

Baden Academy CS

**Charter Annual Report**

07/01/2013 - 06/30/2014

# School Profile

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## Demographics

1016 State Street  
Baden, PA 15005  
(855)590-2227

Phase:  
CEO Name:  
CEO E-mail address:

Phase 3  
Lauren Bensink  
lauren.bensink@badenacademy.org

# Governance and Staff

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## *Leadership Changes*

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

Mr. Steve Catanzarite resigned as CEO as of Jan.3, 2014.

Ms. Lauren Bensink took over as CEO as of Jan.6 2014

Board member, Dr. Pamela Rossi-Keen was elected Board Secretary on Oct. 25, 2013 replacing Ramona Sangermano.

## *Board of Trustees Meeting Schedule*

<b>Location</b>	<b>Date and Time</b>
Baden Academy	7/8/2013 5:00 PM
Baden Academy	8/12/2013 5:00 PM
Baden Academy	9/9/2013 5:00 PM
Baden Academy	10/14/2013 5:00 PM
Baden Academy	11/11/2013 5:00 PM
Baden Academy	12/9/2013 5:00 PM
Baden Academy	1/13/2014 5:00 PM
Baden Academy	2/10/2014 5:00 PM
Baden Academy	3/10/2014 5:00 PM
Baden Academy	4/14/2014 5:00 PM
Baden Academy	5/12/2014 5:00 PM
Baden Academy	6/9/2014 5:00 PM

## *Professional Staff Member Roster*

*There are no professional staff members.*

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

*XLSX file uploaded.*

## *Quality of Teaching and Other Staff*

<b>Position Categories</b>	<b>All Employed per Category</b>	<b>Appropriately Certified</b>	<b>Promoted</b>	<b>Transferred</b>	<b>Terminated</b>	<b>Contracted for Following Year</b>
Chief Academic Officer/Director	1.00					
Principal	1.00					
Assistant Principal	0.00					
Classroom Teacher (including Master Teachers)	16.00	16.00	1.00			16.00
Specialty Teacher (including Master Teachers)	2.00	2.00				2.00
Special Education Teacher (including Master Teachers)	3.00	3.00				3.00
Special Education Coordinator	0.00					
Counselor	1.00	1.00				1.00
Psychologist	0.00					
School Nurse	1.00	1.00				1.00
PE was provided via partnership with the YMCA of Beaver County	1	1				1
Violin teacher visiting artist	1	1				1
Teacher facilitators instructional support	3	3	3			3
<b>Totals</b>	<b>30.00</b>	<b>28.00</b>	<b>4.00</b>	<b>0</b>	<b>0</b>	<b>28.00</b>

Further explanation:

*This narrative is empty.*

# Fiscal Matters

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## *Major Fundraising Activities*

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

None

## *Fiscal Solvency Policies*

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

There have been no changes policies and procedures.

### **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:

No changes.

## *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:	Deluzio & Company, LLP
Date of Last Audit:	06/30/2013
Fiscal Year Last Audited:	2013

### **Explanation of the Report**

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

*This narrative is empty.*

### **Financial Audit Report**

The Financial Audit Report, which should include the auditor's opinion and any findings resulting from the audit

*PDF file uploaded.*

### **Citations**

Financial audit citations and the corresponding Charter School responses

Description	Response
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## ***Federal Programs Consolidated Review***

### **Basics**

Title I Status:

Date of Last Federal  
Programs Consolidated  
Review:

School Year Reviewed:

### **Federal Programs Consolidated Review Report**

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

*No file has been uploaded.*

### **Citations**

Federal Programs Consolidated Review citations and the corresponding Charter School responses

Description	Response
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# Special Education

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## *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**

<b>Support Service</b>	<b>Location</b>	<b>Teacher FTE</b>
Special Education Teacher	Baden Academy	1
Special Education Teacher	Baden Academy	1

## **Special Education Contracted Services**

<b>Title</b>	<b>Amt. of Time per Week</b>	<b>Operator</b>	<b>Number of Students</b>
Director of Special Education	2 Days	Outside Contractor	44
OT	3 Days	Outside Contractor	10 or fewer
PT	3 Days	Outside Contractor	10 or fewer

School Psychologist	1 Days	Outside Contractor	15
Social Groups	2 Days	Outside Contractor	10 or fewer
Speech Clinician	5 Days	Outside Contractor	35

### ***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

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

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

Smart Boards  
Phone System  
Tables/Chairs

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

*\$86,321.00*

## *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:

Baden Academy Charter School will continue to lease space at its present facility.

## *Memorandums of Understanding*

<b>Organization</b>	<b>Purpose</b>
Baden Police Department	To establish a protocol for notifying the local police department when certain offenses occur on school property and to establish a protocol for emergency and nonemergency responses by the local police department.

# Charter School Annual Report Affirmations

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## **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 Salvatore Aloe on 8/2/2014**

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*President, Board of Trustees*

**Affirmed by Lauren Bensink on 8/2/2014**

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*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 Salvatore Aloe on 8/2/2014**

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*President, Board of Trustees*

**Affirmed by Lauren Bensink on 8/1/2014**

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*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 Salvatore Aloe on 8/2/2014**

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*President, Board of Trustees*

**Affirmed by Lauren Bensink on 8/1/2014**

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*Chief Executive Officer*

Staff Last Name	Staff First Name	Staff Middle Name	Full-time Status	Total Years of Experience	Years Experience in District	Job Class Code Long	Highest Degree Institution Code	Authorized to Carry A Weapon
Altman	Tina	M	full time	4	1	1379	1054	No
Best	Kara	Dawn	full time	3	1	1379	1051	No
Bensink	Lauren							
Bianco	Taylor	Leah	full time	2	1	1379	1054	No
Catanzarite	Stephen		full time	8	1	1379	1054	No
Davidson	Caitlin	Marie	full time	2	1	1379	1051	No
Finn	Brenden	Timothy	full time	1	1	1379	1051	No
Gallagher	April	Lynne	full time	8	1	1379	1051	No
Gallagher	Johnny	Eric	full time	1	1	1379	1054	No
Keriotis	Kelli	M	part time	18	1	1379	1051	No
Kimmick	Hannah	Lynora Campbell	full time	4	1	1379	1054	No
Lesak	Samantha	June	full time	7	1	1379	1055	No
Page	Kenisha	Deanne	full time	8	1	1379	1054	No
Pichelli	Sara	Johanna	full time	3	1	1379	1054	No
Pollock	Danielle	Geneve	full time	1	1	1379	1051	No
Preffer	Julie	Marie	full time	7	1	1379	1051	No
Ray	Jacquelyn		full time	10	1	1379	1051	No
Regner	Deborah		part time	5	1	1379	1051	No
Scherer	Danielle	Baker	full time	7	1	1379	1051	No
Stimmel	Meghan	E	full time	5	1	1379	1054	No
Swartzmiller	Michael		full time	39	1	1379	1054	No
Walaan	Karie	Acon	full time	11	1	1379	1055	No
Walsh-Stefanski	Lindsey		part time	3	1	1379	1051	No

