



AGORA CYBER CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2014

AGORA CYBER CHARTER SCHOOL
JUNE 30, 2014

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AGORA CYBER CHARTER SCHOOL
JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Barbacane, Thornton & Company LLP
200 Springer Building
3411 Silverside Road
Wilmington, Delaware 19810

T 302.478.8940
F 302.468.4001
www.btcpa.com

December 23, 2014

To the Board of Trustees
Agora Cyber Charter School
Wayne, Pennsylvania

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Agora Cyber Charter School (the "School"), Wayne, Pennsylvania as of and for the year ended June 30, 2014, 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 includes performing procedures to obtain 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.

To the Board of Trustees
Agora Cyber Charter School

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Agora Cyber Charter School, Wayne, Pennsylvania as of June 30, 2014, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the budgetary comparison schedule on page 24 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Agora Cyber Charter School's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014 on our consideration of Agora Cyber 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

To the Board of Trustees
Agora Cyber Charter School

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 Agora Cyber Charter School's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**AGORA CYBER CHARTER SCHOOL
WAYNE, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

The Board of Trustees of Agora Cyber Charter School (the "School") offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

FINANCIAL HIGHLIGHTS

Governmental Activities

- Total revenues increased by \$11,004,102 due to a three percent increase in student population, increases in the average rate received from school districts, and increases in federal and state funding.
- The School's total assets exceeded total liabilities as of June 30, 2014 by \$13,439,676. This balance was the result of a \$6,171,288 excess in revenue over expenses for the year.
- The School's cash balance at June 30, 2014 was \$12,262,833, representing an increase of \$3,481,011 from June 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements as presented comprise three components: Management's Discussion and Analysis (this section), the financial statements, and supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

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

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

**AGORA CYBER CHARTER SCHOOL
WAYNE, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

Fund Financial Statements

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

Notes to the Financial Statements

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

Required Supplementary Information

The governmental fund budgetary comparison schedule is presented for purposes of additional analysis.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Management has adopted Governmental Accounting Standards Board ("GASB") Statement No. 34 which requires a comparative analysis of current and prior periods.

***Statements of Net Position
June 30, 2014 and 2013***

	Governmental Activities	
	2014	2013
ASSETS		
Current assets	\$ 42,119,247	\$ 30,471,135
Capital assets, net	46,008	86,362
TOTAL ASSETS	42,165,255	30,557,497
 LIABILITIES	 28,725,579	 23,289,109
 NET POSITION	 \$ 13,439,676	 \$ 7,268,388

As noted earlier, net position may serve over time as a useful indication of a school's financial position. In the case of the School, net position exceeded liabilities by \$13,439,676 as of June 30, 2014, an increase of \$6,171,288 from June 30, 2013.

**AGORA CYBER CHARTER SCHOOL
WAYNE, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS--UNAUDITED
JUNE 30, 2014**

*Statement of Activities
For the Years Ended June 30, 2014 and 2013*

	Governmental Activities	
	2014	2013
REVENUES		
Program revenues:		
Local educational agency assistance	\$ 121,074,784	\$ 112,040,083
State sources	2,550,383	1,848,623
Federal sources	5,088,097	3,972,887
General revenues:		
Investment earnings	3,794	-
Fundraising	91,815	-
Miscellaneous	108,989	52,167
TOTAL REVENUES	128,917,862	117,913,760
 EXPENSES		
Instruction	76,943,634	78,650,205
Support services	45,597,916	44,181,537
Student activities	200,024	263,437
Scholarships	5,000	7,657
TOTAL EXPENDITURES	122,746,574	123,102,836
 CHANGE IN NET POSITION	6,171,288	(5,189,076)
 NET POSITION, BEGINNING	7,268,388	12,457,464
 NET POSITION, ENDING	\$ 13,439,676	\$ 7,268,388

The School's revenues are predominately local area school district's funds based on the student enrollment. For the year ended June 30, 2014, the School's total revenues of \$128,917,862 exceeded total expenses of \$122,746,574 by \$6,171,288; in the previous year, expenses exceeded revenues by \$5,189,076.

