET POSITION - ENDING	$ (48,703)

See accompanying notes to financial statements.

MEMPHIS STREET ACADEMY CHARTER SCHOOL AT J.P. JONES
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
PERIOD FROM JULY 1, 2012 (COMMENCEMENT OF OPERATIONS)
THROUGH JUNE 30, 2013

	Food Service Fund
Cash flows from operating activities:	
Cash received from students	$ 483
Cash received from federal sources	88,789
Cash received from state sources	4,373
Payments to suppliers	(344,861)
Net cash used in operating activities	(251,216)
Cash provided by noncapital financing activities:	
Due to other fund	251,699
Net change in cash	483
Cash - beginning	-
CASH - ENDING	$ 483

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (48,703)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Federal and state subsidies receivable	(255,238)
Accounts payable and accrued expenses	52,725
NET CASH USED IN OPERATING ACTIVITIES	$ (251,216)

See accompanying notes to financial statements.

NOTE 1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Memphis Street Academy Charter School at J.P. Jones (the "School") is organized as a nonprofit corporation in Pennsylvania to operate a charter school in accordance with Pennsylvania Act 22 of 1997 (the "Act"), and is operating under a charter school contract ending on July 30, 2017. The School is located in Philadelphia, Pennsylvania. During the 2012-2013 school year, the School served students in grades 5 through 8. The central goal of Memphis Street Academy Charter School at J.P. Jones is to immerse middle school students into a dynamic and success-oriented learning experience every day.

The School has financial accountability and control over all activities related to the students' education. The School receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. The reporting entity of the School is based upon criteria set forth by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity.* The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34* ("Statement 61"). Statement 61 provides additional criteria for classifying entities as component units to better assess the accountability of school officials by ensuring that the financial reporting entity includes only organizations for which the officials are financially accountable or that are determined by the government to be misleading to exclude. The statement is effective for periods beginning after June 15, 2012. Statement 61 does not have any impact on the School's financial statements.

The accompanying financial statements present the activities of the School. The School is not a component unit of another reporting entity. The decision to include a potential component unit in the School's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. The School has no component units.

Basis of Presentation

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

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

Basis of Presentation (Continued)

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("Statement 62"). Statement 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. Statement 62 does not have any impact on the School's financial statements.

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 the provider have been met.

Fund financial statements

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

The School 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.

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

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

Fund financial statements (continued)

The School reports the following proprietary fund:

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

Net Position

The School has adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("Statement 63"). Statement 63 establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). Statement 63 requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of Statement 63 in the School's financial statements was the renaming of "net assets" to "net position," including changing the name of the financial statement from "Statement of net assets" to "Statement of net position." Statement 63 requires the classification of net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications 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 proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.
- Restricted - This component of net position consists of constraints placed on the use of net assets through external constraints imposed by creditors such as through debt covenants, grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets".

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

Fund Balance Classification Policies and Procedures

The School follows the provisions of GASB Statement No. 54, *Fund Balances* ("Statement 54"). Statement 54 requires the classification of the School's fund balance into five components: nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as follows:

- Nonspendable - This category is for amounts that can not be spent because they are either (1) not in spendable form or (2) legally or contractually required to remain intact.
- Restricted - This category is the part of the fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or by enabling legislation.
- Committed - This category is the portion of the fund balance that can only be used for specific purposes as a result of formal action by the School's highest level of authority.
- Assigned - This category reflects funds that the School intends to use for a specific purpose but are not considered restricted or committed.
- Unassigned - This category represents the part of the spendable fund balance that has not been categorized as nonspendable, restricted, committed or assigned.

Budgets and Budgetary Accounting

The School adopts an annual budget on a basis consistent with GAAP for the general fund. The School is required to present the adopted and final budgeted revenues and expenditures for the general fund that were filed and accepted by the Labor, Education and Community Services Comptroller's Office. The general fund budget appears on page 27.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash

The School's cash consists of cash on hand and demand deposits.

Prepaid Expenses

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

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

Receivables

Receivables primarily consist of amounts due from the Pennsylvania Department of Education for federal and state grants and subsidies. Receivables are stated at the amount management expects to collect. As of June 30, 2013, based on historical experience, no allowance has been established.

Capital Assets

Capital assets, which include leasehold improvements and furniture 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 maintains a threshold level of $2,500 or more for capitalizing assets. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Capital assets of the School are depreciated using the straight-line method over the useful lives of the assets, which range from five to thirty-nine years.

Deferred Outflows/Inflows of Resources

Statement 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. In compliance with Statement 63, the "Statement of net assets" has been renamed the "Statement of net position" and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The School has no items that qualify for reporting in this category.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School has no items that qualify for reporting in this category.

Advertising Costs

All costs associated with advertising and promotions are expensed in the year incurred.

Income Tax Status

The School has submitted an application to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The School has not received a final judgment on their application, but has indicated that they fully expect to be recognized as a qualifying Section 501(c)(3) entity, because of the purpose and function of their organization.