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

**Baden Academy Charter School**

**1016 West State Street, Baden, PA 15005**

CEO Signature 

**REVENUES**

<b>6000</b>		<b>REVENUE FROM LOCAL SOURCES</b>	
<b>6500</b>		<b>EARNINGS ON INVESTMENTS</b>	
	6510	Interest on Investments and Interest-Bearing Checking Accounts	501.00
	6520	Dividends on Investments	
	6530	Gains or Losses on Sale of Investments	
	6540	Earnings on Investments in Real Property	
	6590	Other Earnings or Investments	
<b>6600</b>		<b>FOOD SERVICE REVENUE</b>	
	6610	Daily Sales - Reimbursable Programs	
	6620	Daily Sales - Non-Reimbursable Programs	
	6630	Special Functions	
	6640	Non-Cash Contributions	
	6650	Price Reduction for Reduced Price and Free Meals (Debit)	
	6690	Other Food Service Revenues	
<b>6700</b>		<b>REVENUES FROM STUDENT ACTIVITIES</b>	
	6710	Admissions	
	6720	Bookstore Sales	
	6730	Student Organization Membership Dues and Fees	
	6740	Fees	
	6750	Student Activity - Special Events	
	6790	Other Student Activity Income	367.00
<b>6800</b>		<b>REVENUES FROM INTERMEDIARY SOURCES / PASS THROUGH</b>	
	6810	Revenue from Local Governmental Units	
	6820	Revenue from Intermediary Sources - Commonwealth Funds	
	6830	Revenues from Intermediary Sources - Federal Funds	16,916.00
	6890	Other Revenues from Intermediary Sources	

<b>6900</b>		<b>OTHER REVENUE FROM LOCAL SOURCES</b>	
	6910	Rentals	100.00
	6920	Contributions & Donations from Private Sources / Capital Contributions	444,998.00
	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	3,446,783.00
	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	10.00
	6999	Other Revenues Not Specified Above	
<b>7000</b>		<b>REVENUE FROM STATE SOURCES</b>	
7100		<b>BASIC INSTRUCTIONAL AND OPERATING SUBSIDIES</b>	
	7150	Unassigned	
	7160	Tuition for Orphans and Children Placed in Private Homes	
	7180	Staff and Program Development	
7200		<b>REVENUE FOR SPECIFIC EDUCATIONAL PROGRAMS</b>	
	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)	3,986.00
	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	85,092.00
7900		REVENUE FOR TECHNOLOGY	
	7910	Educational Technology	
	7990	Other Technology Grants	
<b>8000</b>		<b>REVENUE FROM FEDERAL SOURCES</b>	
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	

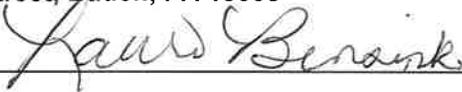
	8390	Other Restricted Federal Grants-in-Aid Directly from the Federal Government	
8500		RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA), NO CHILD LEFT BEHIND (NCLB), VOCATIONAL EDUCATION, CHILD NUTRITION AND CAREER EDUCATION PROGRAMS	
	8510	Individuals with Disabilities Education Act (IDEA) and No Child Left Behind (NCLB)	101,613.00
	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	
<b>9000</b>		<b>OTHER FINANCING SOURCES</b>	
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	
<b>TOTAL REVENUES</b>			4,100,366.00

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

Baden Academy Charter School

1016 West State Street, Baden, PA 15005

CEO Signature 

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

**EXPENDITURES**

1000	INSTRUCTION	
1100	REGULAR PROGRAMS - ELEMENTARY / SECONDARY	1,583,583.00
1200	SPECIAL PROGRAMS - ELEMENTARY / SECONDARY	160,074.00
1300	VOCATIONAL EDUCATION	
1400	OTHER INSTRUCTIONAL PROGRAMS - ELEMENTARY / SECONDARY	
1600	ADULT EDUCATION PROGRAMS	
1700	HIGHER EDUCATION PROGRAMS	
1800	PRE-KINDERGARTEN	
<b>2000</b>	<b>SUPPORT SERVICES</b>	
2100	SUPPORT SERVICES - PUPIL PERSONNEL	
	2110 Supervision of Pupil Personnel Services	
	2120 Guidance Services	75,830.00
	2130 Attendance Services	
	2140 Psychological Services	7,582.00
	2150 Speech Pathology and Audiology Services	101,744.00
	2160 Social Work Services	
	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	183.00
	2260	Instruction and Curriculum Development Services	
	2270	Instructional Staff Professional Development Services	17,873.00
	2280	Nonpublic Support Services	
2300		SUPPORT SERVICES - ADMINISTRATION	
	2310	Board Services	
	2320	Board Treasurer Services	
	2340	Staff Relations and Negotiations Services	
	2350	Legal Services	40,009.00
	2360	Office of the Superintendent (Executive Director) Services	220,976.00
	2370	Community Relations Services	
	2380	Office of the Principal Services	804.00
	2390	Other Administration Services	
2400		SUPPORT SERVICES - PUPIL HEALTH	53,017.00
2500		SUPPORT SERVICES - BUSINESS	422,936.00
	2510	Fiscal Services	17,561.00
	2520	Purchasing Services	600.00
	2530	Warehousing and Distributing Services	
	2540	Printing, Publishing and Duplicating Services	
	2590	Other Support Services - Business	
2600		OPERATION AND MAINTENANCE OF PLANT SERVICES	
	2610	Supervision of Operation and Maintenance of Plant Services	1,019.00
	2620	Operation of Buildings Services	476,457.00
	2630	Care and Upkeep of Grounds Services	
	2640	Care and Upkeep of Equipment Services	
	2650	Vehicle Operations and Maintenance Services (Other than Student Transportation Vehicles)	
	2660	Security Services	
	2690	Other Operation and Maintenance of Plant Services	
2700		STUDENT TRANSPORTATION SERVICES	7,205.00
	2710	Supervision of Student Transportation Services	
	2720	Vehicle Operation Services	
	2730	Monitoring Services	17,187.00
	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	8,692.00
	2830	Staff Services	400.00
	2840	Data Processing Services	
	2850	State and Federal Agency Liaison Services	
	2860	Management Services	
	2890	Other Support Services Central	
2900		OTHER SUPPORT SERVICES - CENTRAL	
	2990	Pass-Thru Funds	
<b>3000</b>		<b>OPERATION OF NON-INSTRUCTIONAL SERVICES</b>	
3100		FOOD SERVICES	55,486.00
3200		STUDENT ACTIVITIES	
	3210	School Sponsored Student Activities	
	3250	School Sponsored Athletics	
3300		COMMUNITY SERVICES	
	3310	Community Recreation	
	3320	Civic Services	
	3330	Public Library Services	
	3340	Custody and Child Care	
	3350	Welfare Activities	
	3390	Other Community Services	
3400		SCHOLARSHIPS AND AWARDS	
<b>4000</b>		<b>FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SERVICES</b>	
4100		SITE ACQUISITION SERVICES - ORIGINAL AND ADDITIONAL	
4200		EXISTING SITE IMPROVEMENT SERVICES	
4300		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS DEVELOPMENT - ORIGINAL AND ADDITIONAL	27,671.00
4400		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS - IMPROVEMENTS	