FUND FINANCIAL ANALYSIS

Governmental Fund

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

**AGORA CYBER CHARTER SCHOOL
WAYNE, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

The School's governmental fund (the general fund) reported an ending fund balance of \$13,393,668, of which \$5,550,861 has been assigned for future PSERS contributions, future lease payments beyond the current charter, and future potential legal expenses. These amounts represent the segregation of a portion of the fund balance for future PSERS rate changes, committed payments, and financial risks and are, therefore, not available for appropriations. The unassigned fund balance equates to 6.0 percent of the total general fund expenditures.

Budget Variations

The School's final budgeted revenue in the amount of \$127,806,599 was based on a budgeted average enrollment of 11,538. The actual revenues represent an increase from budgeted revenues of \$1,111,263, primarily due to higher than expected average per student funding received from school districts, with an actual average enrollment of 10,978, which was 560 students lower than expected.

Actual expenditures were below budgeted expenditures in the amount of \$2,354,549, due mainly to the decreased support needed to support the 560 average enrollments under the budgeted number of students.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the School's investment in capital assets for its governmental activities totaled \$46,008 (net of accumulated depreciation). This investment in capital assets consists primarily of computer equipment, leasehold improvements, and other furniture/equipment.

Additional information on the School's capital assets can be found in Note 7 of this report.

Long-term Debt

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATE

Though the cyber charter school concept is now widely accepted as an alternative to the traditional brick and mortar model, the issue concerning how cyber charter schools are funded will likely be a continual discussion point in the foreseeable future. Recent legislation includes additional exclusions to PDE's 363 Form – "School District's Calculation of Selected Expenditures per Average Daily Membership," which would lower the amount per student a charter could receive.

**AGORA CYBER CHARTER SCHOOL
WAYNE, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

In addition, during the Pennsylvania budgeting process for the 2014-2015 fiscal year, the legislature inserted language in the Fiscal Code to eliminate the retirement subsidy for charter schools. This subsidy contributed \$2.2 million in funding to the School in FY 2014, and was expected to contribute \$2.7 million in FY 2015 due to the five percent increase in state required contribution rates.

For FY 2015, the School's primary source of revenue, the per student subsidy provided by the local school districts, is budgeted to increase \$3,423,012 due to increased enrollment from 10,978 to 11,153 students and an estimated 1.7 percent increase in the average per student funding rates from school districts.

FUTURE EVENTS THAT WILL FINANCIALLY IMPACT THE SCHOOL

On August 4, 2014, the Agora Board of Trustees voted to self-manage the school beginning in the 2015-2016 school year (a change from management controlled by K12 Inc. and their employees). In order to facilitate the transition to self-management, the Agora Board of Trustees hired a Liaison Executive Officer and a Liaison Financial Officer as of August 3, 2014 and October 1, 2014, respectively, to plan and implement the transition to Board-controlled administration of the School as of July 1, 2015.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the Head of School, Agora Cyber Charter School, 995 Old Eagle School Road, Suite 315, Wayne, PA 19087.

BASIC FINANCIAL STATEMENTS

**AGORA CYBER CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 12,262,833
Federal subsidies receivable	1,230,903
State subsidies receivable	723,493
Local receivable	27,442,635
Other current assets	367,269
Prepaid expenses	92,114
Total Current Assets	42,119,247
Non-current assets:	
Capital assets, net of depreciation	46,008
TOTAL ASSETS	\$ 42,165,255
 LIABILITIES AND NET POSITION	
LIABILITIES:	
Accounts payable	\$ 20,673,161
Accrued salaries and benefits	7,846,756
Unearned revenue	205,662
TOTAL LIABILITIES	28,725,579
 NET POSITION:	
Net investment in capital assets	46,008
Unassigned	13,393,668
TOTAL NET POSITION	13,439,676
TOTAL LIABILITIES AND NET POSITION	\$ 42,165,255

The accompanying notes are integral part of these financial statements.