Uncertain Tax Positions

The School accounts for uncertainty in income taxes in which tax positions initially need to be recognized in the financial statements when it is more likely than not that the positions will be sustained upon examination by taxing authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

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

Uncertain Tax Positions (Continued)

Other than the income tax status mentioned above, as of June 30, 2013, the School had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements. Additionally, the School had no interest and penalties related to income taxes.

The School will be filing its initial income tax return in the U.S. federal jurisdiction. The School is not subject to U.S. federal and state tax examinations by taxing authorities until it files its initial return.

Subsequent Events

The School has evaluated subsequent events through February 15, 2014, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2. CASH

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School monitors custodial credit risk by periodically reviewing the Federal Deposit Insurance Corporation's ("FDIC") limits and published credit ratings of its depository bank(s). Accounts are insured by the FDIC up to $250,000 for all accounts kept at one financial institution. Under Pennsylvania Act 72, financial institutions pledge collateral on a pooled basis to secure public deposits in excess of FDIC insurance limits. The School has elected for its accounts to be covered under this act.

As of June 30, 2013, the custodial risk is as follows:

	Governmental fund	Business-type activity
Uninsured and uncollateralized	$ -	$ -
Collateralized	-	-
Uninsured and collateral held by the pledging bank's trust department not in the School's name	1,030,870	483
Total	$ 1,030,870	$ 483

Reconciliation to the financial statements:

	Governmental fund	Business-type activity
Cash exposed to custodial risk	$ -	$ -
Plus: insured amount	1,030,870	483
Less: outstanding checks	(95,871)	-
	$ 934,999	$ 483

NOTE 3. RECEIVABLES

Receivables at June 30, 2013, consisted of subsidies from federal, state, local, and private authorities. All receivables are considered collectible due to the stable condition of the state and private programs.

A summary of receivables is as follows:

Receivables	Amount
Federal	$ 311,191
State	249,872
Private	95,000
	$ 656,063

NOTE 4. LOCAL EDUCATIONAL AGENCY ASSISTANCE (REVENUE)

The School receives funding from the School District of Philadelphia on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis.

Charter schools are funded by the local public school district. For non-special education students, the charter school receives for each student enrolled no less than the budgeted total expenditure per average daily membership of the prior school year as defined by the Act. For the period from July 1, 2012 (commencement of operations) through June 30, 2013, the rate for the majority of the students was $8,064 per year per student, plus additional funding for special education students and transportation. The annual rate is paid monthly and is prorated if a student enters or leaves during the year. Total revenue from student enrollment was $8,515,552 for the period from July 1, 2012 (commencement of operations) through June 30, 2013.

NOTE 5. CAPITAL ASSETS, NET

Capital asset activity for the period from July 1, 2012 (commencement of operations) through June 30, 2013, was as follows:

Governmental activities:

	Balance July 1, 2012	Additions	Disposals	Balance June 30, 2013
Leasehold improvements	$ -	$ 1,127,384	$ -	$ 1,127,384
Leased furniture under capital leases	-	199,896	-	199,896
Leased computers under capital leases	-	194,122	-	194,122
Less: accumulated depreciation	-	(284,292)	-	(284,292)
Capital assets, net	$ -	$ 1,237,110	$ -	$ 1,237,110

Depreciation expense for the period from July 1, 2012 (commencement of operations) through June 30, 2013, was $284,292.

NOTE 6. COMMITMENTS

On July 1, 2012 (commencement of operations), the School entered into a two-year agreement with the School's CEO. The initial term of the agreement is from July 1, 2012 (commencement of operations) to June 30, 2014. Thereafter, the agreement may be renewed for additional terms. The compensation for the CEO for the 2014 fiscal year will be $140,000.

On May 1, 2012, the School entered into a five-year agreement with a non-profit charter school management organization. The initial term of the agreement is from July 1, 2012 (commencement of operations) to June 30, 2017, and is automatically renewable for additional terms. The service fee is based on a per student amount for the year. The commitment for the remaining term is as follows:

Year ending June 30:	Students	Per Student	Annual Amount
2014	926	$ 1,056	977,856
2015	953	$ 1,087	1,035,911
2016	980	$ 1,120	1,097,600
2017	980	$ 1,154	1,130,920
			$ 4,242,287

On June 18, 2012, the School entered into a five-year agreement with an organization for various business services. The service fee is based on a per student amount for the year. Minimum payments under the agreement are as follows:

Year ending June 30:	Students	Per Student	Annual Amount
2014	926	$ 118	109,268
2015	953	$ 126	120,078
2016	980	$ 129	126,420
2017	980	$ 133	130,340
			$ 486,106

NOTE 7. CAPITAL LEASES

Capital lease obligations consisted of the following at June 30, 2013:

In January 2013, the School entered into a lease with Dell Financial Services for a total amount of $15,626 to lease computers. The lease has a 3-year term at an annual imputed interest rate of 3.7%. The lease is payable in yearly installments of $5,605 and is secured by the computers. The lease provides for a $1,000 purchase option at the end of the lease.	$ 10,609
In August 2012, the School entered into a lease with Fleetway Capital Corp. for a total amount of $199,896 to lease office furniture. The lease has a 4-year term at an annual imputed interest rate of 12%. The lease is payable in monthly installments of $5,264 and is secured by the furniture. The lease provides for a $1,000 purchase option at the end of the lease.	165,738