4500	BUILDING ACQUISITION AND CONSTRUCTION SERVICES - ORIGINAL AND ADDITIONAL	
4600	EXISTING BUILDING IMPROVEMENT SERVICES	37,948.00
<b>5000</b>	<b>OTHER EXPENDITURES AND FINANCING USES</b>	
5100	DEBT SERVICE / OTHER EXPENDITURES AND FINANCING USES	283,136.00
5200	FUND TRANSFERS	
5300	TRANSFERS INVOLVING COMPONENT UNITS	
5400	INTRAFUND TRANSFERS OUT	
5800	SUSPENSE ACCOUNT	
5900	BUDGETARY RESERVE	
<b>TOTAL EXPENDITURES</b>		<b>3,617,973.00</b>

**TOTAL REVENUES MINUS TOTAL EXPENDITURES = CURRENT FUND  
BALANCE AS OF JUNE 30, 2008**

482,393.00

**BADEN ACADEMY CHARTER SCHOOL**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**DELUZIO & COMPANY, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS**

**BADEN ACADEMY CHARTER SCHOOL**

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### **Independent Auditors' Report**

The Governing Body  
Baden Academy Charter School

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baden Academy Charter School, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Baden Academy Charter School's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*(Continued)*

**Independent Auditors' Report**

*(Continued)*

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Baden Academy Charter School, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages i-vii and 22 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 October 21, 2013 on our consideration of Baden Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Baden Academy Charter School's internal control over financial reporting and compliance.

*Deluzio Company LLP*

Greensburg, Pennsylvania

October 21, 2013

**BADEN ACADEMY CHARTER SCHOOL  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**Required Supplementary Information (RSI)**

Our discussion and analysis of the Baden Academy Charter School’s (The School) financial performance provides an overview of the School’s financial activities for the fiscal year ended June 30, 2013. Please review this information in conjunction with the School’s financial statements that begin on page 3.

The Management’s Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments issued June 1999.

**FINANCIAL HIGHLIGHTS**

Enrollment in Baden Academy Charter School exceeded first-year budget projections. From a starting total enrollment of approximately 179 students on the first day of school, enrollment on the last day of school was approximately 220 students. Enrollments for the 2013-2014 school year have also outpaced expectations.

The School’s Net Position exceeded total liabilities as of June 30, 2013 by \$253,614. As of June 30, 2013, the School reported a deficit balance of \$29,963 in their ending unrestricted net position.

The School’s governmental fund net position was \$253,614 as of June 30, 2013 and consisted of the following:

Investment in Capital Assets, Net of Related Debt	\$ 183,577
Restricted for Line of Credit	\$ 100,000
Unrestricted Deficit	\$ (29,963)