**AGORA CYBER CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	Expenses	Program Revenues		Capital Grants and Contributions	
	Charges for Services	Operating Grants and Contributions	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 76,943,634	\$ 6,828,306	\$ -	\$ -	\$ 50,959,456
Support services	45,597,916	810,174	-	-	(44,787,742)
Student activities	200,024	-	-	-	(200,024)
Scholarships	5,000	-	-	-	(5,000)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 122,746,574	\$ 7,638,480	\$ -	\$ -	5,966,690
GENERAL REVENUES					
Investment earnings					3,794
Fundraising					91,815
Miscellaneous					108,989
TOTAL GENERAL REVENUES					204,598
CHANGE IN NET POSITION					6,171,288
NET POSITION, BEGINNING OF YEAR					7,268,388
NET POSITION, END OF YEAR					\$ 13,439,676

The accompanying notes are integral part of these financial statements.

**AGORA CYBER CHARTER SCHOOL
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2014**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 12,262,833
Federal subsidies receivable	1,230,903
State subsidies receivable	723,493
Local receivable	27,442,635
Other current assets	367,269
Prepaid expenditures	<u>92,114</u>
TOTAL ASSETS	<u><u>\$ 42,119,247</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accounts payable and accrued expenses	\$ 20,673,161
Accrued salaries and benefits	7,846,756
Unearned revenue	<u>205,662</u>
TOTAL LIABILITIES	<u>28,725,579</u>
FUND BALANCE:	
Nonspendable	92,114
Assigned	
Falls Learning Center lease payments	1,563,681
PSERS commitment	3,487,180
Potential legal expenses	500,000
Unassigned	<u>7,750,693</u>
TOTAL FUND BALANCE	<u>13,393,668</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 42,119,247</u></u>

The accompanying notes are integral part of these financial statements.

**AGORA CYBER CHARTER SCHOOL
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUND
TO STATEMENT OF NET POSITION
JUNE 30, 2014**

TOTAL GOVERNMENTAL FUND BALANCE	\$ 13,393,668
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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 in the fund. These assets consist of:

Equipment	\$	246,054		
Leasehold improvements		22,586		
Accumulated depreciation		<u>(222,632)</u>		<u>46,008</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 13,439,676</u>
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The accompanying notes are integral part of these financial statements.

**AGORA CYBER CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>
REVENUES	
Local sources	\$ 121,279,382
State sources	2,550,383
Federal sources	5,088,097
TOTAL REVENUES	<u>128,917,862</u>
EXPENDITURES	
Current:	
Instruction	76,943,634
Support services	45,546,858
Noninstructional services	205,024
Capital outlay	10,704
TOTAL EXPENDITURES	<u>122,706,220</u>
NET CHANGE IN FUND BALANCE	6,211,642
FUND BALANCE, BEGINNING OF YEAR	<u>7,182,026</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 13,393,668</u></u>

The accompanying notes are integral part of these financial statements.

**AGORA CYBER CHARTER SCHOOL
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUND TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND \$ 6,211,642

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$51,058) exceeded capital outlays (\$10,704) in the period.

(40,354)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 6,171,288

The accompanying notes are integral part of these financial statements.

AGORA CYBER CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF THE ORGANIZATION

Agora Cyber Charter School (the "School") is organized as a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School operates a cyber charter school in Wayne, Pennsylvania, under an approved charter received from the Pennsylvania Department of Education, acting pursuant to authority conferred under Act 88. The School's initial operations began on July 1, 2005.

The mission of the Agora Cyber Charter School is to provide an innovative and intense academic preparation that inspires and educates students to achieve the highest levels of academic knowledge and skills, and develop proficiency in the design and use of new computer technologies and scientific research. Through a combination of computer-supported instruction in the home, face-to-face meetings, and video conferencing with a certified teacher, specifically tailored research-based curriculum, and access to a community of experts in science and technology, our students will be fully prepared to be leaders in the digital age.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The basic financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

The School presents the general fund as its major governmental fund. The general fund is used for general operating purposes of the School. The general fund accounts for all financial resources.

Financial Statement Presentation

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 net position reports net position in one of three components: (1) Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets; (2) net position is reported as restricted on the government-wide statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments; and (3) unrestricted net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted for specific purposes." The statement of activities presents a comparison between the direct expenses and revenues of each function of the School's activities. Revenues that are not classified as program revenues, including statutory

AGORA CYBER CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

funding from state and local governments, are presented as general revenues. These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. On an accrual basis, revenues are recorded when earned, and expenses are recorded when the liability is incurred.