NOTE 7. CAPITAL LEASES (CONTINUED)

In August 2012, the School entered into a lease with Fleetway Capital Corp. for a total amount of $137,960 to lease computers. The lease has a 4-year term at an imputed annual interest rate of 12%. The lease is payable in monthly installments of $3,633 and is secured by the computers. The lease provides for a $1,000 purchase option at the end of the lease.	114,384
In August 2012, the School entered into a lease with Fleetway Capital Corp. for a total amount of $40,536 to lease computers. The lease has a 4-year term at an imputed annual interest rate of 12%. The lease is payable in monthly installments of $1,067 and is secured by the computers. The lease provides for a $1,000 purchase option at the end of the lease.	33,609
	324,340
Less: current maturities	(91,789)
Long-term portion	$ 232,551

The future annual minimum lease obligations for leased assets are as follows:

Year ending June 30:	Amount
2014	$ 125,176
2015	152,724
2016	119,571
2017	19,934
Total minimum lease payments	417,405
Less: amount representing interest	(93,065)
Present value of minimum lease payments	$ 324,340

At June 30, 2013, the present value of minimum lease payments due within one year is $91,789.

NOTE 8. RETIREMENT PLAN

The School contributes to the Public School Employees' Retirement System (the "System"), a governmental cost-sharing, multiple-employer defined benefit pension plan administered by the Pennsylvania Public School Employees' Retirement System, which provides retirement and disability benefits, legislative-mandated ad-hoc cost-of-living adjustments, and health care insurance premium assistance to qualifying annuitants. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 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, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125. This publication is also available on the PSERS website at www.psers.state.pa.us/publications/general/cafr.htm.

NOTE 8. RETIREMENT PLAN (CONTINUED)

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

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 6.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System prior to, 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 7.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System after June 30, 2001, contribute at 7.50% (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, can choose between two classes of membership and, therefore, two different base contribution rates that are subject to a limited fluctuation based on a "shared risk." Membership Class T-E members have a base employee contribution rate of 7.5%, with shared risk contribution rate levels from 7.5% through and including 9.5%. Membership Class T-F members have a base employee contribution rate of 10.3%, with shared risk contribution rate levels from 10.3% through and including 12.3%.

With the "shared risk" program, members benefit when investments of the fund are doing well and share some of the risk when investments underperform. Membership Class T-E or T-F contribution rates stay within the specified range, but may increase or decrease by .5% within the specified range once every three years, starting July 1, 2015. The contribution rates for these two membership classes will never go below the base rent or above the highest percentage rate.

Contributions required of the School are based upon an actuarial valuation. For the fiscal period from July 1, 2012 (commencement of operations) through June 30, 2013, the rate of the School'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 healthcare insurance premium assistance. Payroll expense for employees covered by the System for the period from July 1, 2012 (commencement of operations) through June 30, 2013, was approximately $3,300,000. The School's contributions to the System for the period from July 1, 2012 (commencement of operations) through June 30, 2013, amounted to $418,788.

NOTE 9. RELATED-PARTY TRANSACTIONS

On October 10, 2012, the School entered into a line of credit agreement with a related party. The agreement allows the School to borrow up to $250,000 from a non-profit charter school management organization at a 2% annual rate. The agreement expires on December 1, 2013. As of June 30, 2013, no funds have been borrowed from the related party.

NOTE 10. GRANT CONTINGENCIES

Grants received are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

NOTE 11. LITIGATION

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

NOTE 12. EMPLOYEE BENEFIT PLAN

The Company maintains a savings incentive plan 403(B) for its employees. All employees are eligible. Participants may elect voluntary salary deferrals under the plan up to the maximum permitted by law. The School does not make a contribution to the plan.

REQUIRED SUPPLEMENTARY INFORMATION

MEMPHIS STREET ACADEMY CHARTER SCHOOL AT J.P. JONES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP)
GENERAL FUND
PERIOD FROM JULY 1, 2012 (COMMENCEMENT OF OPERATIONS) THROUGH JUNE 30, 2013

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
Revenues:				
Local educational agencies	$ 9,049,930	$ 8,328,068	$ 8,515,552	$ 187,484
Other sources	15,000	210,000	174,509	(35,491)
State sources	332,928	303,330	421,412	118,082
Federal sources	699,250	632,382	116,908	(515,474)
Total revenues	10,097,108	9,473,780	9,228,381	(245,399)
Expenditures:				
Instruction	4,523,304	4,229,324	3,093,344	(1,135,980)
Support services	5,130,386	4,681,100	4,424,095	(257,005)
Non-instructional services	121,195	122,419	104,371	(18,048)
Capital outlay	-	-	1,521,402	1,521,402
Debt service	42,000	-	105,550	105,550
Total expenditures	9,816,885	9,032,843	9,248,762	215,919
Excess of revenues over expenditures	280,223	440,937	(20,381)	(461,318)
Other financing uses:				
Proceeds from borrowings	-	-	394,318	394,318
Net change in fund balance	280,223	440,937	373,937	(67,000)
Fund balance - beginning	-	-	-	-
FUND BALANCE - ENDING	$ 280,223	$ 440,937	$ 373,937	$ (67,000)

See independent auditor's report.