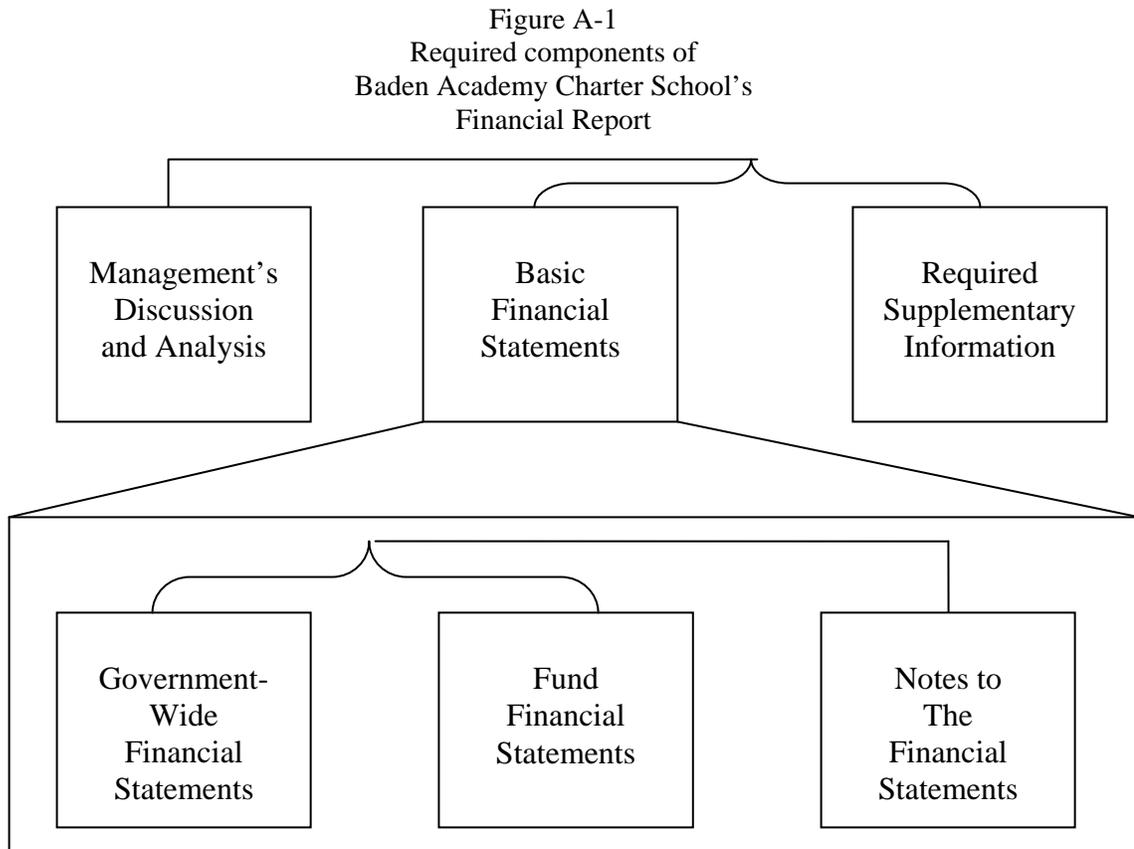
**USING THE BASIC FINANCIAL STATEMENT REPORT**

This Basic Financial Audit Report consists of the Management Discussion and Analysis and a series of financial statements and notes to those statements. The Statement of Net Position and Statement of Activities on pages 3 and 4 provide information about the activities of the School as a whole and present a longer-term view of the School’s financial position. Fund Financial Statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the School’s most significant funds with all other non-major funds presented in total in one column. For the School, the General Fund is the main operating fund. Lastly, the financial statements include notes that explain some of the information in the financial statements and provide more detailed data.

**BADEN ACADEMY CHARTER SCHOOL  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**Required Supplementary Information (RSI)**

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another.



**REPORTING THE SCHOOL AS A WHOLE**

**Statement of Net Position and the Statement of Activities**

While this document contains the funds used by the School to provide programs and activities, the view of the School as a whole looks at all financial transactions and asks the question, “How did we do financially during Fiscal Year Ended June 30, 2013?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School’s net position and changes. This change in net position is important because it tells the reader, for the School as a whole, whether the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the current charter school laws in Pennsylvania concerning funding, availability of facilities, required educational programs, mandated services and other factors.

**BADEN ACADEMY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**Required Supplementary Information (RSI)**

**OVERVIEW OF FINANCIAL STATEMENTS**

**Government-Wide Statements**

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how they have changed. Net position, the difference between the School's assets and liabilities, is one way to measure the School's financial health or position.

Over time, increases or decreases in the School's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the School, you need to consider additional non-financial factors, such as the School's enrollment (growth) and the academic achievement of the students.

In the Statement of Net Position and the Statement of Activities, the School shows the following types of activities:

- Governmental activities – Most of the School's basic services are included here, such as instruction, support services, operation and maintenance of plant, and administrative services. Tuition, state and federal subsidies and grants finance most of these activities.

**REPORTING THE CHARTER SCHOOL'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

Fund financial statements provide detailed information about the most significant funds—not the School as a whole. Some funds are required by state law.

*Governmental funds* – Most of the School's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reflected in reconciliations on pages 6 and 8.

**BADEN ACADEMY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**Required Supplementary Information (RSI)**

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

The School's total net position was \$253,614 as of June 30, 2013.

Table A-1  
Fiscal Year ended June 30, 2013

	June 30, 2013
Current assets	\$ 859,952
Restricted assets	250,389
Capital assets	183,577
Total Assets	1,293,918
Current and other liabilities	486,560
Long-term liabilities	553,744
Total Liabilities	1,040,304
Net Position	
Net investment in capital assets	183,577
Restricted for Line of Credit	100,000
Unrestricted	(29,963)
Total Net Position	\$ 253,614

Most of the School's assets are invested in capital assets (leasehold improvements and equipment) and accounts receivable from other governments (tuition due from local educational agencies for enrolled students).

The results of the School's first year's operations as a whole are reported in the Statement of Activities on page 4. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School's activities that are supported by other general revenues. The largest general revenue is tuition charged to local educational agencies for enrolled students residing in those educational agencies.

**BADEN ACADEMY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**Required Supplementary Information (RSI)**

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE** (continued)

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see total revenues for the year.

<b>Revenues</b>	<u>June 30, 2013</u>
<u>Program revenues:</u>	
Operating grants and contributions	\$ 383,358
Capital grants and contributions	375,503
Charges for services	66,667
 <u>General Revenues:</u>	
Payments from local educational agencies	2,015,559
Grants subsidies & contributions not restricted	60,227
Investment earnings	389
Miscellaneous income	256
<b>Total revenues</b>	<u>2,901,959</u>
 <b>Expenses</b>	
Instruction	1,285,728
Support Services	1,284,586
Unallocated depreciation	18,592
Non-Instructional Services	59,439
<b>Total expenses</b>	<u>2,648,345</u>
<b>Change in Net Position</b>	<u>253,614</u>
Net Position, beginning	<u>-</u>
Net Position, ending	<u>\$ 253,614</u>

**BADEN ACADEMY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**Required Supplementary Information (RSI)**

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (continued)**

The table below presents the expenses of the Governmental Activities of the School.

Table A-3 shows the School's four largest functions—instructional programs, support programs, non-instructional programs and unallocated depreciation as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local and other miscellaneous revenues.

Table A-3  
Fiscal Year ended June 30, 2013  
Governmental Activities

<u>Function/Programs</u>	Total Cost of Service	Net Cost of Services
Instruction	\$ 1,285,728	\$ 1,111,260
Support Services	1,284,586	728,670
Unallocated Depreciation	18,592	18,592
Non-Instructional Services	117,849	(35,705)
Total Governmental Activities	<u>\$ 2,706,755</u>	<u>\$ 1,822,817</u>
Total Needs from Local and Other Revenues		<u>\$ 1,822,817</u>

**THE SCHOOL'S FUNDS**

The General Fund, which accounts for the School's operations, had an unassigned fund balance of \$580,444 as noted on page 5.

**General Fund Budgeting Highlights**

The School's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The only budgeted fund is the General Operating Fund.