Governmental fund financial statements provide information about the School's fund. The emphasis of fund financial statements is on the major government fund, which is the School's general fund. These 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. General capital acquisitions are reported as expenditures in the general fund.

Budgetary Data

An annual budget is adopted for the general fund using the modified accrual basis of accounting. The budgetary comparison schedule of the general fund presents the budget filed with and accepted by the Pennsylvania Department of Education as its budgeted amounts. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. The School reviews and authorizes a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Trustees.
4. The budget must be filed with the Pennsylvania Department of Education by July 31.

The budget is controlled by the School's Business Administrator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of Education. The Board of Trustees may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Individual amendments were not material in relation to the original appropriations. All budget appropriations lapse at year-end.

AGORA CYBER CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year-end are reported as an assignment of fund balance for subsequent year expenditures for the governmental fund. Encumbrances are not reported on the government-wide financial statements.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. The School defines a capital asset as an asset with an initial individual cost equal to or greater than \$1,000 and must also have an estimated useful life in excess of one year. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life is not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Leasehold improvements	7 - 9 years
Computer equipment	1 - 3 years
Office equipment	3 - 5 years

Accrued Liabilities

All payables are reported on the government-wide financial statements. In general, governmental fund payables that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund.

Unearned Revenue

Unearned revenue arises when resources are received by the School before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when the School has a legal claim to the resources, the liability for unearned revenue is removed from the governmental fund balance sheet and revenue is recognized.

AGORA CYBER CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Net Position

Net position represents the difference between assets and liabilities.

Net Position Flow Assumption

Sometimes the School will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

Beginning with the year ended June 30, 2011, the School implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the School's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints. Fund balance types of this category are prepaid expenditures.

Restricted Fund Balance includes fund balance amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation.

Committed Fund Balance includes fund balance amounts that are constrained for specific purposes that are internally imposed by the School through formal action of the highest level of decision-making authority and do not lapse at yearend. To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level action to remove or change the constraint.

Assigned Fund Balance includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned Fund Balance includes the residual classifications for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

The Trustees establish (and modify or rescind) fund balance commitments by passage of a resolution. Assigned fund balance is intended to be used by the School for specific purposes but does not meet the criteria to be classified as restricted or committed.

AGORA CYBER CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Funding

The School is funded primarily from the local school district in which a student resides by receiving an amount equal to the calculation of selected expenditures per average daily membership for each child attending the School. Funding is recognized as revenue as it is earned. The rate of funding per student is determined on an annual basis. The Commonwealth of Pennsylvania makes contributions on behalf of the School for the employer's share of retirement payments and social security payments.

Income Tax

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The School believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The School's federal Return of Organization Exempt from Income Tax (Form 990) for tax years 2010, 2011, and 2012 is subject to examination by the IRS, generally for three years after the tax returns were filed. There are currently no audits in progress for any tax periods.

NOTE 3 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned. The School does not have a policy in place for custodial credit risk. As of June 30, 2014, the carrying amount of the School's deposits was \$12,262,833, and the bank balance was \$12,809,932. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$12,559,932 was exposed to custodial credit risk because it was secured with collateral not held in the School's name.

NOTE 4 COMMITMENTS AND CONTINGENCIES

Educational Products and Services Agreement

On July 1, 2010, the School entered into an agreement with K12 Pennsylvania, LLC to provide educational products and administrative and technology services to the School. The agreement is effective until June 30, 2015. Fees consist of the following:

- Administrative services fee - 15 percent of qualified gross revenues and public contributions and grants for the first 7,000 students; 14 percent for the next 1,000 students; and 13 percent thereafter.
- Technology services fee - seven percent of qualified gross revenues and public contributions and grants.

AGORA CYBER CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 4 COMMITMENTS AND CONTINGENCIES (cont'd)

- Other products and services fees as noted in the management agreement.