COMPLIANCE INFORMATION

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

To the Board of Trustees
Memphis Street Academy Charter School at J.P. Jones

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, and the major fund of Memphis Street Academy Charter School at J.P. Jones (the "School") as of and for the period from July 1, 2012 (commencement of operations) through June 30, 2013, which collectively comprise the School's basic financial statements, and have issued our report thereon dated February 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as finding 13-01 on page 30.

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Philadelphia, Pennsylvania
February 15, 2014

FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 13-01:

Criteria:

The School is required to obtain proof of residency and existence for each student.

Condition:

In a review of 25 student files, 17 did not contain both proof of residence or proof of existence.

Effect:

Failure to meet the requirements may result in overpayment received from school districts.

Cause:

Management oversight resulted in the lack of proper follow-up and documentation in the files.

Recommendation:

We recommend that management review all student files to ensure that they contain proper documentation and institute procedures to obtain support for the students' status.

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Findings:

The School will implement a review of all student files and institute revised procedures to ensure that the information is obtained.

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

Division of Federal Program
Consolidated Program Review

2013-2014 School Year

Memphis Street Academy CS @ JP Jones
2950 Memphis Street Philadelphia, PA 19134

	Name	Phone Number	Check if Interviewed
Superintendent:	Christine Borelli	215-291-4709	☐
Business Manager:	Rachel Smith	856-505-1300	☐
Title I Coordinator:	Christine Borelli	215-291-4709	☐
Title II Part A Coordinator:	Aqueelah Ellzy	215-291-4709	☐
Title III Coordinator:			☐
Fiscal Requirements Coordinator:	Rachel Smith	856-505-1300	☐
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): Erin Derr

Program Review Date: 06/23/2014

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. Utilizing the most recent PIMS data, all core content area teachers employed by the LEA are highly qualified. (Core content teachers in ALL schools, not just Title I.)	☑	☐	☐	☑ PIMS Highly Qualified Teacher Report ☑ Emergency Certificates for all teachers not HQ		**District Comments** 5/19/2014 2:03:45 PM Controller Rachel Smith Teachers who are not highly qualified have been placed on an Individualized Professional Development Plan **Monitor Comments** 7/21/2014 9:07:53 AM State Monitor J. Erin Derr All the teachers are not Highly Qualified, but they have a plan in place to address this.
1b. LEA has a system in place to ensure that all core content area teachers become highly qualified.	☑	☐	☐	☑ List of teachers not highly qualified with Individualized Professional Development Plan for each.		**District Comments** 5/19/2014 2:10:36 PM Controller Rachel Smith Teachers are required to enter a certification program within the first year of employment

2. All instructional paraprofessionals working in a Title I program are highly qualified.	☑	☐	☐	☑ List of paraprofessionals & their qualifications: HS Diploma plus 2 years of college (48 credits), AA Degree or local assessment		**District Comments** 5/19/2014 2:11:45 PM Controller Rachel Smith If ACT 48 credits have not been obtained, paraprofessionals were required to take the highly qualified assessment
3. Parents (in Title I schools only) are notified annually that they may request information regarding the professional qualifications of their childs teacher(s), and of paraprofessionals who provide instructional services to their children.	☑	☐	☐	☑ Copy of Right-to-Know Teacher Qualifications letter and evidence of distribution date		**District Comments** 5/19/2014 2:14:09 PM Controller Rachel Smith There is a Parent's Right to Know letter included in the family guidebook.
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 Right-to-Know Non-HQT letter and evidence of distribution date, if applicable, or undated if not applicable		**District Comments** 5/19/2014 2:15:19 PM Controller Rachel Smith Parents are issued a letter in the event that their child is being taught by a non highly qualified teacher

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 reviewed and updated annually.	☑	☐	☐	☑ LEA parent involvement policy ☑ Staff/Parent meeting agenda, memoranda, revisions, sign-in sheets. ☐ Website posting.		**District Comments** 5/19/2014 2:31:48 PM Controller Rachel Smith Parent Involvement policy is included in the Title One binder. This policy was reviewed at Back to School Night
2. Schools receiving Title I funds have a written Parent Involvement Policy/Plan aligned with the District policy and evidence that it is updated annually and has been distributed to parents.	☑	☐	☐	☑ School parent involvement policy ☑ Parent meeting agenda, memoranda, revisions, sign-in sheets ☐ Website posting		**District Comments** 5/19/2014 2:32:25 PM Controller Rachel Smith The Parent Involvement policy is reviewed with parents at Back to School Night
3. Schools receiving Title I funds have a written school-parent compact and evidence that it has been updated annually and has been distributed to parents	☑	☐	☐	☑ School-parent compact ☐ Staff-parent meeting agenda ☐ Evidence of distribution		**District Comments** 5/19/2014 2:32:52 PM Controller Rachel Smith The school-wide parent compact is included in the Title One binder. This compact is also reviewed at Back to School Night