For the General Operating Fund, budgeted revenue and other financing sources were in the amount of \$2,616,717. Actual revenues and other financing sources were more than this budget amount by \$1,284,242. This was mainly due to a net increase in debt of \$894,341 and an increase in projected enrollment resulting in an increase in revenue received from LEA's for tuition. The expenditures were budgeted at \$2,616,717. Actual expenditures were more than budgeted expenditures by approximately \$403,254, due to the use of operating funds for payment of debt. A schedule showing the School's original and final budget amounts compared with amounts actually paid and received is provided on page 22.

**BADEN ACADEMY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**Required Supplementary Information (RSI)**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2013, the School's Governmental Activities had \$183,577 invested in a broad range of capital assets, including leasehold improvements, furniture and equipment.

More detailed information regarding the School's capital assets is included in the Notes to the Financial Statements.

**Debt Administration**

The School entered into a loan agreement on August 28, 2012 for \$850,000 to be used to cover operating cash flow requirements. A balance of \$660,951 remains. It is the intention of the administrators to pay the loan off by the end of the School's charter. In addition, the school has an outstanding balance on their line of credit of \$150,000.

Additional information on the School's long-term debt is included in the Notes to the Financial Statements.

**ECONOMIC FACTORS AND BUDGETS**

Though the charter school concept is now widely accepted, the way in which charter schools are funded will likely remain an issue of debate for the foreseeable future. Nevertheless, the demand for the type and quality of educational services provided by the School continues to grow. In particular, the School's emphasis on creating an arts-infused atmosphere (in which the creative and performing arts are used to provide engaging instruction in the core academic curriculum) has made Baden Academy a particularly attractive option for parents and students alike. Early results from the School's state-mandated testing and other third-party standardized assessments indicate that Baden Academy is meeting and exceeding academic targets, which further bolsters the School's appeal. Baden Academy is attracting students from nearly every one of the 14 school districts in its home county, as well as from a handful of school districts outside the county. The School will need to identify additional classroom space in the coming years, in order to continue serving its growing student population.

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the School's finances and to show the School Board of Directors accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Stephen Cantanzarite, Chief Executive Officer, at Baden Academy Charter School, 1016 State Street, Baden, Pennsylvania 15005.

**BADEN ACADEMY CHARTER SCHOOL  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 491,757
Intergovernmental Receivables	317,650
Prepaid Expenses	50,545
<b>Total Current Assets</b>	859,952
<b>Restricted Assets</b>	
Investments	250,389
<b>Total Restricted Assets</b>	250,389
<b>Capital Assets</b>	
Furniture, Equipment & Leasehold Improvements, Net of Depreciation	183,577
<b>Total Capital Assets</b>	183,577
<b>TOTAL ASSETS</b>	1,293,918
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Line of Credit	150,000
Accounts Payable	89,603
Retirement Payable	35,856
Accrued Salaries & Benefits	5,255
Current Portion of Loan Payable	107,207
Deferred Revenue	42,102
Accrued Expenses	53,238
Due to Student Activity Fund	3,299
<b>Total Current Liabilities</b>	486,560
<b>Long-Term Liabilities</b>	
Long Term Portion of Loan Payable	553,744
<b>Total Long-Term Liabilities</b>	553,744
<b>TOTAL LIABILITIES</b>	1,040,304
<b>NET POSITION</b>	
Net Investment in Capital Assets	183,577
Restricted - Investment	100,000
Unrestricted Deficit	(29,963)
<b>Total Net Position</b>	\$ 253,614

See Accompanying Notes to Financial Statements.

**BADEN ACADEMY CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular Instruction	\$ 1,167,584	\$ -	\$ 58,247	\$ 116,221	\$ (993,116)
Special Instruction	118,144	-	-	-	(118,144)
Vocational Instruction	-	-	-	-	-
Other Instructional Programs	-	-	-	-	-
Adult Education Programs	-	-	-	-	-
Total Instructional Services	<u>1,285,728</u>	<u>-</u>	<u>58,247</u>	<u>116,221</u>	<u>(1,111,260)</u>
Support Services:					
Pupil Personnel	89,786	-	-	-	(89,786)
Instructional Staff	39,805	-	6,400	28,684	(4,721)
Administration	213,943	-	-	-	(213,943)
Pupil Health	65,462	-	-	-	(65,462)
Business Services	329,031	-	47,878	-	(281,153)
Operation of Plant and Maintenance Services	448,324	66,667	270,833	134,487	23,663
Student Transportation Services	11,282	-	-	-	(11,282)
Support Services - Central	86,953	-	-	967	(85,986)
Total Support Services	<u>1,284,586</u>	<u>66,667</u>	<u>325,111</u>	<u>164,138</u>	<u>(728,670)</u>
Non-Instructional Services:					
Food Services	35,397	-	-	-	(35,397)
Community Services	600	-	-	-	(600)
Facilities	-	-	-	95,144	95,144
Interest on Long-Term Debt	23,442	-	-	-	(23,442)
Unallocated Depreciation Expense	18,592	-	-	-	(18,592)
Total Non-Instructional Services	<u>78,031</u>	<u>-</u>	<u>-</u>	<u>95,144</u>	<u>17,113</u>
<b>Total Governmental Activities</b>	<u>\$ 2,648,345</u>	<u>\$ 66,667</u>	<u>\$ 383,358</u>	<u>\$ 375,503</u>	<u>\$ (1,822,817)</u>
<b>General Revenues:</b>					
					\$ 2,015,559
Payments from Local Educational Agencies					60,227
Grants Subsidies & Contributions not Restricted					256
Miscellaneous Income					389
Investment Earnings					<u>389</u>
<b>Total General Revenues, Special Items and Transfers</b>					<u>2,076,431</u>
<b>Change in Net Position</b>					253,614
<b>Net Position - Beginning</b>					<u>-</u>
<b>Net Position - Ending</b>					<u>\$ 253,614</u>

See Accompanying Notes to Financial Statements.