Fees charged by K12 Pennsylvania, LLC for the year ended June 30, 2014, were as follows:

Technology services fee	\$ 8,825,318
Administrative service fee	18,112,539
K12 curriculum and other services for online learning	20,546,898
Student computers and other hardware	7,767,062
K12 instructional materials	<u>10,573,572</u>
	<u>\$ 65,825,389</u>

NOTE 5 RECEIVABLES

Receivables as of June 30, 2014 consist primarily of subsidies from federal, state, and local authorities. All receivables are considered by management to be fully collectible, and no allowance for doubtful accounts has been recorded.

NOTE 6 LEASES

Operating Lease

In December 2009, the School entered into a 66-month lease for its Wayne location with GPX Wayne Office Properties, L.P. On December 1, 2010, the School entered into a 10-year lease for 13,335 square feet of flexible space in a portion of a building at 3300 Henry Avenue, Philadelphia, Pennsylvania, to be used as a drop-in learning center for residents of Southeastern Pennsylvania.

In July 2012, the School leased an additional 7,733 square feet of office space at the Wayne location as an amendment to the original lease that expires June 30, 2015.

The future minimum lease obligations under the operating agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 594,321
2016	271,834
2017	279,310
2018	286,991
2019	294,883
2020 - 2021	<u>430,663</u>
	<u>\$ 2,158,002</u>

Rent expense for the year ended June 30, 2014, was \$591,481.

AGORA CYBER CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 7 CAPITAL ASSETS

Capital asset activity was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Leasehold improvements	\$ 19,273	\$ 3,313	\$ -	\$ 22,586
Computer equipment	121,843	1,281	-	123,124
Office Equipment	116,820	6,110	-	122,930
	257,936	10,704	-	268,640
Accumulated depreciation	(171,574)	(51,058)	-	(222,632)
	<u>\$ 86,362</u>	<u>\$ (40,354)</u>	<u>\$ -</u>	<u>\$ 46,008</u>

NOTE 8 UNEARNED REVENUE

During the year ended June 30, 2007, the School received \$205,500 in federal funding from a charter school implementation grant. As of June 30, 2014, management was not able to determine whether the funds have been spent and, accordingly, the amount has been recorded as unearned revenue. To the best of its knowledge, outside counsel has advised management that any pending claims related to the implementation grant remain outstanding.

NOTE 9 DEFINED BENEFIT PENSION PLAN

The School contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Pennsylvania Public School Employees' Retirement System ("PSERS"). Benefit provisions of the plan are established under the provisions of the Pennsylvania Public School Employees' Retirement Code (the "Code") and may be amended by an act of the Pennsylvania State Legislature. The plan provides retirement, disability, and death benefits; legislatively mandated *ad hoc* cost-of-living adjustments; and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of the member's employment in the public school sector. PSERS issues annual publicly available financial reports that include financial statements for the plan. The report may be obtained by writing to PSERS, P.O. Box 125, Harrisburg, PA 17108-0125.

Funding Policy

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members and employers and the Commonwealth. In the past, most active members were required to contribute 5.25 percent of their compensation if they joined the plan before July 22, 1983, and 6.25 percent if they joined on or after that date.

AGORA CYBER CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (cont'd)

Members enrolled at June 1, 2001 had to elect to maintain the same contribution rate as stated above, or change to a higher contribution rate that provides greater retirement benefits. The new higher contribution rates, effective January 1, 2002, are 6.5 percent if the member joined prior to July 22, 1983 and 7.5 percent if they joined on or after that date. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amount is determined. For fiscal year ended June 30, 2014, the rate of employer contribution was 16.93 percent of covered payroll. The School's contributions to PSERS for the years ended June 30, 2014, 2013, and 2012 were \$4,713,180, \$3,238,510, and \$1,708,676, respectively. Those amounts are equal to the required contribution for each year.

NOTE 10 GRANTS

The School participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at June 30, 2014 may be impaired. With the exception of Note 8, in the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 11 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. The School self-funds health insurance claims up to a limit of \$4,113,893 in total for the year. An excess loss insurance policy is in place for claims in excess of this threshold. Included in the financial statements is a receivable for payments in excess of actual claims incurred at June 30, 2014.