4. Title I schools hold an annual meeting to inform parents of participating students about Title I program	☑	☐	☐	☑ Title I meeting agenda, sign-in sheets		**District Comments** 5/19/2014 2:33:22 PM Controller Rachel Smith An annual meeting was held on March 12, 2014 to discuss Title One requirements. This was a follow up meeting from Title One information that was shared at Back to school night in the beginning of the year
5. Title I schools have provided assistance to parents in understanding the States academic content standards and student academic achievement standards, State and local academic assessments, the requirements of Title I, and how to monitor a childs progress and work with educators to improve student achievement.	☑	☐	☐	☑ Staff/Parent meeting agendas and sign-in sheets		**District Comments** 5/19/2014 2:34:16 PM Controller Rachel Smith Academic content standards and student achievement were reviewed with families at Back to School Night. In addition, this information was reviewed during the Title One PSSA meeting on March 12, 2014. Teachers also review academic content/ achievement standards with parents during report card conferences
6. Title I schools have provided 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, sign -in sheets, etc.		**District Comments** 5/19/2014 2:35:14 PM Controller Rachel Smith Memphis Street Academy has used Title One funds to develop a reading camp for parents to work on increasing reading achievement for students. This program will be held during the summer to reduce summer reading regression

7. Title I schools 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 schools.	☐	☑	☐	☑ Staff meeting agendas and sign-in sheets		**District Comments** 5/19/2014 2:36:19 PM Controller Rachel Smith Professional development sessions are held to review data and create tools to assist teachers with sharing achievement data with parents during report card meetings **Monitor Comments** 7/21/2014 9:09:45 AM State Monitor J. Erin Derr There is no evidence that parents were used to train staff to work collaboratively with parents.
8. Title I schools have coordinated and integrated parent involvement programs and activities with other programs (Head Start, public preschools, parent resource centers, early childhood programs), to encourage and support parents in more fully participating in the education of their children, and parents have participated in the development of the Transition Plan.	☑	☐	☐	☑ Transition Plan ☐ Parent training materials, evaluations, agendas, calendar of events, etc. ☐ Staff/Parent meeting agendas and sign-in sheets		**District Comments** 5/19/2014 2:30:43 PM Controller Rachel Smith As a middle school we do not coordinate with Early Childhood Programs.
9. Title I schools have 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.		**District Comments** 5/19/2014 2:28:41 PM Controller Rachel Smith All documents are translated into English and Spanish
10. Title I schools have provided full opportunities for participation of parents of LEP students, students with disabilities, parents of migrant students.	☑	☐	☐	☑ Parent meeting agendas ☑ Documentation shared or distributed		**District Comments** 5/20/2014 1:58:24 PM Controller Rachel Smith Memphis Street Academy is a school-wide program. All students are invited to participate in school-wide events

11. Title I schools have informed parents about the existence of a parent resource center, if one exists. (Federal regulations do not require a parent resource center.)	☐	☐	☑	☐ Documentation such as copies of fliers, letters sent home, posted information on boards at schools and/or website postings		**District Comments** 5/19/2014 2:27:16 PM Controller Rachel Smith A parent resource center does not exist at Memphis Street Academy Charter School **Monitor Comments** 7/21/2014 9:10:50 AM State Monitor J. Erin Derr Memphis Street Academy does not have a parent resource center. This does not apply.
12. Title I schools conducted an annual evaluation of the effectiveness of school parental involvement activities.	☐	☑	☐	☑ Copy of annual parent survey and/or parent/teacher conference evaluation and collated results		**District Comments** 5/19/2014 2:36:32 PM Controller Rachel Smith A parent satisfaction survey will be conducted at the end of the 2014 school year A parent involvement survey was administered during the March 12, 2014 Parent meeting **Monitor Comments** 7/21/2014 9:12:46 AM State Monitor J. Erin Derr Memphis Street does not have all the necessary components in their survey to fully evaluate the effectiveness of their parent involvement program.

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 the schoolwide program and requirements.	☑	☐	☐	☑ Evidence of the planning process and technical assistance ☑ Planning meeting agendas ☑ Planning Team roster and calendar of meetings. ☑ Program evaluation results		**District Comments** 5/19/2014 7:45:37 PM Controller Rachel Smith Memphis Street Academy Charter School operates as it's own LEA. Planning meetings have occurred to develop all components of the comprehensive plan.

2. All Schoolwide schools: • Have completed a needs assessment, • Have developed schoolwide reform strategies, • Are using highly qualified staff to deliver instruction, • Are sending high-quality teachers to high-need schools • Have high-quality and ongoing professional development, • Have parent involvement • Have a Pre-K to Kindergarten Transition Plan for preschool children, if applicable • Consider teacher input when making assessment decisions • Provide effective, timely and additional assistance to students having difficulty mastering proficient or advanced levels of academic standards	☑	☐	☐	☑ Copy of Schoolwide Plan		**District Comments** 5/19/2014 7:46:14 PM Controller Rachel Smith The School-Wide Title One Plan, as well as the School Improvement Plan is available in the Title One binder
3. LEA has indicated which program funds have been consolidated in the schoolwide program, if applicable, and how the intent and purposes of the individual consolidated programs are addressed.	☑	☐	☐	☑ Financial reports ☐ Documentation of uses of any consolidated funds		**District Comments** 5/19/2014 7:48:25 PM Controller Rachel Smith The majority of Title One funds were used to purchase positions that will assist with supporting students and enhance academic achievement. Parent involvement funds were used to purchase family reading resources