**BADEN ACADEMY CHARTER SCHOOL  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2013**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 491,757
Investments	250,389
Intergovernmental Receivables	317,650
Prepaid Expenses	50,545
<b>TOTAL ASSETS</b>	<b>\$ 1,110,341</b>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 91,441
Accrued Salaries and Benefits	5,255
Accrued Other Expenses	51,400
Deferred Revenue	42,102
Due to Other Funds	3,299
Retirement Payable	35,856
<b>TOTAL LIABILITIES</b>	<b>229,353</b>
 <b>FUND BALANCE</b>	
Nonspendable - Prepaids	50,545
Restricted - Investments	250,389
Spendable	
Unassigned	580,054
<b>TOTAL FUND BALANCE</b>	<b>880,988</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,110,341</b>

See Accompanying Notes to Financial Statements

**BADEN ACADEMY CHARTER SCHOOL  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$	880,988
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of Furniture, Equipment & Leasehold Improvements		202,169
Less Accumulated Depreciation		(18,592)

Certain liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds.

Loan Payable		(660,951)
Line of Credit		(150,000)
		(810,951)

<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	\$	<b>253,614</b>
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**BADEN ACADEMY CHARTER SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>General</b>
<b>REVENUES</b>	
Local Sources	\$ 2,804,031
State Sources	60,227
Federal Sources	37,701
<b>TOTAL REVENUES</b>	<b>2,901,959</b>
 <b>EXPENDITURES</b>	
Instruction	1,381,264
Support Services	1,296,074
Non-Instructional Services	35,997
Facilities Acquisition and Construction	95,145
Debt Service:	
Principal	189,049
Interest	23,442
<b>TOTAL EXPENDITURES</b>	<b>3,020,971</b>
 <b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(119,012)</b>
 <b>OTHER FINANCING SOURCES (USES)</b>	
Notes Payable	850,000
Line of Credit	150,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,000,000</b>
 <b>NET CHANGE IN FUND BALANCES</b>	<b>880,988</b>
 <b>FUND BALANCE - JULY 1, 2012</b>	<b>-</b>
 <b>FUND BALANCE - JUNE 30, 2013</b>	<b>\$ 880,988</b>

See Accompanying Notes to Financial Statements

**BADEN ACADEMY CHARTER SCHOOL  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
AS OF JUNE 30, 2013**

<b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$	880,988
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of debt (notes, lines of credit, etc.) provide current financial resources to governmental funds, while repayment of the principal of debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. This amount is the net effect of these differences in the treatment of debt and related items:

Line of Credit	(150,000)	
Note payable, Net	(660,951)	(810,951)

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Add: Capital Outlays	202,169	
Less: Depreciation Expense	(18,592)	<u>183,577</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	\$	<u><u>253,614</u></u>
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**BADEN ACADEMY CHARTER SCHOOL  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
AS OF JUNE 30, 2013**

	<u>Student Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ -
Due from General Fund	<u>3,299</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,299</u>
<b>LIABILITIES</b>	
Due to Student Groups	\$ <u>3,299</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 3,299</u>

See Accompanying Notes to the Financial Statements

**BADEN ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 1 - REPORTING ENTITY**

The Baden Academy Charter School (The School) was formed under the laws of the state of Pennsylvania to provide elementary education to students which integrates the arts and sciences in a highly interactive, hands-on environment resulting in outstanding academic and personal achievement.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School. For the School, this includes general operations and student related activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the budget or the issuance of debt. The School does not have any component units.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the School have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School are described below.

***A. Basis of Presentation***

The School's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide financial statements** – The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School.

**BADEN ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund financial statements** – During the year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if any, are aggregated and presented in a single column. The fiduciary funds, if any, are reported by type. There were no non-major or enterprise funds during fiscal year ended June 30, 2013.

***B. Measurement Focus/Basis of Accounting***

The government-wide financial statements are reported 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 related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The School uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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 both 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 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The School reports the following major governmental fund:

**General Fund**—The General Fund is the operating fund of the School and is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary fund financial statements are used to account for assets held by the School in a trustee capacity. The School's fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The accrual basis of accounting and the flow of economic resources are used to prepare the Schools Fiduciary Fund financial statements. Under this measurement focus, resources are recognized when they are required to be provided to the governmental entity and reductions to resources are recorded when resources are actually distributed to the appropriate party under agency agreement.

The School reports the following fiduciary fund:

**Student Activities Fund** - The Student Activities Fund is an agency fund that accounts for assets held by the School as an agent for the students to be used for certain student activities.

**BADEN ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The School reports in accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The purpose of this Statement is to incorporate into the GASB's authoritative literature, FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

***C. Budgetary Process***

The School passed an appropriated budget for the fiscal year ending June 30, 2013 with revenues totaling \$2,617,717 and expenditures and other financing sources (uses) totaling \$2,617,717.

The School is required by state law to adopt an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles ("GAAP").

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. The School prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. The School adopts a proposed budget, after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted via resolution of the School.
4. The Budget for the general fund must be filed with the Office of Public Instruction within fifteen (15) days after the adoption of the budget.

*Final Budget:* The final budget for each year must be adopted (via Board vote) by June 30 of the preceding school fiscal year.

Once the budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the School Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

**BADEN ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***D. Cash and Cash Equivalents***

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

***E. Restricted Investments***

The Restricted Investment is a certificate of deposit held at a bank that the School is legally obligated to maintain as collateral for their Line of Credit. The certificate of deposit is restricted by external creditors.

***F. Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are offset against each other in the governmental activities columns of the statement of net position, except for amounts due to/from other funds which are not presented in the statement of net position.

***G. Capital Assets***

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. 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 as incurred.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets or lease agreement. Depreciation is computed using the straight line method over the following useful lives:

<u>Description</u>	<b>Governmental Activities Estimated Lives</b>
Leashold Improvements	5 years
Electronic Data Processing Equipment	3 years
Furniture and Equipment	3-15 years

***H. Compensated Absences***

The School has no compensated absences as of June 30, 2013.

**BADEN ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***I. Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, notes payable, lines of credit and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year.

***J. Net Position***

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***K. Fund Balance Classifications***

The GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) effective for reporting periods after June 15, 2010. The school adopted GASB 54 as part of its first fiscal year 2012-13 reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the School's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

Restricted – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed – Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.

**BADEN ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***K. Fund Balance Classifications (continued)***

Assigned – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The School Board has delegated the Board Treasurer the authority to assign fund balance for specific purposes.

Unassigned – Fund balance of the general fund that is not constrained for any particular purpose.

***L. Use of Estimates***

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

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Under Section 440.1 of the Public School Code for 1949, as amended, the School is permitted to invest funds consistent with sound business practices in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.