Claim receivable at the beginning of the year	\$ -
Incurred claims	4,255,086
Payments on claims	<u>4,608,426</u>
 Claim receivable at end of year	 <u>\$ 353,340</u>

NOTE 12 ECONOMIC DEPENDENCY

School revenue that constitutes in excess of 10 percent of total revenues is comprised of the following:

Local educational agency assistance 94 percent

AGORA CYBER CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 13 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following general fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2014:

Special programs	\$ 1,239,217
Other instructional programs	25,808
Pupil personnel	3,715,959
Pupil health	17,276
Business services	2,780,175
Central support services	8,115,589
Student activities	150,024
Scholarship awards	5,000
Capital outlay	10,704

The excess of expenditures over appropriations was offset by other expenditures under appropriations.

NOTE 14 SUBSEQUENT EVENTS

On November 3, 2014, Agora Cyber Charter School contracted with Spider Learning, Inc. to develop a customized curriculum for its middle school students which would begin in the fiscal year ended June 30, 2016. Costs for curriculum development under the contract total \$7,256,550; of this amount, \$5,260,886 is expected to be paid out in fiscal year 2015, with the remainder being paid in the subsequent year.

During November 2014, Agora Cyber Charter School also contracted with Ed Elements, Inc. to develop, customize, and implement a learning management system, the use of which would begin in the fiscal year ended June 30, 2016. Development and implementation costs under the contract total \$4,860,000. After the development and implementation phase, a yearly subscription cost will be incurred under the contract of \$422,000.

The School has evaluated all subsequent events through December 23, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**AGORA CYBER CHARTER SCHOOL
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Amended Budget	Actual Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 111,371,264	\$ 120,490,671	\$ 121,279,382	\$ 788,711
State sources	150,000	2,200,491	2,550,383	349,892
Federal sources	4,232,448	5,115,437	5,088,097	(27,340)
TOTAL REVENUES	<u>115,753,712</u>	<u>127,806,599</u>	<u>128,917,862</u>	<u>1,111,263</u>
EXPENDITURES				
Instruction:				
Regular programs	62,786,890	67,189,635	62,937,513	4,252,122
Special programs	12,029,882	12,741,096	13,980,313	(1,239,217)
Other instructional programs	-	-	25,808	(25,808)
Total Instruction	<u>74,816,772</u>	<u>79,930,731</u>	<u>76,943,634</u>	<u>2,987,097</u>
Support Services:				
Pupil personnel	8,865,111	9,926,492	13,642,451	(3,715,959)
Instructional staff	3,232,058	4,130,218	2,420,260	1,709,958
Administration	26,790,407	29,044,381	16,794,034	12,250,347
Pupil health	538,035	544,384	561,660	(17,276)
Business services	219,439	226,894	3,007,069	(2,780,175)
Operation and maintenance of plant services	1,014,624	1,009,669	857,731	151,938
Student transportation	198,000	198,000	148,064	49,936
Central support services	-	-	8,115,589	(8,115,589)
Total Support Services	<u>40,857,674</u>	<u>45,080,038</u>	<u>45,546,858</u>	<u>(466,820)</u>
Operation of Noninstructional Services:				
Student activities	75,000	50,000	200,024	(150,024)
Scholarship awards	-	-	5,000	(5,000)
Total Noninstructional Services	<u>75,000</u>	<u>50,000</u>	<u>205,024</u>	<u>(155,024)</u>
Capital outlay	-	-	10,704	(10,704)
TOTAL EXPENDITURES	<u>115,749,446</u>	<u>125,060,769</u>	<u>122,706,220</u>	<u>2,354,549</u>
NET CHANGE IN FUND BALANCE	4,266	2,745,830	6,211,642	3,465,812
FUND BALANCE, BEGINNING OF YEAR	<u>8,544,903</u>	<u>7,509,537</u>	<u>7,182,026</u>	<u>(327,511)</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,549,169</u>	<u>\$ 10,255,367</u>	<u>\$ 13,393,668</u>	<u>\$ 3,138,301</u>

The accompanying notes are integral part of these financial statements.