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: • Scientifically-based, high-quality supplemental resources • Using effective instructional methods and strategies that strengthen the core academic program and are aligned to the resources • Minimizing the removal of students from the regular classroom during regular school times • Primary consideration to providing supplemental learning time	☐	☐	☐	☐ List of supplemental materials ☐ Identification of scientifically-based instructional models based on current best practices ☐ Title I staff and eligible student schedules ☐ Benchmark data and formative assessment data of Title I students		
2. LEA promotes the integration of staff supported by Title 1 into the regular school program and assures that targeted assistance program planning coordinates with and supports the regular education program.	☐	☐	☐	☐ Documentation of regular team meetings, agendas sign-in sheets, minutes, etc. ☐ Professional development schedules ☐ Meeting agendas, sign-in sheets		

3. Selection of eligible students.	☐	☐	☐	☐ Selection criteria ☐ Student roster with test scores that includes rank order listing ☐ Teacher/parent recommendations ☐ List of eligible students not serviced due to parents declining services		

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.	☐	☐	☐	☐ Consolidated application Selection of Schools section showing ranking chart and per pupil expenditures		
2. LEA has procedures for provision of services to eligible children attending nonpublic school officials.	☐	☐	☐	☐ Consolidated application Nonpublic Involvement section showing services provided to nonpublic students		
3. Consultation occurred between LEA and nonpublic officials	☐	☐	☐	☐ Copies of letters, e-mails, consultation forms, meeting sign-in sheets between LEA and nonpublic officials ☐ Consolidated application Nonpublic Involvement section showing record of contacts between LEA and nonpublic schools		
4. LEA regularly supervises the provision of Title I services to nonpublic students	☐	☐	☐	☐ Nonpublic school visitation documentation by district or IU		
5. LEA is evaluating the Title I program serving nonpublic school students.	☐	☐	☐	☐ Evaluation data ☐ Needs assessment survey form and collated results ☐ Assessment data		

6. Nonpublic school students are receiving equitable services for instruction, professional development, parent involvement and summer school.	☐	☐	☐	☐ Consolidated Application Selection of Schools section showing set-asides for nonpublic schools ☐ Announcements/sign-in sheets for professional development activities and parent involvement opportunities for nonpublic teachers and parents		
7. LEA has budgets that document appropriate set-asides	☐	☐	☐	☐ Title I budget		
8. LEA has third-party contracts or inter-district agreements with IUs	☐	☐	☐	☐ Copy of third-party contracts or inter-district agreements that shows set asides for nonpublic schools		
9. LEA has Title I complaint procedures for nonpublic schools	☐	☐	☐	☐ Copy of complaint procedure and verification of distribution to nonpublic schools		

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 15	☐	☐	☑	☐ Detailed Data Sheet ☐ Support data housed at the LEA (individual school lists of per pupil expenditures) ☐ Support data housed at the LEA (individual school lists with staff names attached to the positions counted and excluded)		**District Comments** 5/19/2014 7:51:46 PM Controller Rachel Smith Memphis Street Academy is it's own LEA **Monitor Comments** 7/21/2014 9:13:53 AM State Monitor J. Erin Derr This does not apply to Memphis Street Academy. They are a charter school

Title II A Program Review

☐ **This LEA participates in a Title IIA Consortium and Title IIA data will be supplied by the IU.**

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)*	☑	☐	☐	☑ PIMS Highly Qualified Teacher Report ☐ Principal Attestation for all Title I schools (PDE Form 425) ☑ HQT Individual Professional Development Plans prepared for each teacher who is not highly qualified		**District Comments** 5/20/2014 2:05:39 PM Controller Rachel Smith All teachers who are not highly qualified have an Individual Professional Development Plan on file
2. LEA ensures equitable distribution of experienced and HQ teachers between and within the district's 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 ☐ Documentation of annual review of Equity Plan ☐ Teachers are reassigned, if applicable ☐ Changes to union contract are made, if applicable		

Professional Development

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
3. The LEA conducts an assessment of local needs for professional development and hiring, student academic needs and the academic achievement gap as identified by the LEA and school staff. *Section 2122 (c)(1)(2)*	☑	☐	☐	☑ Copy of district professional development needs assessment and collated results		**District Comments** 5/19/2014 7:57:38 PM Controller Rachel Smith Achievement data is analyzed to determine professional development needs.
4. The LEA involves parents in the planning of professional development activities. *Section 2122 (b)(7)*	☑	☐	☐	☑ Meeting notices, agenda, sign-in sheets		**District Comments** 5/19/2014 8:00:05 PM Controller Rachel Smith Parent meetings are held frequently throughout the year. Parent feedback forms are available in the office for parents to complete when they visit the school. Feedback from parents is used to plan professional development and other school events.
5. The LEA professional development activities are based on the needs assessment and designed to improve student academic achievement and eliminate the achievement gap that separates low-income and minority students from other students. *Section 2122 (b)(1)(B)*	☑	☐	☐	☑ List of professional development activities aligned to needs assessment and district Comprehensive Plan (if LEA has completed the Comprehensive Plan)		**District Comments** 5/19/2014 8:01:10 PM Controller Rachel Smith Achievement data and classroom observation data is used to plan professional development to ensure that the academic needs of all students are being met.