The deposit and investment policy of the School adheres to state statutes and prudent business practices. Deposits of the governmental funds are either maintained in demand deposits or savings accounts, certificates of deposit, or cash equivalents. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School.

The following is a description of the School's deposit and investment risks:

*Custodial Credit Risk* – The risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a formal deposit policy for custodial credit risk. As of June 30, 2013, \$492,259 of the School's bank balance of \$742,146 was exposed to custodial credit risk, however this balance is collateralized in accordance with Act 72 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have a carrying amount of \$742,146 as of June 30, 2013.

**BADEN ACADEMY CHARTER SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES**

The total of all balances agree with the sum of interfund balances presented in the Statement of Net Position for governmental funds and for agency funds. Due to/due from amounts between governmental funds and fiduciary funds are reported as due to/due from amounts between funds in the fund financial statements and are reclassified as payables to fiduciary funds as if they were external transactions on the government-wide financial statements. All interfund balances are expected to be repaid within one year. The composition of interfund balances as of June 30, 2013 is as follows:

Due To  
Activity Fund

\$3,299

**NOTE 5 – INTERGOVERNMENTAL RECEIVABLES**

Amounts due from other governments represent receivables earned by the School. At June 30, 2013, the following amounts were receivable from other governmental units.

	<b>Receivable</b>
Governmental Units:	
State - reimbursements	\$ 30,066
Federal - grant programs	79,803
Local Educational Agencies, net of allowance	207,781
Totals	\$ 317,650

**BADEN ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 6 – CAPITAL ASSETS**

A summary of capital assets recorded as of June 30, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Leasehold Improvements	\$ -	\$ 95,145	\$ -	\$ 95,145
Furniture and Equipment	-	96,484	-	96,484
Electronic Data Processing Equipment	-	10,540	-	10,540
Total capital assets, being depreciated	<u>-</u>	<u>202,169</u>	<u>-</u>	<u>202,169</u>
Accumulated depreciation for:				
Leasehold Improvements	-	(7,620)	-	(7,620)
Furniture and Equipment	-	(8,472)	-	(8,472)
Electronic Data Processing Equipment	-	(2,500)	-	(2,500)
Total accumulated depreciation	<u>-</u>	<u>(18,592)</u>	<u>-</u>	<u>(18,592)</u>
Total capital assets, being depreciated, net:	<u>\$ -</u>	<u>\$ 183,577</u>	<u>\$ -</u>	<u>\$ 183,577</u>

Depreciation expense of \$18,592 for the fiscal year ended June 30, 2013 was not allocated to the various functions because the capital assets serve all functions of the School.

**NOTE 7 – LOAN PAYABLE AND LINE OF CREDIT**

The School entered into a loan agreement on August 28, 2012 for \$850,000 to be used to cover operating cash flow requirements. The interest rate was 3.25% as of June 30, 2013. It is management's intention to pay off this loan by the end of the School Charter, which is June 30, 2017. After year end, the terms of this loan changed, providing an interest rate of 4.25% with payments through June 2017.

The School obtained a line of credit for short-term financing needs. The maximum borrowing amount of the credit line was \$250,000 as of June 30, 2013, with an interest rate on this line of 3.25%. The credit line is secured by a \$250,000 certificate of deposit. This line of credit includes a letter of credit of \$100,000 required by the lessor of the main campus of the School. During the fiscal year ended June 30, 2013, the School requested credit line advances totaling \$150,000 and made no payments on the credit line.

As of June 30, 2013 there was an outstanding obligation on the credit line of \$150,000.

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Loan Payable	\$ -	\$ 850,000	\$ 189,049	\$ 660,951

**BADEN ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 7 –LOAN PAYABLE AND LINE OF CREDIT (continued)**

Future principal payments on this term loan are as follows:

	<b>Principal</b>	<b>Interest</b>
Year Ending June 30, :		
2014	\$ 107,207	\$ 20,554
2015	179,055	15,345
2016	184,962	9,438
2017	189,727	3,337
Total	\$ 660,951	\$ 48,674

**Fund Financial Statements:**

Long-term liabilities are not reported in the fund financial statements. Payments of principal and interest due annually on long-term debt are reported as expenditures when paid since they are paid from current fund assets. These payments are budgeted by the District.

**Government-wide Financial Statements:**

Long-term liabilities are presented in the statement of net position in the government-wide financial statements. Payments of principal on long-term liabilities are reported as a reduction of the liability and not an expenditure.

**NOTE 8 - OPERATING LEASES - LESSEE**

The School entered into a five year non-cancellable operating lease agreement for the rental of the school buildings beginning September 1, 2012 with the option to renew the Lease for an additional 5 year term. Rental expense for this lease totaled \$271,133 for the year ended June 30, 2013.

Future minimum lease payments for the next five years are as follows:

Year Ending June 30, :	
2014	336,824
2015	402,400
2016	420,400
2017	438,400
2018	455,700
Total Minimum Payments Required	\$ 2,053,724

The lease agreement includes an obligation of a Letter of Credit in the amount of \$100,000 collateralized by \$100,000 of the \$250,000 certificate of deposit. If the School fails to pay gross rent or other charges due, the Landlord may draw upon the Letter of Credit for payment.

**BADEN ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 9 – COMMITMENTS**

**Management Agreement**

On January 1, 2010 the School entered into a management agreement with the National Network of Digital Schools (NNDS). The Agreement is for a five year term and will automatically renew for successive five-year terms thereafter, unless terminated. Under the agreement, NNDS will provide the following services:

1. General business advice regarding operation and management of the School and its resources.
2. Negotiate agreements on behalf of the School to carry out and implement the purpose of the School.
3. Assist the School with accounting records and operational policies.
4. Provide assistance to the School with legal counsel and auditors as may be required.
5. Provide staff development and human resource services.
6. Marketing School services for the purpose of increasing enrollment.
7. Assisting the School in establishing accounting policies and maintaining principal non-educational records and books of account.
8. Procurement, shipping and transportation service.
9. Provide physical plant and information technology services.

Fees per the contract are based on 12% of the School's gross revenue. Total charges under the contract for the fiscal year ending June 30, 2013 were \$308,829.