SINGLE AUDIT 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

Barbacane, Thornton & Company LLP
200 Springer Building
3411 Silverstone Road
Wilmington, Delaware 19810

T 302.478.8940
F 302.468.4001
www.btcpa.com

December 23, 2014

To the Board of Trustees
Agora Cyber Charter School
Wayne, Pennsylvania

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 and the major fund of Agora Cyber Charter School, Wayne, Pennsylvania (the "School") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Agora Cyber 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 Agora Cyber Charter School's internal control over financial reporting. 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 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 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.

To the Board of Trustees
Agora Cyber Charter School

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Agora Cyber 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133

T 302.478.8940
F 302.468.4001
www.btcpa.com

December 23, 2014

To the Board of Trustees
Agora Cyber Charter School
Wayne, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Agora Cyber Charter School's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on the Agora Cyber Charter School's major federal program for the year ended June 30, 2014. Agora Cyber Charter School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Agora Cyber Charter School's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Agora Cyber Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

To the Board of Trustees
Agora Cyber Charter School

Opinion on Each Major Program

In our opinion, Agora Cyber Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Agora Cyber Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Agora Cyber Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Agora Cyber Charter School's internal control over compliance.

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

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

Purpose of this Report

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


BARBACANE, THORNTON & COMPANY LLP

**AGORA CYBER CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/PROJECT TITLE U.S. DEPARTMENT OF EDUCATION	SOURCE CODE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED REVENUE 7/1/2013	REVENUE RECOGNIZED	TOTAL EXPENDITURES	ACCRUED REVENUE 6/30/2014
Passed through Pennsylvania Department of Education										
Title I Grants to Local Educational Agencies	I	84.010	013-131057	07/01/12 - 09/30/14	\$ 3,189,025	\$ 818,677	\$ 207,922	\$ 610,755	\$ 610,755	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013-141057	08/01/13 - 09/30/15	3,903,955	2,081,959	-	2,808,059	2,808,059	726,100
Title I Grants to Local Educational Agencies	I	84.010	042-131057	04/29/13 - 09/30/14	40,403	40,403	-	40,403	40,403	-
Total CFDA #84.010						2,941,039	207,922	3,459,217	3,459,217	726,100
English Language Acquisition State Grants	I	84.365	N/A	09/30/13 - 08/01/14	6,949	4,149	-	5,881	5,881	1,732
Total CFDA #84.365						4,149	-	5,881	5,881	1,732
Improving Teacher Quality State Grants	I	84.367	020-131057	07/01/12 - 09/30/13	65,177	3,807	3,807	-	-	-
Improving Teacher Quality State Grants	I	84.367	020-141057	07/01/13 - 08/01/14	48,859	28,104	-	48,859	48,859	20,755
Total CFDA #84.367						31,911	3,807	48,859	48,859	20,755
Total Passed through Pennsylvania Department of Education						2,977,099	211,729	3,513,957	3,513,957	748,587
Passed through Chester County I.U.										
I.D.E.A.	I	84.027	062-1200024	07/01/12 - 06/30/13	1,268,669	713,242	713,242	-	-	-
I.D.E.A.	I	84.027	062-1300024	07/01/13 - 06/30/14	1,495,076	1,012,760	-	1,495,076	1,495,076	482,316
Total CFDA #84.027						1,726,002	713,242	1,495,076	1,495,076	482,316
I.D.E.A. 619	I	84.173	131-130024B	07/01/13 - 09/30/14	1,219	1,219	-	1,219	1,219	-
Total CFDA #84.173						1,219	-	1,219	1,219	-
Total IDEA Cluster						1,727,221	713,242	1,496,295	1,496,295	482,316
TOTAL EXPENDITURES OF FEDERAL AWARDS						\$ 4,704,320	\$ 924,971	\$ 5,010,252	\$ 5,010,252	\$ 1,230,903

SOURCE CODE

I - Indirect Funding

AGORA CYBER CHARTER SCHOOL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A REPORTING ENTITY

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of Agora Cyber Charter School. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

NOTE B BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting.

NOTE C ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2014 was \$77,845.

**SCHEDULE OF
FINDINGS AND RECOMMENDATIONS**

AGORA CYBER CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

Yes No

Identification of major program:

CFDA Number _____

84.027, 84.173

Name of Federal Program or Cluster _____

Special Education Cluster (I.D.E.A.)

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

Yes No

AGORA CYBER CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.