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
6. The LEA provides professional development activities to improve the knowledge of teachers, principals, paraprofessionals and other school staff. *Section 2123 (A)(3)(A&B)*	☑	☐	☐	☑ Meeting notices, agendas, attendance rosters		**District Comments** 5/19/2014 8:02:11 PM Controller Rachel Smith The school-wide roster was revised to provide an additional 2 hours per week for teacher/ staff professional development

Class Size Reduction

Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
7. The LEA targets funds to schools that have the lowest portion of highly-qualified teachers; have the largest average class size; or are Priority or Focus schools. *Section 2122 (b)(3)*	☐	☐	☑	☐ Class rosters with HQ Teacher status ☐ Class size data before and after class-size reduction teacher added ☑ Focus/Priority school status ☐ Consolidated application Selection of Schools ranking page. ☑ Title II budget		**District Comments** 5/19/2014 8:03:48 PM Controller Rachel Smith Reading specialists/math specialists are used to provide small group instruction to students. **Monitor Comments** 7/21/2014 9:19:09 AM State Monitor J. Erin Derr This does not apply to Memphis Street Academy. They use their Title IIA funds for professional development.
8. The LEA utilizes highly-qualified teachers to reduce class size. *Section 2123 (a)(2)(B)*	☐	☐	☑	☐ Class-size reduction teacher rosters ☑ PIMS Highly-Qualified Teacher report		**District Comments** 5/19/2014 8:05:16 PM Controller Rachel Smith Most teachers, except for 2, are highly qualified. In the event that a teacher is not highly qualified the teacher has entered into a program to meet highly qualified requirements **Monitor Comments** 7/21/2014 9:19:16 AM State Monitor J. Erin Derr This does not apply to Memphis Street Academy. They use their Title IIA funds for professional development.

Component XI: Fiscal Requirements

☐ **This LEA participates in a Consortium and Fiscal data will be supplied by the Consortium lead.**

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.	☑	☐	☐	☑ Two most recent audit reports (federal programs only) ☐ LEA response to findings. ☐ PDE follow-up review of findings. ☐ Independent auditor report shows that LEA has completed all corrective actions		**District Comments** 5/20/2014 2:07:28 PM Controller Rachel Smith Memphis Street Academy is a new school that opened in 2012. There was not an audit conducted
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).	☐	☐	☑	☑ Consolidated Application Carryover section ☐ Waiver request and Carryover Waiver Approval Letter		**District Comments** 5/20/2014 2:12:07 PM Controller Rachel Smith Memphis Street Academy had a late start (April 5, 2013) so funds were carried over. **Monitor Comments** 7/21/2014 9:21:57 AM State Monitor J. Erin Derr Memphis Street Academy did not carryover any funds in 2013-13.

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
C. Rank Order **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**	1. The LEA is only serving eligible schools that have been ranked from highest to lowest without regard to grade spans and all schools above 75% poverty are served	☐	☐	☑	☐ Consolidated Application Selection of Schools ranking grid		**District Comments** 5/20/2014 2:14:00 PM Controller Rachel Smith Memphis Street Academy is the only school in the LEA and is a school-wide program. **Monitor Comments** 7/21/2014 9:23:05 AM State Monitor J. Erin Derr This does not apply, Memphis Street Academy is a charter school.
	2. Allocations to each eligible school in the Consolidated Application ranking grid and the per pupil allocations match	☐	☐	☑	☑ Title I budget for each school		**Monitor Comments** 7/21/2014 9:23:10 AM State Monitor J. Erin Derr This does not apply, Memphis Street Academy is a charter school.
	3. Pre-kindergarten children are excluded from the poverty count of any school	☐	☐	☑	☐ PIMS Report on Economically Disadvantaged		**District Comments** 5/20/2014 2:13:09 PM Controller Rachel Smith Memphis Street Academy is a middle school and does not service Pre-K students **Monitor Comments** 7/21/2014 9:23:34 AM State Monitor J. Erin Derr This does not apply, Memphis Street Academy serves 9th - 12th grade.

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
D. Supplement / Supplant **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 funds at the district level match.	☑	☐	☐	☐ Title I A and D, Title II and Title III budgets ☑ LEA budget ☐ Statement of Expenditures for Title I A and D, Title II and Title III		**District Comments** 5/19/2014 8:29:55 PM Controller Rachel Smith All Title One expenditures are documented in the Title One binder
	2. For Schoolwide Programs - Expenditures verify that funds have not supplanted non-federal resources	☑	☐	☐	☐ Statement of federal, state and local allocations for past two years ☑ Federal expenditures match SWP activities ☐ MOE letter		**District Comments** 5/19/2014 8:30:58 PM Controller Rachel Smith All Title One funds are used to provide supplemental services to students that are directly aligned with the school improvement plan.
	3. For Targeted Assistance Programs - Expenditures meet the statutory requirements and are supplemental in nature and do not supplant non-federal resources	☐	☐	☑	☐ Building level Title I budgets and statement of allocations and expenditures for current year		**District Comments** 5/19/2014 8:29:06 PM Controller Rachel Smith Memphis Street Academy is a school-wide program **Monitor Comments** 7/21/2014 9:25:43 AM State Monitor J. Erin Derr This does not apply, Memphis Street Academy operates a Schoolwide program.