**NOTE 10 – RETIREMENT PLANS/OTHER POSTEMPLOYMENT BENEFITS**

*Plan Description* - The School contributes to the Public School Employees' Retirement System (PSERS); a Governmental cost sharing multiple-employer defined benefit pension plan administered by the PSERS Board of Trustees under the authority of the Public School Employees' retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C.S. 8101-8535). PSERS provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants. The PSERS issues a publicly available comprehensive annual financial report that may be obtained by writing to the Office of Financial Management, Public School Employees' Retirement System, P.O. Box 125, Harrisburg, PA 17108-0125. The publication is also available on the PSERS website at:

***<http://www.psers.state.pa.us/publications/general/cafr.htm>***

**BADEN ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 10 – RETIREMENT PLANS/OTHER POSTEMPLOYMENT BENEFITS (continued)**

*Funding Policy* - Active members who joined the System prior to July 22, 1983, are required to contribute 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 on or after July 22, 1983 and who were active or inactive as of July 1, 2011, 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 and before July 1, 2011, contribute at 7.50% (Membership Class T-D) of the member's qualifying compensation. Members who joined the System on or after July 1, 2011 contribute at 7.50% (Membership Class T-E) with "shared risk" contribution levels that may fluctuate between 7.50% and 9.50% or at 10.3% (Membership Class T-F) with "shared risk" contribution levels that may fluctuate between 10.30% and 12.30%. The School is required to contribute at an actuarially determined rate. The 12.36% at June 30, 2013 is composed of a pension contribution rate of 11.5% for pension benefits and 0.86% for healthcare insurance premium assistance. The School contributed 100% of the required contribution to PSERS as follows:

<u>June 30,</u>	<u>Employer Contribution</u>	<u>Covered Salaries</u>
2013	\$ 99,865	12.36%

**NOTE 11 – FUND BALANCE REPORTING**

The School has classified its fund balances within the following hierarchy:

Nonspendable

As of June 30, 2013, \$50,545 of the School's fund balance is classified as nonspendable.

Restricted

As of June 30, 2013, \$250,389 of the School's fund balance is restricted by external creditors.

Spendable

The School has classified the spendable fund balances as Unassigned and considered them to have been spent when expenditures are incurred. The School currently has no funds classified as Assigned, or Committed.

*Unassigned* – As of June 30, 2013, the unassigned fund balance for the General Fund is \$580,054.

**NOTE 12 - CONTINGENCIES**

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2013.

**BADEN ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 13 – SUBSEQUENT EVENTS**

The School evaluated its June 30, 2013 financial statements for subsequent events through October 21, 2013, the date the financial statements were available to be issued. The School is not aware of any subsequent events which would require recognition or disclosure in the financial statements except for the change in the note payable terms as discussed in Note 7.

**BADEN ACADEMY CHARTER SCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Required Supplementary Information (RSI)**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Budget to GAAP Difference</u>	<u>Actual Amounts GAAP basis</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Local Revenues	\$ 2,442,058	\$ 2,442,058	\$ 2,804,031	\$ 361,973	\$ -	\$ 2,804,031
State Program Revenues	45,000	45,000	60,227	15,227	-	60,227
Federal Program Revenues	25,000	25,000	37,701	12,701	-	37,701
Other Revenues	-	-	0	-	-	-
<b>TOTAL REVENUES</b>	<u>2,512,058</u>	<u>2,512,058</u>	<u>2,901,959</u>	<u>389,901</u>	<u>-</u>	<u>2,901,959</u>
<b>EXPENDITURES</b>						
Regular Programs	1,282,412	1,286,412	1,263,120	23,292	(95,536)	1,167,584
Special Programs	294,647	187,568	118,144	69,424	-	118,144
Vocational Programs	-	-	-	-	-	-
Other Instructional Programs	-	-	-	-	-	-
Adult Education Programs	-	-	-	-	-	-
Community/Junior College Ed Programs	-	-	-	-	-	-
Pupil Personnel Services	-	59,827	89,786	(29,959)	-	89,786
Instructional Staff Services	10,000	11,522	39,805	(28,283)	-	39,805
Administrative Services	97,549	218,106	213,943	4,163	-	213,943
Pupil Health	89,861	71,386	65,462	5,924	-	65,462
Business Services	260,827	263,384	329,031	(65,647)	-	329,031
Operation & Maintenance of Plant Services	485,500	271,317	459,812	(188,495)	(11,488)	448,324
Student Transportation Services	10,000	11,596	11,282	314	-	11,282
Central & Other Support Services	18,200	29,919	86,953	(57,034)	-	86,953
Food Services	-	28,998	35,397	(6,399)	-	35,397
Student Activities	10,000	5,303	-	5,303	-	-
Community Services	2,721	600	600	-	-	600
Scholarships and Awards	-	-	-	-	-	-
Facilities Acquisition and Construction	-	115,779	95,145	20,634	(95,145)	-
Interfund Transfers Out	50,000	49,500	-	49,500	-	-
Unallocated Depreciation Expense	-	-	-	-	18,592	18,592
Debt Service:						
Principal	-	-	189,049	(189,049)	(189,049)	-
Interest	6,000	6,500	23,442	(16,942)	-	23,442
<b>TOTAL EXPENDITURES</b>	<u>2,617,717</u>	<u>2,617,717</u>	<u>3,020,971</u>	<u>(403,254)</u>	<u>(372,626)</u>	<u>2,648,345</u>
Excess (deficiency) of revenues over expenditures	<u>(105,659)</u>	<u>(105,659)</u>	<u>(119,012)</u>	<u>(13,353)</u>	<u>372,626</u>	<u>253,614</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt Proceeds	105,659	105,659	1,000,000	894,341	(1,000,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>105,659</u>	<u>105,659</u>	<u>1,000,000</u>	<u>894,341</u>	<u>(1,000,000)</u>	<u>-</u>
Net change in fund balances	-	-	880,988	880,988	(627,374)	253,614
<b>FUND BALANCE - July 1, 2012</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 880,988</u>	<u>\$ 880,988</u>	<u>\$ (627,374)</u>	<u>\$ 253,614</u>



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**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***

The Governing Body  
Baden Academy Charter School

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baden Academy Charter School as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Baden Academy Charter School's basic financial statements, and have issued our report thereon dated October 21, 2013.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Baden Academy Charter 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 Baden Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Baden Academy Charter School's internal control.

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

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

(Continued)

**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***

*(Continued)*

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Baden Academy Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Deluzio & Company LLP*

Greensburg, PA  
October 21, 2013