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
E. Equipment and Related Property **OMB Circular A-87** **EDGAR 80.32**	1. LEA maintains Inventory records, purchase orders and receipts for equipment purchased ($1500 or more per unit) and Small and Attractive Items ($300 - $1499)	☑	☐	☐	☑ Inventory list of items purchased with Title I A and D, Title II and Title III		**District Comments** 5/19/2014 8:27:36 PM Controller Rachel Smith All items purchased out of Title One funds are documented in the Title One binder
	2. LEA has conducts a physical inventory of all items every two years	☑	☐	☐	☑ Documentation that physical inventory has been done within the last two years	**Pertains to:** • Title IA & D • Title II A • Title III	
F. Compliance to Reservations **The LEA complies with requirements regarding the reservation of funds.Sec. 1113** **Sec. 1116** **Sec. 1118**	1. LEA has reserved funds necessary to provide services comparable to those provided to students in Title I funded schools to homeless students in non-Title I schools, to neglected students in local institutions, and if appropriate, to neglected or delinquent students in community day schools and delinquent students in local institutions	☐	☐	☑	☐ Consolidated Application Reservation of Funds page ☑ Consolidated Application Title I budget ☐ Statement of expenditures for homeless, neglected or delinquent students	**Pertains to:** • Title IA & D	**District Comments** 5/19/2014 8:14:01 PM Controller Rachel Smith Funds are allocated to service students who are currently not attending Memphis Street Academy because of a variety of placements. **Monitor Comments** 7/21/2014 9:28:18 AM State Monitor J. Erin Derr Memphis Street Academy was not required to set aside any funds.

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
	2. LEA has reserved an amount equal to 20% of its Title I allocation for Priority and/or Focus schools' interventions	☐	☐	☑	☐ Consolidated Application Reservation of Funds page ☐ Statement of expenditures for interventions		**District Comments** 5/19/2014 8:14:57 PM Controller Rachel Smith Research based interventions are used to meet the needs of historically under performing students **Monitor Comments** 7/21/2014 9:30:36 AM State Monitor J. Erin Derr 2013-14 was a planning year. Memphis Street Academy was not required to set aside any funds.

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
	3. LEAs receiving more than $500,000 in Title I funds have reserved 1% of the allocation for parent involvement and have distributed a minimum of 95% of those funds to the schools. Distribution of less than 95% requires parent approval	☐	☐	☑	☐ Procedure for allocation of at least 95% to schools ☑ Title I budget ☑ Statement of parent involvement expenditures by school ☐ Invoices supporting parent involvement expenditures ☐ Minutes of meetings showing parents agree to allow a portion of their school's parent involvement funding to remain with the LEA		**District Comments** 5/19/2014 8:25:23 PM Controller Rachel Smith Parent involvement funds were used to purchase family reading resources that will be used during a family reading camp that will assist with decreasing summer reading regression **Monitor Comments** 7/21/2014 9:29:42 AM State Monitor J. Erin Derr Memphis Street Academy did not receive more than $500,000.
G. Obligating Funds	1. LEA began obligating funds on or after the programs' approved date	☑	☐	☐	☑ Documentation that program funds were not spent prior to program approval date		

Description	Requirements	Met	Not Met	N/A	Suggested Evidence of Implementation	Additional Evidence	Comments
I. Time Documentation	1. LEA maintains semi-annual certifications for all employees funded 100% from a single cost objective	☑	☐	☐	☑ Semi-annual time certifications		**District Comments** 5/19/2014 8:08:47 PM Controller Rachel Smith Time certifications are completed and organized into the Title One binder
	2. LEA maintains time documentation/logs for prorated staff including the amount of time spent on each funding source activity; logs are signed by a supervisor and reconciled to payroll documentation on a monthly basis; or fixed schedule approval has been obtained from DFP	☑	☐	☐	☑ Time logs ☑ Staff schedules ☐ Documentation of Fixed schedule semi-annual time documentation DFP approval		**District Comments** 5/19/2014 8:09:31 PM Controller Rachel Smith All staff schedules are kept in the title one binder
J. Record Retention	1. Federal program records are maintained for a period of 7 years (current year plus 6 prior)	☑	☐	☐			**District Comments** 5/19/2014 8:07:28 PM Controller Rachel Smith As a new school, Memphis Street Academy started in the 2012-2013 school year

Personnel Interviews

Building	Date	Staff Member Interviewed	Staff Member Position
Memphis Street Academy	6/23/2014	Aqueelah Ellzy	principal
Memphis Street Academy	6/23/2014	Christine Borelli	CEO
Memphis Street Academy	6/23/2014	Regina Gooden	parent